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# CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015



Rahm Emanuel, Mayor

Carole L. Brown, Chief Financial Officer

Erin Keane, City Comptroller

Prepared by the Department of Finance

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OFFICE OF THE MAYOR  
CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

June 30, 2016

Dear Chicagoans:

Thank you for your interest in the City of Chicago's Comprehensive Annual Financial Report (CAFR) for the 2015 fiscal year.

In 2015, Chicago continued to make progress on addressing the City's financial legacy liabilities. We reduced our structural deficit, continued the process of ending unsustainable borrowing practices, and instituted funding to stabilize two of the City's four pension funds, while still making investments to help Chicago's children, families and neighborhoods thrive. This progress will continue in 2016 and beyond as the City works with labor unions to fund and stabilize the remaining two pension funds.

While we have made substantial progress, more work remains. By continuing to follow a deliberate reform and invest strategy, we will restore financial stability for Chicago in a way that ensures every resident has access to quality City services and every neighborhood can participate in the economic growth of our city.

Sincerely,

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

Mayor

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

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1st Ward .....	JOE MORENO
2nd Ward .....	BRIAN HOPKINS
3rd Ward .....	PAT DOWELL
4th Ward .....	WILLIAM D. BURNS
5th Ward .....	LESLIE A. HAIRSTON
6th Ward .....	RODERICK T. SAWYER
7th Ward .....	GREGORY MITCHELL
8th Ward .....	MICHELLE A. HARRIS
9th Ward .....	ANTHONY BEALE
10th Ward .....	SUSAN SADLOWSKI-GARZA
11th Ward .....	PATRICK D. THOMPSON
12th Ward .....	GEORGE A. CARDENAS
13th Ward .....	MARTY QUINN
14th Ward .....	EDWARD M. BURKE
15th Ward .....	RAYMOND A. LOPEZ
16th Ward .....	TONI L. FOULKES
17th Ward .....	DAVID MOORE
18th Ward .....	DERRICK G. CURTIS
19th Ward .....	MATTHEW J. O'SHEA
20th Ward .....	WILLIE B. COCHRAN
21st Ward .....	HOWARD BROOKINS, JR.
22nd Ward .....	RICARDO MUÑOZ
23rd Ward .....	MICHAEL R. ZALEWSKI
24th Ward .....	MICHAEL W. SCOTT, JR.
25th Ward .....	DANIEL S. SOLIS
26th Ward .....	ROBERTO MALDONADO
27th Ward .....	WALTER BURNETT, JR.
28th Ward .....	JASON C. ERVIN
29th Ward .....	CHRIS TALIAFERRO
30th Ward .....	ARIEL E. REBOYRAS
31st Ward .....	MILLY SANTIAGO
32nd Ward .....	SCOTT WAGUESPACK
33rd Ward .....	DEBORAH MELL
34th Ward .....	CARRIE M. AUSTIN
35th Ward .....	CARLOS RAMIREZ-ROSA
36th Ward .....	GILBERT VILLEGAS
37th Ward .....	EMMA MITTS
38th Ward .....	NICHOLAS SPOSATO
39th Ward .....	MARGARET LAURINO
40th Ward .....	PATRICK J. O'CONNOR
41st Ward .....	ANTHONY NAPOLITANO
42nd Ward .....	BRENDAN REILLY
43rd Ward .....	MICHELE SMITH
44th Ward .....	THOMAS M. TUNNEY
45th Ward .....	JOHN ARENA
46th Ward .....	JAMES CAPPLEMAN
47th Ward .....	AMEYA PAWAR
48th Ward .....	HARRY OSTERMAN
49th Ward .....	JOSEPH A. MOORE
50th Ward .....	DEBRA L. SILVERSTEIN

**2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE CITY OF CHICAGO**

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



DEPARTMENT OF FINANCE  
CITY OF CHICAGO

June 30, 2016

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the fiscal year that ended December 31, 2015. State law requires that all governmental units publish, within six months of the close of each fiscal year, financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant.

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

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

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

In addition to meeting the requirements set forth in the Code, an additional audit (Single Audit Act Amendment of 1996) designed to meet the requirements of the federal Office of Management and Budget's (OMB) Uniform Guidance, a government-wide framework for grants management, is performed annually.

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



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

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

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

**Local Economy.** Chicago continues to enjoy one of the most diverse economies in the nation, with no single sector employing more than 13 percent of the City’s workforce. This diversity provides fiscal stability from mature industries in business and financial services, manufacturing, transportation and warehousing, education and healthcare, and enables the City to promote the growth of emerging industries in technology, tourism, biotech, and life sciences. More than 400 major corporate headquarters (with at least 1,000 employees) are in the Chicago metropolitan area, including 36 in the Fortune 500 and 29 S&P 500 companies. In 2015, more than 700 companies expanded in Chicago, leading to it being named the “Top Metro” in the United States for corporate investment by Site Selection magazine for the second year in a row.

Long-standing components of the local economy, such as derivatives trading, remain strong. Chicago accounts for 18 percent of the world’s global derivatives trading market; double that of New York (9 percent) and nearly equal to all of the exchanges in Europe combined (19 percent). Meanwhile, new sectors continuously emerge with a record high amount of venture capital -- \$1.7 billion – invested in Chicago startups in 2015 and \$8.2 billion in acquisitions and IPOs. Chicago has long been a center for international business and is currently home to over 1,800 foreign-based companies in the metropolitan area with over \$100 billion in foreign direct investment. Chicago-based companies also have a strong international presence, with over 8,000 locations across more than 170 countries or territories. Throughout 2015, monthly employment grew and unemployment declined in Chicago, as business expansions across Chicago led to approximately 48,000 new and retained jobs.

In addition, Chicago continues to be a destination for both business and leisure travelers, drawn by the City’s numerous cultural and recreational attractions, professional sports teams, festivals, museums, parks, restaurants and more. Tourism, business and convention travel to Chicago reached record levels in 2015. In 2015, domestic travel to Chicago passed 50 million visitors for the first time, which is a 4.6 percent increase over 2014. Chicago’s tourism industry has added an estimated 3,800 jobs in 2015 for a total of an estimated 139,800 jobs supported by the industry. Tourism continues to be a significant part of the local economy, helping to strengthen small businesses and provide jobs.

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

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

**2015 Budget and Major Initiatives.** In 2015, the City continued to build on the structural reforms and efficiencies put into place in previous budgets, and made significant investments in early childhood education, afterschool programs, public safety, pothole and street repair, and other vital neighborhood services. For the first year, the City utilized "zero-based budgeting" to identify non-personnel savings across departments. "Zero-based budgeting" helped City departments to reduce expenses in areas such as outside professional services, transportation costs, and materials and supplies. Along with steps to reduce the deficit and eliminate waste, the City invested in important city services. In 2015, the City invested in early childhood education, ensuring that all four-year-olds from low-income families have access to high-quality pre-kindergarten programs free of charge. The City also continued to expand afterschool and summer job programs for Chicago's youth. With additional investments in afterschool programs in 2015, nearly 17,000 youth were served with afterschool programming, which is a 30 percent increase since 2011. A similar investment in summer jobs for youth provided 24,000 job opportunities to youth, which is a 70 percent increase from 2011. The City provided funding to allow year-round pothole patching and street repairs, rather than seasonal repairs. On top of investments in ongoing street repair, the City added resources to rodent abatement, forestry work, and graffiti removal to improve service delivery and to enable the City to plant 25 percent more trees in 2015 over previous years. Finally, the 2015 budget made key investments in public safety, including doubling funding for the Chicago Police Department's community engagement division and doubling the number of police officers on bikes in neighborhoods throughout Chicago. The City also deposited \$5 million into long-term reserves.

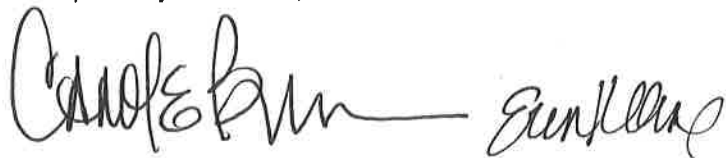
Additionally, in 2015, the City presented a strategy for phasing out unsustainable financial practices, and ending the use of financing structures and techniques that expose taxpayers to undue risk. A key piece of this strategy was executed in 2015 and completed in 2016. In 2015 the City converted the variable-rate debt and terminated the corresponding swaps for general obligation, sales tax, wastewater, and Near North TIF bonds. In the second quarter of 2016, the City completely eliminated variable-rate debt from the City's portfolio with the conversion of water debt to fixed-rate and the termination of the corresponding swaps. This financing technique has now been fully replaced with stable, fixed rate bonds payable over the next 20 to 40 years.

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**Awards and Acknowledgments.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chicago for its CAFR for fiscal year 2014. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the GFOA Certificate of Achievement program's requirements, and it has been submitted for consideration for this year's award.

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

Respectfully submitted,

Handwritten signatures of Carole L. Brown and Erin Keane. The signature of Carole L. Brown is on the left, and the signature of Erin Keane is on the right.

Carole L. Brown  
Chief Financial Officer

Erin Keane  
City Comptroller



Government Finance Officers Association

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

Presented to

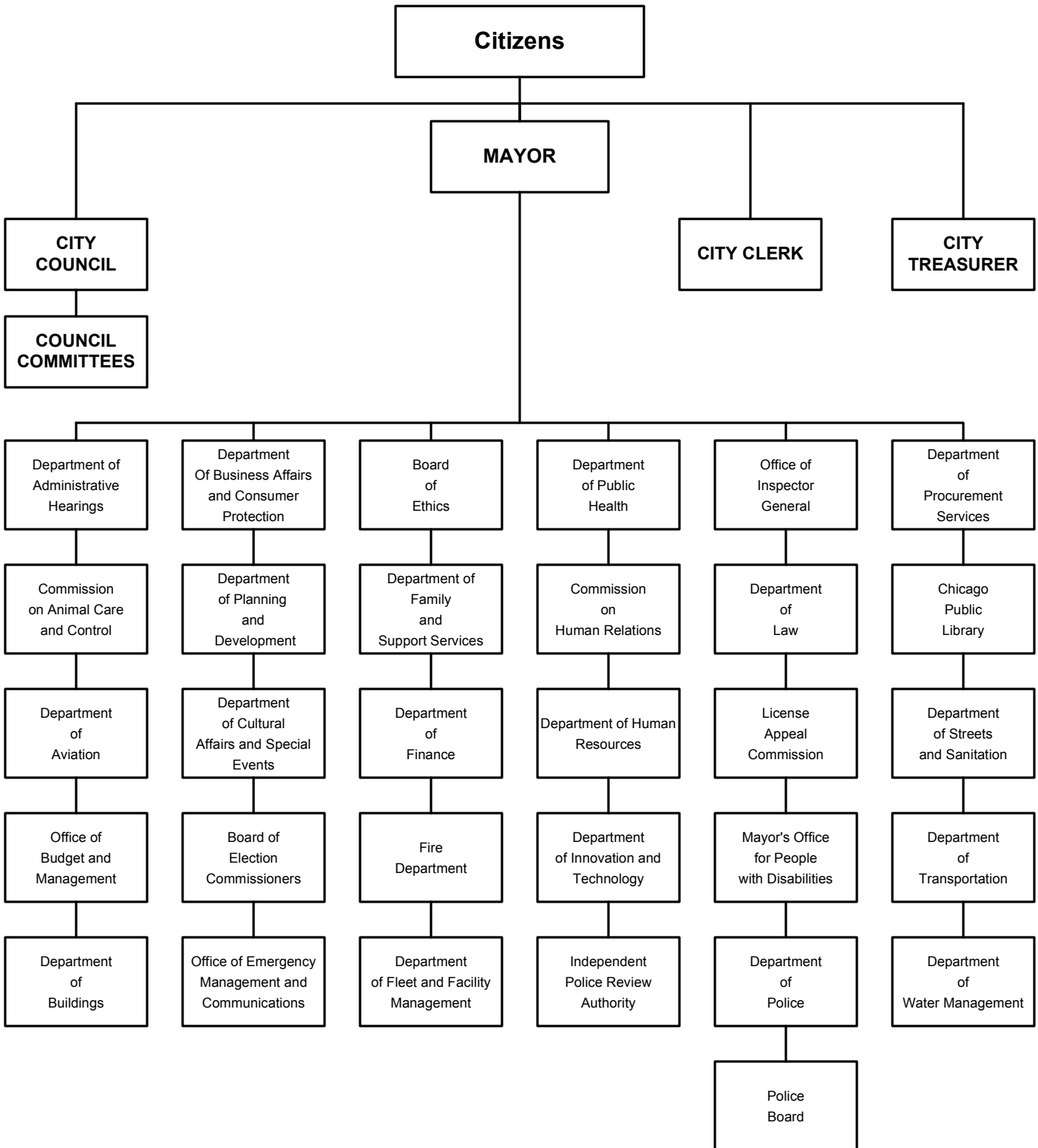
**City of Chicago  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

**CITY OF CHICAGO  
ORGANIZATION CHART  
AS OF 12/31/2015**



**PART II**

**FINANCIAL SECTION**

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

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Pension Plans (the "Plans") which, in aggregate, represent substantially all the assets and revenues of the fiduciary funds, included in the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 1 and 17 to the financial statements, beginning net position was restated due to the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and, ending net position reflects changes in certain benefits and actuarial assumptions (Note 11). Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

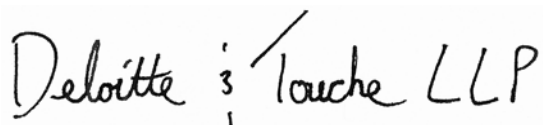
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Other Postemployment Benefits Funding Progress, as listed in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

### *Other Information*

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

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

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

The image shows a handwritten signature in black ink that reads "Deloitte | Touche LLP". The signature is written in a cursive, professional style. The vertical bar between "Deloitte" and "Touche" is slightly taller than the others. The "LLP" is written in a simpler, more blocky cursive.

June 30, 2016



### **Management's Discussion and Analysis**

As management of the City of Chicago, Illinois (City) we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage the readers to consider the information presented here in conjunction with information that we have furnished in our letter of transmittal, contained within this report.

#### **2015 Financial Highlights**

- Liabilities and Deferred Inflows of the City, in the government-wide financial statements, exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$23,831.4 million (*net deficit*). The net deficit is composed of \$2,600.1 million in net investment in capital assets and \$2,563.0 million in net position restricted for specific purposes offset by an unrestricted deficit of \$28,994.5 million. The net deficit increased in 2015 by \$17,295.1 million primarily as a result of an increase in the pension liability due to the new financial reporting requirements of GASB Statement No.68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* ("GASB 68") (see below).
- The City's total assets increased by \$1,146.6 million. The increase primarily relates to a \$1,012.0 million increase in capital assets as a result of the City's capital improvement program.
- Revenues and Other Financing Sources (Uses), in the fund financial statements, available for general governmental operations during 2015 were \$7,549.7 million, an increase of \$780.3 million (11.5 percent) from 2014, primarily due to drawing from the Line of Credit and issuance of General Obligation Bonds.
- The General Fund ended 2015 with a total Fund Balance of \$215.2 million, of which \$93.0 million was Unassigned. Total Fund Balance increased from 2014 primarily because Revenues and Other Financing Sources were greater than Expenditures and Other Financing Uses by \$74.6 million.
- The City's General Obligation Bonds and notes outstanding increased by \$1,028.9 million during the current fiscal year. The proceeds from the issuance of General Obligation Bonds were used primarily to repay indebtedness incurred by the City under its Short-Term borrowing program.
- The General Fund expenditures on a budgetary basis were \$105.6 million less than budgeted as a result of favorable variances in general government expenditures, offset by unfavorable variances in Streets and Sanitation primarily as a result of higher than expected contractual related expenses due to certain winter storm events.
- GASB No. 68 established new financial reporting requirements for most governments that provide their employees with pension benefits through pension plans. 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 (see RSI and Notes 11 and 17). Beginning Net Position was restated as a result of implementation of this standard (see Note 17). The net pension liability at December 31, 2015 is \$33,846.2 million.

#### **Overview of the Basic Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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position, which assists in assessing the City's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means such statements follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

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

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

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

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

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

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

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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

**Proprietary funds.** These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds, like government-wide statements, use the accrual basis of accounting and provide both long- and short-term financial information. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The City uses five enterprise funds to account for its water, sewer, Skyway, and two airports operations.

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

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

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

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

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

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets by \$23,831.4 million at December 31, 2015. Of this amount, \$2,600.1 million represents the City's investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows.

An additional portion of the City's net position, \$2,563.0 million, represents resources that are subject to external restrictions on how they may be used.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets .....	\$ 5,384.8	\$ 5,254.5	\$ 4,738.4	\$ 4,734.1	\$ 10,123.2	\$ 9,988.6
Capital assets .....	8,508.2	8,281.2	14,607.5	13,822.5	23,115.7	22,103.7
Total Assets .....	13,893.0	13,535.7	19,345.9	18,556.6	33,238.9	32,092.3
Deferred outflows .....	7,187.7	281.5	1,701.5	320.9	8,889.2	602.4
Total .....	21,080.7	13,817.2	21,047.4	18,877.5	42,128.1	32,694.7
Long-term liabilities outstanding .....	41,404.0	19,516.8	17,914.4	13,602.6	59,318.4	33,119.4
Other liabilities .....	1,969.4	1,767.4	1,274.8	1,122.7	3,244.2	2,890.1
Total Liabilities .....	43,373.4	21,284.2	19,189.2	14,725.3	62,562.6	36,009.5
Deferred Inflows .....	1,743.1	1,576.3	1,653.8	1,645.2	3,396.9	3,221.5
Net Position:						
Net investment in capital assets .....	(292.4)	28.7	2,892.5	2,713.8	2,600.1	2,742.5
Restricted .....	1,519.9	1,492.0	1,043.1	979.0	2,563.0	2,471.0
Unrestricted .....	(25,263.3)	(10,564.0)	(3,731.2)	(1,185.8)	(28,994.5)	(11,749.8)
Total net (deficit) position .....	<u>\$ (24,035.8)</u>	<u>\$ (9,043.3)</u>	<u>\$ 204.4</u>	<u>\$ 2,507.0</u>	<u>\$ (23,831.4)</u>	<u>\$ (6,536.3)</u>

**Governmental Activities.** Net position of the City's governmental activities decreased \$14,992.5 million to a deficit of \$24,035.8 million primarily as a result of an increase in the pension liability due to the new reporting requirements of GASB 68. A significant portion of net position is either restricted as to the purpose they can be used for or they are classified as net investment in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net position showed a \$25,263.3 million deficit at the end of this year. This deficit does not mean that the City does not have the resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from personnel, property, pollution and casualty claims (\$850.6 million) and Municipal employees, Laborers', Policemen's and Firemen's net pension obligation and other post-employment benefits (\$29,912.2 million). The City will include these amounts in future years' budgets as they come due. In addition, the deferred inflow balance of \$1,555.2 million from concession service agreements will be amortized into income over the life of such agreements.

Revenues for all governmental activities in 2015 were \$6,394.0 million, an increase of \$664.9 million from 2014. Over half of the City's revenues were derived from taxes which increased by \$562.6 million (17.6 percent). Total tax revenue included an increase in property taxes received of \$252.6 million (27.3 percent).

Expenses for governmental activities in 2015 were \$11,254.6 million, an increase of \$3,904.5 million (53.1 percent) over 2014. The amount that taxpayers paid for these governmental activities through City taxes was \$3,754.2 million. Some of the cost was paid by those who directly benefited from the programs (\$814.8 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$745.8 million).

The City paid \$1,078.6 million for the "public benefit" portion with other revenues such as state aid, interest and miscellaneous income.

Although total net position of business-types activities was \$204.4 million, these resources cannot be used to make up for the deficit in net position in governmental activities. The City generally can only use this net position to finance the continuing operations of the water, sewer, Skyway, and airports activities.

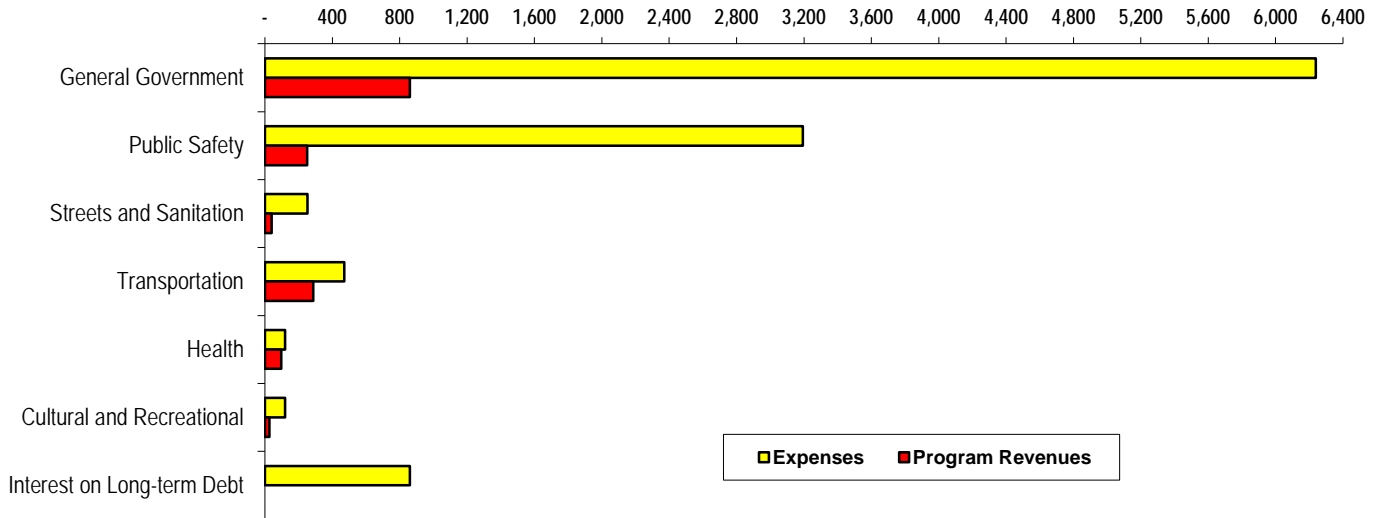
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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

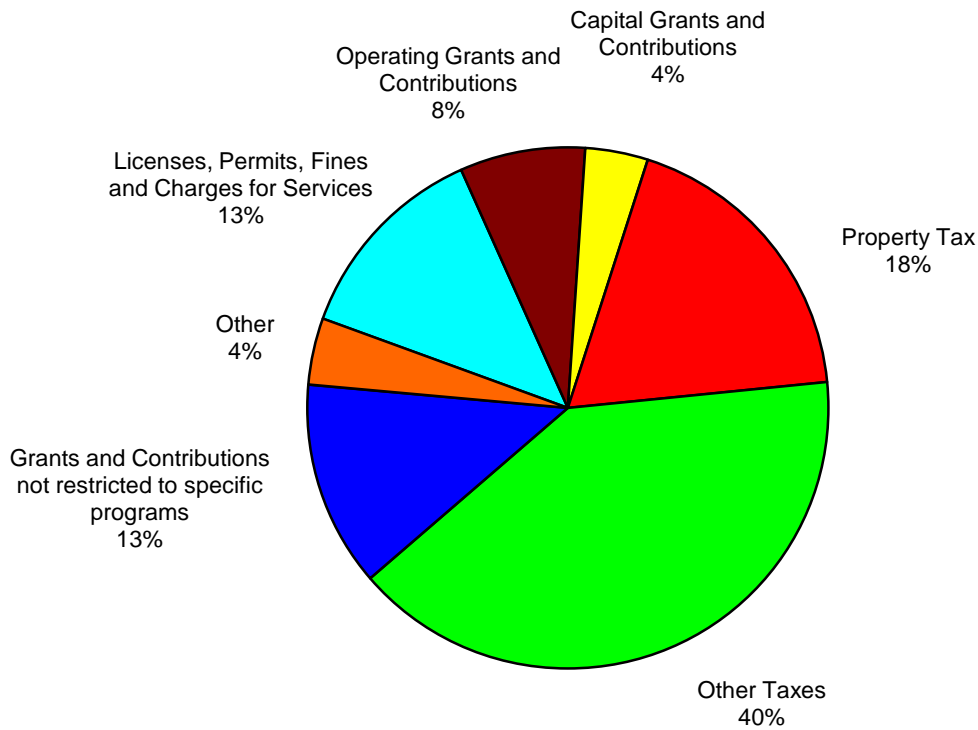
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services .....	\$ 814.8	\$ 819.2	\$ 2,400.4	\$ 2,244.1	\$ 3,215.2	\$ 3,063.3
Operating Grants and Contributions .....	496.7	470.7	-	-	496.7	470.7
Capital Grants and Contributions .....	249.1	249.9	85.9	95.6	335.0	345.5
General Revenues:						
Property Taxes .....	1,179.4	926.8	-	-	1,179.4	926.8
Other Taxes .....	2,574.8	2,264.8	-	-	2,574.8	2,264.8
Grants and Contributions not Restricted to Specific Programs .....	815.2	740.9	-	-	815.2	740.9
Other .....	263.4	256.8	67.4	85.3	330.8	342.1
Transfer In (Out) .....	0.6	-	(0.6)	-	-	-
Total Revenues .....	<u>6,394.0</u>	<u>5,729.1</u>	<u>2,553.1</u>	<u>2,425.0</u>	<u>8,947.1</u>	<u>8,154.1</u>
Expenses:						
General Government .....	6,238.0	2,857.7	-	-	6,238.0	2,857.7
Public Safety .....	3,192.2	2,913.5	-	-	3,192.2	2,913.5
Streets and Sanitation .....	253.4	275.8	-	-	253.4	275.8
Transportation .....	471.7	475.8	-	-	471.7	475.8
Health .....	119.2	125.1	-	-	119.2	125.1
Cultural and Recreational .....	118.8	121.5	-	-	118.8	121.5
Interest on Long-term Debt .....	861.3	580.7	-	-	861.3	580.7
Water .....	-	-	900.3	455.4	900.3	455.4
Sewer .....	-	-	505.0	225.6	505.0	225.6
Midway International Airport .....	-	-	315.7	248.2	315.7	248.2
Chicago-O'Hare International Airport .....	-	-	1,380.5	1,029.7	1,380.5	1,029.7
Chicago Skyway .....	-	-	8.7	10.3	8.7	10.3
Total Expenses .....	<u>11,254.6</u>	<u>7,350.1</u>	<u>3,110.2</u>	<u>1,969.2</u>	<u>14,364.8</u>	<u>9,319.3</u>
Change in Net Position .....	(4,860.6)	(1,621.0)	(557.1)	455.8	(5,417.7)	(1,165.2)
Net (Deficit) Position, Beginning of Year, as Restated (Note 17) .....	<u>(19,175.2)</u>	<u>(7,422.3)</u>	<u>761.5</u>	<u>2,051.2</u>	<u>(18,413.7)</u>	<u>(5,371.1)</u>
Net (Deficit) Position, End of Year .....	<u><u>\$(24,035.8)</u></u>	<u><u>\$(9,043.3)</u></u>	<u><u>\$ 204.4</u></u>	<u><u>\$ 2,507.0</u></u>	<u><u>\$(23,831.4)</u></u>	<u><u>\$(6,536.3)</u></u>

**CITY OF CHICAGO, ILLINOIS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2015**

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



**Revenues by Source - Governmental Activities**



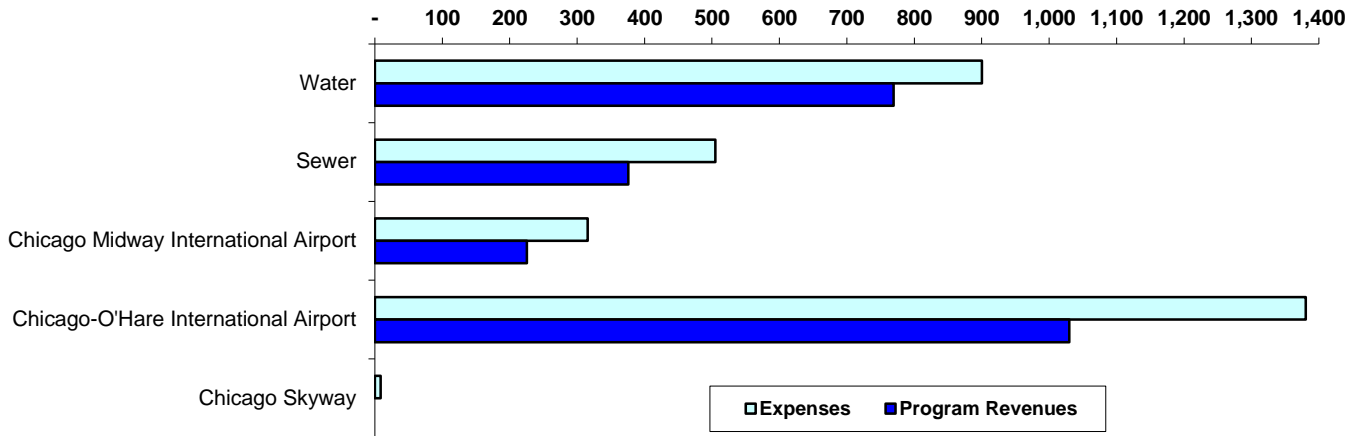
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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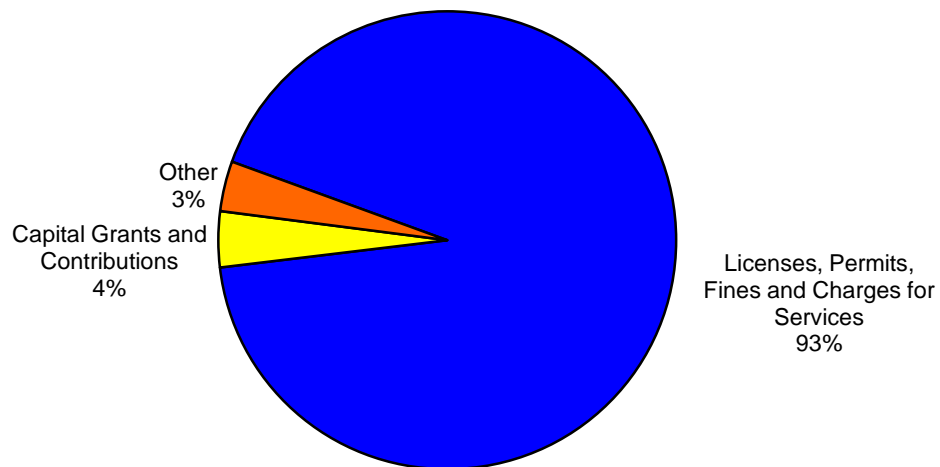
**Business-type Activities.** Total Revenues of the City's business-type activities increased by \$128.1 million in 2015 mostly from an increase in charges for services and rental income, offset by a decrease in other general revenues and capital grant funding.

- The Water Fund's total operating revenues increased by \$76.8 million (11.1%) from 2014 due to a 15% increase in water rates, offset by the conversion of 23,820 accounts from nonmetered to metered. Operating expenses before depreciation and amortization for the year ended 2015 increased by \$439.1 million (146.9%) from the year ended 2014 mainly due to increases in pension costs resulting from the implementation of GASB 68.
- The Sewer Fund's total operating revenues increased in 2015 by \$53.6 million (16.7%) primarily due to an increase in sewer rates. Operating expenses before depreciation and amortization for 2015 increased \$191.4 million (160.5%) from the year ended 2014 primarily due to an increase in pension expense related to the implementation of GASB 68.
- Chicago Midway International Airport's total operating revenues for 2015 increased by \$5.9 million (3.4%) from 2014 primarily due to higher rents and other concession revenue. Operating expenses before depreciation and amortization increased by \$54.3 million compared to 2014, primarily due to an increase in pension expense related to the implementation of GASB 68.
- Chicago O'Hare International Airport's total operating revenues for 2015 increased by \$.7 million (0.0%) compared to 2014. Operating expenses before depreciation and amortization increased by \$310.7 million (62.8%) compared to 2014 primarily due to an increase in pension expense related to the implementation of GASB 68.
- The Chicago Skyway was leased for 99 years to a private company. The agreement granted the company the right to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into nonoperating revenue over the period of the lease (\$18.5 million annually).

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



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





**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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

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

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

At December 31, 2015, the City's governmental funds reported combined ending fund balances of \$982.7 million, an increase of \$159.4 million in comparison with the prior year. Of this total amount \$677.8 million was committed to specific expenditures, \$98.4 million was assigned to anticipated uses, a deficit of \$1,696.0 million was unassigned, \$1,878.7 million was restricted in use by legislation, and \$23.8 million was nonspendable.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$93.0 million with a total fund balance of \$215.2 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 6.3 percent of total General Fund expenditures. The fund balance of the City's General Fund increased by approximately \$74.0 million during the current fiscal year due to higher revenues and lower expenses for certain categories.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$216.1 million. The deficit is \$8.9 million lower than 2014 primarily due to more timely reimbursement of expenditures.

The Special Taxing Areas Fund has a total fund balance of \$1,275.7 million, which is all restricted to specific expenditures.

The Service Concession and Reserve Fund accounts for deferred inflows from nonbusiness type long-term concession and lease transactions and has \$621.3 million committed to specific expenditures. The unassigned deficit of \$1,555.3 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund balance of \$236.3 million. The fund balance in 2014 was \$263.2 million lower due to reclassification of long-term debt to short term debt during 2014.

The Community Development and Improvement Projects Fund has a total fund balance of \$198.4 million. This is \$149.2 million lower than 2014 due to increased capital improvement efforts.

**Changes in fund balance.** The fund balance for the City's governmental funds increased by \$159.4 million in 2015. This includes a decrease in inventory of \$.7 million.

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

Unrestricted net position of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Chicago Midway International Airport Funds at the end of the year amounted to a deficit of \$3,731.2 million. The unrestricted net position deficit increased by \$2,545.4 million due to an increase in the unrestricted deficit in all proprietary funds primarily due to pension costs as a result of the implementation of GASB 68. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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**General Fund Budgetary Highlights**

The City's 2015 Original General Fund Budget was \$3,534.4 million. This budget reflects an increase of \$244.2 million (7.4 %) over the 2014 Budget. \$128.8 million of this increase is the result of a change in the way the City budgeted pension contributions to more clearly reflect the allocation of pension expenses across City funds. This change is discussed further below. On November 19, 2014 the City's 2015 General Fund Budget was approved by the City Council. The General Fund revenues on a budgetary basis were \$14.2 million less than the final budget as a result of lower state income tax and utility tax revenues which were offset by higher than expected revenue from, transaction, recreation, and transportation taxes. Expenditures were \$91.4 million less than budgeted as a result of favorable variances in general government expenditures. Additional information on the City's budget can be found in Note 3 under Stewardship, Compliance and Accountability within this report.

As discussed as part of the 2015 appropriation above the City changed how it budgets its pension fund contributions. This change impacts how state income tax revenue is reflected in the 2015 financial statements. Historically, the City's pension fund contributions were paid from property taxes and personal property replacement tax (PPRT) revenues, and as a result no pension fund expenses were reflected in the general fund. Instead PPRT revenues were diverted from the general fund to the pension funds. In addition, PPRT revenues in one year were used to make the pension contributions budgeted in the prior year. As a result, the state income tax revenues recorded in the general fund appear lower than the revenue actually received as a portion of the revenue was diverted to pay 2014 pension contributions in accordance with past practice. Due to certain changes in the way that pension contributions are recorded in the 2015 financial statements and the 2015 budgetary change, this is a one-time adjustment.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2015 amount to \$23,115.7 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

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

- The City continues its commitment to sustainable design in new construction projects utilizing the Leadership in Energy & Environmental Design (LEED) strategy. Completed construction in 2015 totaled \$29.5 million including; Chicago Children Advocacy Center Expansion Project totaling \$7.1 million and Chinatown Library totaling \$18.3 million.
- During 2015, the City completed \$384.8 million in infrastructure projects including \$270.1 million in street construction and resurfacing projects, \$84.8 million in street lighting and transit projects, and \$29.9 million in bridge and viaduct reconstruction. At year end, infrastructure projects still in process had expenses totaling nearly \$640.5 million.
- At the end of 2015, the Water Fund had \$3,822.8 million invested in utility plant, net of accumulated depreciation. During 2015, the Water Fund expended \$414.2 million on capital activities. This included \$3.0 million for structures and improvements, \$243.1 million for distribution plant, \$6.0 million for equipment, and \$160.3 million for construction in progress, and \$1.8 million for land and land rights.
- During 2015, net completed projects totaling \$366.3 million were transferred from construction in progress to applicable capital accounts. The major completed projects relate to installation and replacements of water mains (\$284.5 million), and meter save program (\$74.5 million).
- At the end of 2015, the Sewer Fund had \$2,263.2 million invested in utility plant, net of accumulated depreciation. During 2015, the Sewer Fund had capital additions being depreciated of \$207.2 million, and completed projects totaling \$17.2 million were transferred from construction in progress to applicable facilities and structures capital accounts. The 2015 Sewer Main Replacement Program completed 25.4 miles of sewer mains and 55.1 miles of relining of existing sewer mains at a cost of \$208.8 million.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

- At the end of 2015, Chicago-Midway International Airport had \$1,169.6 million invested in net capital assets. During 2015, the Airport had additions of \$44.9 million related to capital activities. This included \$.4 million for land acquisition and the balance of \$44.5 million for construction projects relating to terminal improvements, runway rehabilitation and parking improvements. During 2015, completed projects totaling \$46.0 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway and taxi improvements, rental car, parking garage, and terminal security.
- At the end of 2015, Chicago-O'Hare International Airport totaled \$7.1 billion, invested in net capital assets. During 2015, the Airport had additions of \$450.8 million related to capital activities. This included \$.3 million for land acquisition and the balance of \$450.5 million for terminal improvements, road and sidewalk enhancements, runway and taxiway improvements. During 2015, completed projects totaling \$816.0 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway and taxiway improvements, road, electrical system upgrades, and parking facilities and terminal improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land .....	\$ 1,393.4	\$ 1,392.8	\$ 1,021.2	\$ 1,018.7	\$ 2,414.6	\$ 2,411.5
Works of Art and Historical Collections .....	45.6	45.2	-	-	45.6	45.2
Construction in Progress .....	656.0	545.5	740.4	1,256.3	1,396.4	1,801.8
Buildings and Other Improvements .....	1,610.7	1,630.2	12,537.0	11,227.0	14,147.7	12,857.2
Machinery and Equipment .....	231.8	235.3	308.9	320.5	540.7	555.8
Infrastructure .....	4,570.7	4,432.2	-	-	4,570.7	4,432.2
<b>Total .....</b>	<b>\$ 8,508.2</b>	<b>\$ 8,281.2</b>	<b>\$ 14,607.5</b>	<b>\$ 13,822.5</b>	<b>\$ 23,115.7</b>	<b>\$ 22,103.7</b>

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

**Debt.** At the end of the current fiscal year, the City had \$8,688.8 million in General Obligation Bonds and \$675.6 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$212.4 million in Motor Fuel Tax Revenue Bonds; \$541.6 million of Sales Tax Revenue Bonds; \$65.4 million in Tax Increment Financing Bonds; and \$13,050.4 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to Note 10 Long-term Obligations in the Basic Financial Statements.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**City of Chicago, Illinois  
General Obligation and Revenue Bonds  
(in millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General Obligation .....	\$ 9,364.4	\$ 8,335.5	\$ -	\$ -	\$ 9,364.4	\$ 8,335.5
Tax Increment .....	65.4	74.4	-	-	65.4	74.4
Revenue Bonds .....	754.0	743.8	13,050.4	13,071.6	13,804.4	13,815.4
<b>Total .....</b>	<b>\$ 10,183.8</b>	<b>\$ 9,153.7</b>	<b>\$ 13,050.4</b>	<b>\$ 13,071.6</b>	<b>\$ 23,234.2</b>	<b>\$ 22,225.3</b>

During 2015, the City issued the following:

**General Obligation Bonds:**

- General Obligation Bonds, Series 2015A Tax-Exempt and 2015B Taxable (\$1,088.4 billion).

**Enterprise Fund Revenue Bonds and Notes:**

- Chicago-O'Hare International Airport General Commercial Paper Notes (\$75.8 million)
- Chicago-O'Hare International Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2015A (AMT), Series 2015B (Non-AMT), Series 2014C (AMT), and Series 2015D (Non-AMT) (\$1,947.4 million).
- Second Lien Wastewater Transmission Revenue Bonds, Series 2015 (\$87.1 million).

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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At December 31, 2015 the City had credit ratings with each of the four major rating agencies as follows:

Rating Agency	Moody's	Standard & Poors	Fitch	Kroll
General Obligation:				
City	Ba1	BBB+	BBB+	A-
Revenue Bonds:				
O'Hare Airport:				
Senior Lien General Airport Revenue Bonds	A2	A	A-	A+
Senior Lien Passenger Facility Charge (PFC)	A2	A	A	NR
Customer Facility Charge (CFC)	Baa1	BBB	NR	NR
Midway Airport:				
First Lien	A2	A	A	NR
Second Lien	A3	A-	A-	NR
Water:				
First Lien	Baa1	A	AA+	NR
Second Lien	Baa2	A-	AA	AA
Wastewater:				
First Lien	Baa2	A+	NR	NR
Second Lien	Baa3	A	AA	AA-
Sales Tax	Ba1	AA	BBB+	AA+
Motor Fuel Tax	Ba1	BBB+	BBB	NR

See Subsequent Events in the footnotes for ratings changes in 2016.

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

Local, national, and global economies play a major role in the City's finances and economic growth. In 2015, local and national economies continued to experience moderate growth and recovery from the economic downturn. Although rising home prices and shrinking inventory slowed the housing market in 2015 and home sales were up nearly 8 percent compared to 2014, median home prices were up 6 percent over 2014. In 2015, nationwide, retail sales grew 2.3 percent over 2014, with consumer confidence showing further improvement. The average national unemployment rate decreased from 6.2 percent in 2014 to 5.3 percent in 2015, and Chicago's unemployment rate declined in 2015 as well. Tourism, business, and convention travel to Chicago remained strong in 2015, with amusement tax collections up about 29 percent and hotel tax revenues up about 9 percent from 2014. Additionally, Chicago welcomed a record number of domestic tourists in 2015 with more than 50 million visitors from around the country traveling to Chicago.

The City's 2016 General Fund budget, totaling \$3,623.8 million, was approved by a 35 to 15 vote of City Council on October 28, 2015. The 2016 budget balanced a preliminary budget shortfall of \$233.0 million by reforming and cutting spending, and improving revenue growth. The 2016 budget also commits an additional \$5.0 million to the City's long-term reserves, following provisions of \$15.0 million in 2013, \$5.0 million in 2014 and \$5.0 million in 2015.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

**Exhibit 1**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Cash and Cash Equivalents .....	\$ 857,747	\$ 444,146	\$ 1,301,893
Investments .....	705,364	208,378	913,742
Cash and Investments with Escrow Agent .....	661,474	-	661,474
Receivables (Net of Allowances):			
Property Tax .....	1,560,464	-	1,560,464
Accounts .....	980,045	389,719	1,369,764
Internal Balances .....	(46,140)	46,140	-
Inventories .....	23,828	21,500	45,328
Restricted Assets:			
Cash and Cash Equivalents .....	108,877	1,639,613	1,748,490
Investments .....	515,991	1,927,057	2,443,048
Other Assets .....	17,112	61,875	78,987
Capital Assets:			
Land, Art, and Construction in Progress .....	2,094,938	1,761,593	3,856,531
Other Capital Assets, Net of Accumulated Depreciation .....	6,413,262	12,845,900	19,259,162
Total Capital Assets .....	8,508,200	14,607,493	23,115,693
Total Assets .....	13,892,962	19,345,921	33,238,883
Deferred Outflows .....	7,187,699	1,701,505	8,889,204
Total Assets and Deferred Outflows .....	<u>\$ 21,080,661</u>	<u>\$ 21,047,426</u>	<u>\$ 42,128,087</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Voucher Warrants Payable .....	\$ 525,004	\$ 476,663	\$ 1,001,667
Short-term Debt .....	672	-	672
Accrued Interest .....	270,551	245,797	516,348
Accrued and Other Liabilities .....	1,092,005	235,309	1,327,314
Unearned Revenue .....	81,144	193,867	275,011
Derivative Instrument Liability .....	-	123,166	123,166
Long-term Liabilities:			
Due Within One Year .....	318,144	366,828	684,972
Due in More Than One Year .....	41,085,810	17,547,645	58,633,455
Total Liabilities .....	43,373,330	19,189,275	62,562,605
Deferred Inflows .....	1,743,138	1,653,790	3,396,928
Total Liabilities and Deferred Inflows .....	45,116,468	20,843,065	65,959,533
<b>NET POSITION</b>			
Net Investment in Capital Assets .....	(292,432)	2,892,548	2,600,116
Restricted for:			
Capital Projects .....	-	220,059	220,059
Debt Service .....	244,205	25,832	270,037
Special Taxing Areas .....	1,275,709	-	1,275,709
Passenger Facility Charges .....	-	155,007	155,007
Contractual Use Agreement .....	-	166,654	166,654
Airport Development Fund .....	-	338,133	338,133
Customer Facility Charges .....	-	91,513	91,513
Other Purposes .....	-	45,782	45,782
Unrestricted (Deficit) .....	(25,263,289)	(3,731,167)	(28,994,456)
Total Net Position .....	<u>\$ (24,035,807)</u>	<u>\$ 204,361</u>	<u>\$ (23,831,446)</u>

See notes to basic financial statements.

**Exhibit 2**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government .....	\$ 6,238,028	\$ 534,325
Public Safety .....	3,192,197	182,670
Streets and Sanitation .....	253,432	39,602
Transportation .....	471,689	37,522
Health .....	119,199	5,839
Cultural and Recreational .....	118,775	14,850
Interest on Long-term Debt .....	861,293	-
Total Governmental Activities .....	11,254,613	814,808
Business-type Activities:		
Water .....	900,346	769,408
Sewer .....	505,032	375,877
Chicago Midway International Airport .....	315,724	225,383
Chicago-O'Hare International Airport .....	1,380,512	1,029,788
Chicago Skyway .....	8,727	-
Total Business-type Activities .....	3,110,341	2,400,456
Total Primary Government .....	\$ 14,364,954	\$ 3,215,264

See notes to basic financial statements.



Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 326,030	\$ -	\$ (5,377,673)	\$ -	\$ (5,377,673)
67,822	-	(2,941,705)	-	(2,941,705)
-	-	(213,830)	-	(213,830)
-	249,064	(185,103)	-	(185,103)
90,261	-	(23,099)	-	(23,099)
12,566	-	(91,359)	-	(91,359)
-	-	(861,293)	-	(861,293)
<u>496,679</u>	<u>249,064</u>	<u>(9,694,062)</u>	<u>-</u>	<u>(9,694,062)</u>
-	-	-	(130,938)	(130,938)
-	-	-	(129,155)	(129,155)
-	9,279	-	(81,062)	(81,062)
-	76,689	-	(274,035)	(274,035)
-	-	-	(8,727)	(8,727)
-	<u>85,968</u>	-	<u>(623,917)</u>	<u>(623,917)</u>
<u>\$ 496,679</u>	<u>\$ 335,032</u>	<u>(9,694,062)</u>	<u>(623,917)</u>	<u>(10,317,979)</u>
General Revenues				
Taxes:				
Property Tax .....		1,179,395	-	1,179,395
Utility Tax .....		562,697	-	562,697
Sales Tax .....		346,319	-	346,319
Transportation Tax .....		384,978	-	384,978
Transaction Tax .....		466,432	-	466,432
Special Area Tax .....		444,972	-	444,972
Recreation Tax .....		227,510	-	227,510
Other Taxes .....		141,895	-	141,895
Grants and Contributions not Restricted to				
Specific Programs .....		815,157	-	815,157
Unrestricted Investment Earnings .....		(1,357)	27,563	26,206
Miscellaneous .....		264,806	39,744	304,550
Transfers .....		625	(625)	-
Total General Revenues and Transfers .....		<u>4,833,429</u>	<u>66,682</u>	<u>4,900,111</u>
Change in Net Position .....		<u>(4,860,633)</u>	<u>(557,235)</u>	<u>(5,417,868)</u>
Net Position - Beginning, as restated (Note 17) .		<u>(19,175,174)</u>	<u>761,596</u>	<u>(18,413,578)</u>
Net Position - Ending .....		<u>\$ (24,035,807)</u>	<u>\$ 204,361</u>	<u>\$ (23,831,446)</u>

**Exhibit 3**  
**CITY OF CHICAGO, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 2,555	\$ -	\$ 796,054
Investments .....	54,392	36,793	299,101
Cash and Investments with Escrow Agent .....	-	-	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	399,623
Accounts .....	225,580	3,796	3,293
Due From Other Funds .....	154,104	50,724	180,269
Due From Other Governments .....	262,522	421,526	-
Inventories .....	23,828	-	-
Restricted Cash and Cash Equivalents .....	-	3,218	-
Restricted Investments .....	-	-	-
Other Assets .....	-	4,075	-
<b>Total Assets .....</b>	<b><u>\$ 722,981</u></b>	<b><u>\$ 520,132</u></b>	<b><u>\$ 1,678,340</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 219,649	\$ 156,058	\$ 38,286
Bonds, Notes and Other Obligations Payable - Current .....	-	-	-
Accrued Interest .....	-	-	-
Due To Other Funds .....	167,001	261,316	10,794
Accrued and Other Liabilities .....	98,500	7,408	3,147
Claims Payable .....	13,748	-	-
Unearned Revenue .....	8,851	72,293	-
<b>Total Liabilities .....</b>	<b><u>507,749</u></b>	<b><u>497,075</u></b>	<b><u>52,227</u></b>
Deferred Inflows .....	-	239,199	350,404
<b>Fund Balance:</b>			
Nonspendable .....	23,828	-	-
Restricted .....	-	17,617	1,275,709
Committed .....	-	-	-
Assigned .....	98,377	-	-
Unassigned .....	93,027	(233,759)	-
<b>Total Fund Balance .....</b>	<b><u>215,232</u></b>	<b><u>(216,142)</u></b>	<b><u>1,275,709</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balance .....</b>	<b><u>\$ 722,981</u></b>	<b><u>\$ 520,132</u></b>	<b><u>\$ 1,678,340</u></b>

See notes to basic financial statements.

Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 25,720	\$ 738	\$ 32,680	\$ 857,747
-	66,182	164,236	84,660	705,364
-	574,924	-	86,550	661,474
-	491,113	-	669,728	1,560,464
2,815	893	1,675	18,506	256,558
-	32,161	100,817	96,033	614,108
-	2,659	-	36,780	723,487
-	-	-	-	23,828
105,659	-	-	-	108,877
515,991	-	-	-	515,991
-	-	-	-	4,075
<u>\$ 624,465</u>	<u>\$ 1,193,652</u>	<u>\$ 267,466</u>	<u>\$ 1,024,937</u>	<u>\$ 6,031,973</u>
\$ -	\$ -	\$ 47,228	\$ 44,538	\$ 505,759
-	146,863	-	4,700	151,563
-	269,309	-	1,242	270,551
3,183	104,247	19,321	164,144	730,006
-	-	2,486	5,747	117,288
-	-	-	-	13,748
-	-	-	-	81,144
<u>3,183</u>	<u>520,419</u>	<u>69,035</u>	<u>220,371</u>	<u>1,870,059</u>
<u>1,555,260</u>	<u>436,939</u>	<u>-</u>	<u>597,386</u>	<u>3,179,188</u>
-	-	-	-	23,828
-	236,294	198,431	150,641	1,878,692
621,282	-	-	56,539	677,821
-	-	-	-	98,377
<u>(1,555,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,695,992)</u>
<u>(933,978)</u>	<u>236,294</u>	<u>198,431</u>	<u>207,180</u>	<u>982,726</u>
<u>\$ 624,465</u>	<u>\$ 1,193,652</u>	<u>\$ 267,466</u>	<u>\$ 1,024,937</u>	<u>\$ 6,031,973</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds .....	8,508,200
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds .....	1,623,928
Certain liabilities, including bonds payable, and deferred outflows are not due and payable in the current period and therefore are not reported in the funds .....	(35,150,661)
Net position of governmental activities	<u>\$ (24,035,807)</u>

Exhibit 4

CITY OF CHICAGO, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended December 31, 2015

(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax .....	\$ -	\$ -	\$ -
Utility Tax .....	437,780	-	-
Sales Tax (Local) .....	308,878	-	-
Transportation Tax .....	197,877	-	-
State Income Tax .....	336,959	-	-
State Sales Tax .....	356,915	-	-
Transaction Tax .....	390,308	-	-
Special Area Tax .....	-	-	353,413
Recreation Tax .....	227,510	-	-
Other Taxes .....	119,963	-	-
Federal/State Grants .....	1,845	763,001	-
Internal Service .....	345,426	-	-
Licenses and Permits .....	126,727	-	-
Fines .....	366,309	-	-
Investment Income .....	911	-	3,585
Charges for Services .....	126,109	-	5
Miscellaneous .....	123,118	-	1,699
<b>Total Revenues .....</b>	<b>3,466,635</b>	<b>763,001</b>	<b>358,702</b>
Expenditures:			
Current:			
General Government .....	1,064,470	335,362	292,198
Health .....	26,001	93,007	-
Public Safety .....	2,061,540	43,337	-
Streets and Sanitation .....	199,644	-	33
Transportation .....	67,145	242,804	77,819
Cultural and Recreational .....	-	12,872	386
Employee Pensions .....	-	-	-
Other .....	6,027	(72)	-
Capital Outlay .....	-	45,445	-
Debt Service:			
Principal Retirement .....	1,930	-	-
Interest and Other Fiscal Charges .....	6,345	-	-
<b>Total Expenditures .....</b>	<b>3,433,102</b>	<b>772,755</b>	<b>370,436</b>
<b>Revenues (Under) Over Expenditures ..</b>	<b>33,533</b>	<b>(9,754)</b>	<b>(11,734)</b>

Continued on following pages.

<u>Service Concession and Reserve</u>	<u>Bond, Note Redemption and Interest</u>	<u>Community Development and Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 476,466	\$ -	\$ 393,375	\$ 869,841
-	22,324	-	102,593	562,697
-	37,441	-	-	346,319
-	11,737	-	175,364	384,978
-	-	-	119,438	456,397
-	-	-	-	356,915
-	-	-	76,124	466,432
-	-	-	-	353,413
-	-	-	-	227,510
-	12	-	21,920	141,895
-	-	-	-	764,846
-	-	-	37,332	382,758
-	2,308	-	-	129,035
-	-	-	20,851	387,160
11,391	(50,182)	4,593	2,807	(26,895)
-	-	-	21,813	147,927
<u>21,033</u>	<u>69,389</u>	<u>23,974</u>	<u>25,593</u>	<u>264,806</u>
<u>32,424</u>	<u>569,495</u>	<u>28,567</u>	<u>997,210</u>	<u>6,216,034</u>
-	-	-	371,867	2,063,897
-	-	-	40	119,048
-	-	-	6,832	2,111,709
-	-	-	49,401	249,078
-	-	-	87,714	475,482
-	-	-	81,791	95,049
-	-	-	479,581	479,581
-	-	-	771	6,726
-	-	327,109	52,496	425,050
-	474,806	-	37,070	513,806
-	819,738	-	24,160	850,243
<u>-</u>	<u>1,294,544</u>	<u>327,109</u>	<u>1,191,723</u>	<u>7,389,669</u>
<u>32,424</u>	<u>(725,049)</u>	<u>(298,542)</u>	<u>(194,513)</u>	<u>(1,173,635)</u>

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt .....	\$ -	\$ 28,657	\$ -
Issuance of Line of Credit .....	19,300	-	-
Premium/(Discount) .....	-	-	-
Transfers In .....	34,551	-	6,632
Transfers Out .....	(12,760)	(10,000)	(46,247)
Total Other Financing Sources (Uses) .....	41,091	18,657	(39,615)
Net Changes in Fund Balance .....	74,624	8,903	(51,349)
Fund Balance, Beginning of Year .....	141,278	(225,045)	1,327,058
Change in Inventory .....	(670)	-	-
Fund Balance, End of Year .....	<u>\$ 215,232</u>	<u>\$ (216,142)</u>	<u>\$ 1,275,709</u>

See notes to basic financial statements.

<u>Service Concession Agreements and Reserve</u>	<u>Bond, Note Redemption and Interest</u>	<u>Community Development and Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,026,030	\$ 62,360	\$ -	\$ 1,117,047
-	93,837	50,000	75,994	239,131
-	(23,108)	-	-	(23,108)
-	7,367	38,057	143,002	229,609
<u>(11,000)</u>	<u>(115,911)</u>	<u>(1,096)</u>	<u>(31,970)</u>	<u>(228,984)</u>
<u>(11,000)</u>	<u>988,215</u>	<u>149,321</u>	<u>187,026</u>	<u>1,333,695</u>
21,424	263,166	(149,221)	(7,487)	160,060
(955,402)	(26,872)	347,652	214,667	823,336
-	-	-	-	(670)
<u>\$ (933,978)</u>	<u>\$ 236,294</u>	<u>\$ 198,431</u>	<u>\$ 207,180</u>	<u>\$ 982,726</u>

**Exhibit 5**  
**CITY OF CHICAGO, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

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

Net change in fund balances - total governmental funds .....	\$ 160,060
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period .....	223,053
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	406,710
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments .....	(824,928)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds .....	<u>(4,825,528)</u>
Change in the net position of governmental activities .....	<u>\$ (4,860,633)</u>

See notes to basic financial statements.



**Exhibit 6**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND (BUDGETARY BASIS)**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance
<b>Revenues:</b>				
Utility Tax .....	\$ 451,840	\$ 451,840	\$ 437,780	\$ (14,060)
Sales Tax .....	308,300	308,300	308,878	578
Transportation Tax .....	188,024	188,024	197,877	9,853
Transaction Tax .....	326,432	326,432	390,308	63,876
Recreation Tax .....	205,026	205,026	227,510	22,484
Other Taxes .....	115,049	115,049	119,963	4,914
State Income Tax .....	420,019	420,019	336,959	(83,060)
State Sales Tax .....	339,624	339,624	356,915	17,291
Federal/State Grants .....	1,600	1,600	1,845	245
Internal Service .....	353,326	353,326	345,426	(7,900)
Licenses and Permits .....	136,915	137,273	126,727	(10,546)
Fines .....	369,500	369,500	366,309	(3,191)
Investment Income .....	2,000	2,000	911	(1,089)
Charges for Services .....	138,724	138,366	126,109	(12,257)
Miscellaneous .....	145,233	145,233	123,118	(22,115)
Transfers In/Out .....	32,808	33,071	53,851	20,780
<b>Total Revenues .....</b>	<b>3,534,420</b>	<b>3,534,683</b>	<b>3,520,486</b>	<b>(14,197)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government .....	1,189,384	1,189,647	1,084,763	104,884
Health .....	29,508	29,508	27,209	2,299
Public Safety .....	2,061,129	2,061,129	2,057,955	3,174
Streets and Sanitation .....	195,655	195,655	204,990	(9,335)
Transportation .....	56,363	56,363	51,770	4,593
<b>Debt Service:</b>				
Principal Retirement .....	1,930	1,930	1,930	-
Interest and Other Fiscal Charges .....	451	451	451	-
<b>Total Expenditures .....</b>	<b>3,534,420</b>	<b>3,534,683</b>	<b>3,429,068</b>	<b>105,615</b>
<b>Revenues Over (Under) Expenditures ...</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 91,418</b>	<b>\$ 91,418</b>

See notes to basic financial statements.

**Exhibit 7**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>CURRENT ASSETS:</b>						
Cash and Cash Equivalents .....	\$ 296,084	\$ 37,383	\$ 10,881	\$ 98,883	\$ 915	\$ 444,146
Investments .....	101,612	34,044	27,821	44,621	280	208,378
Accounts Receivable (Net of Allowances) .....	173,260	107,060	13,978	90,710	5	385,013
Interest Receivable .....	206	-	-	174	-	380
Due from Other Funds .....	33,672	26,192	1,566	31,532	-	92,962
Inventories .....	20,691	809	-	-	-	21,500
Cash and Cash Equivalents - Restricted .....	26,401	139,825	88,080	537,631	-	791,937
Investments - Restricted .....	153,863	43,986	-	-	-	197,849
Interest Receivable - Restricted .....	678	623	-	-	-	1,301
Other Assets - Restricted .....	-	-	-	3,800	-	3,800
<b>TOTAL CURRENT ASSETS .....</b>	<b>806,467</b>	<b>389,922</b>	<b>142,326</b>	<b>807,351</b>	<b>1,200</b>	<b>2,147,266</b>
<b>NONCURRENT ASSETS:</b>						
Cash and Cash Equivalents - Restricted .....	-	-	69,791	777,885	-	847,676
Investments - Restricted .....	141,005	156,205	244,354	1,182,225	-	1,723,789
Interest Receivable - Restricted .....	-	-	473	3,645	-	4,118
Other Assets - Restricted .....	-	-	3,064	25,248	-	28,312
Due from Other Governments - Restricted .....	-	-	3,709	617	-	4,326
Other Assets .....	4,662	3,499	842	10,909	9,851	29,763
<b>Property, Plant, and Equipment:</b>						
Land .....	6,858	560	115,165	885,967	12,609	1,021,159
Structures, Equipment and Improvements .....	4,594,202	2,702,083	1,602,470	9,014,975	490,817	18,404,547
Accumulated Depreciation .....	(1,020,390)	(531,823)	(567,211)	(3,197,061)	(242,162)	(5,558,647)
Construction Work in Progress .....	242,155	92,339	19,126	386,814	-	740,434
<b>Total Property, Plant and Equipment .....</b>	<b>3,822,825</b>	<b>2,263,159</b>	<b>1,169,550</b>	<b>7,090,695</b>	<b>261,264</b>	<b>14,607,493</b>
<b>TOTAL NONCURRENT ASSETS: .....</b>	<b>3,968,492</b>	<b>2,422,863</b>	<b>1,491,783</b>	<b>9,091,224</b>	<b>271,115</b>	<b>17,245,477</b>
<b>TOTAL ASSETS .....</b>	<b>4,774,959</b>	<b>2,812,785</b>	<b>1,634,109</b>	<b>9,898,575</b>	<b>272,315</b>	<b>19,392,743</b>
<b>DEFERRED OUTFLOWS .....</b>	<b>751,081</b>	<b>266,925</b>	<b>134,926</b>	<b>548,573</b>	<b>-</b>	<b>1,701,505</b>
<b>TOTAL ASSETS and DEFERRED OUTFLOWS ..</b>	<b>\$ 5,526,040</b>	<b>\$ 3,079,710</b>	<b>\$ 1,769,035</b>	<b>\$ 10,447,148</b>	<b>\$ 272,315</b>	<b>\$ 21,094,248</b>

See notes to basic financial statements.

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago-Midway International Airport	Chicago-O'Hare International Airport	Chicago Skyway	
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES:</b>						
Voucher Warrants Payable .....	\$ 23,660	\$ 2,320	\$ 20,300	\$ 93,378	\$ 147	\$ 139,805
Due to Other Funds .....	22,061	14,132	7,225	3,389	15	46,822
Accrued and Other Liabilities .....	138,279	40,225	758	12,836	-	192,098
Unearned Revenue .....	19,856	15,933	2,993	155,085	-	193,867
Current Liabilities Payable From Restricted Assets .....	179,515	183,813	87,826	537,631	-	988,785
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>383,371</b>	<b>256,423</b>	<b>119,102</b>	<b>802,319</b>	<b>162</b>	<b>1,561,377</b>
<b>NONCURRENT LIABILITIES:</b>						
Revenue Bonds and Commercial Paper Payable .....	2,440,282	1,777,496	1,561,948	7,619,444	-	13,399,170
Net Pension Liability .....	1,646,441	663,872	296,025	1,542,137	-	4,148,475
Derivative Instrument Liability .....	91,806	-	31,360	-	-	123,166
Other .....	1,577	-	2,332	-	-	3,909
<b>TOTAL NONCURRENT LIABILITIES ...</b>	<b>4,180,106</b>	<b>2,441,368</b>	<b>1,891,665</b>	<b>9,161,581</b>	<b>-</b>	<b>17,674,720</b>
<b>TOTAL LIABILITIES .....</b>	<b>4,563,477</b>	<b>2,697,791</b>	<b>2,010,767</b>	<b>9,963,900</b>	<b>162</b>	<b>19,236,097</b>
DEFERRED INFLOWS .....	11,050	5,681	1,744	8,648	1,626,667	1,653,790
<b>NET POSITION:</b>						
Net Investment in Capital Assets .....	1,514,009	559,715	(150,431)	707,991	261,264	2,892,548
Restricted Net Position:						
Debt Service .....	-	-	11,034	14,798	-	25,832
Capital Projects .....	677	116,107	16,756	86,519	-	220,059
Passenger Facility Charges .....	-	-	5,701	149,306	-	155,007
Contractual Use Agreement .....	-	-	30,818	135,836	-	166,654
Air Development Fund .....	-	-	-	338,133	-	338,133
Customer Facility Charge .....	-	-	25,936	65,577	-	91,513
Other .....	-	-	7,735	38,047	-	45,782
Unrestricted Net Position .....	(563,173)	(299,584)	(191,025)	(1,061,607)	(1,615,778)	(3,731,167)
<b>TOTAL NET POSITION .....</b>	<b>\$ 951,513</b>	<b>\$ 376,238</b>	<b>\$ (243,476)</b>	<b>\$ 474,600</b>	<b>\$ (1,354,514)</b>	<b>\$ 204,361</b>

See notes to basic financial statements.

**Exhibit 8**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
<b>Operating Revenues:</b>						
Charges for Services - Net .....	\$ 750,163	\$ 374,770	\$ 84,623	\$ 546,053	\$ -	\$ 1,755,609
Rent .....	-	-	91,496	299,175	-	390,671
Other .....	19,245	1,107	-	-	-	20,352
<b>Total Operating Revenues .....</b>	<b>769,408</b>	<b>375,877</b>	<b>176,119</b>	<b>845,228</b>	<b>-</b>	<b>2,166,632</b>
<b>Operating Expenses:</b>						
Personnel Services .....	121,172	12,337	43,343	191,842	-	368,694
Contractual Services .....	56,402	3,299	20,954	83,265	-	163,920
Repairs and Maintenance .....	1,147	67,453	44,095	98,945	-	211,640
Commodities and Materials .....	22,357	-	-	-	-	22,357
Depreciation and Amortization .....	56,444	40,444	47,719	231,670	8,727	385,004
Capital Asset Impairment .....	-	-	-	3,320	-	3,320
General Fund Reimbursements .....	69,211	40,007	-	-	-	109,218
Pension Expense .....	436,025	187,593	60,767	339,546	-	1,023,931
Other .....	31,496	-	14,717	92,112	-	138,325
<b>Total Operating Expenses .....</b>	<b>794,254</b>	<b>351,133</b>	<b>231,595</b>	<b>1,040,700</b>	<b>8,727</b>	<b>2,426,409</b>
<b>Operating Income (Loss) .....</b>	<b>(24,846)</b>	<b>24,744</b>	<b>(55,476)</b>	<b>(195,472)</b>	<b>(8,727)</b>	<b>(259,777)</b>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income (Loss) .....	3,136	2,600	2,497	19,328	2	27,563
Interest Expense .....	(106,092)	(83,656)	(60,764)	(319,373)	-	(569,885)
Passenger Facility Charges .....	-	-	41,692	145,356	-	187,048
Customer Facility Charges .....	-	-	7,572	39,204	-	46,776
Noise Mitigation Costs .....	-	-	(23,323)	(8,998)	-	(32,321)
Cost of Issuance .....	-	-	(42)	(11,441)	-	(11,483)
Swap Termination Fees .....	-	(70,243)	-	-	-	(70,243)
Other .....	191	1,321	1,402	18,315	18,515	39,744
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(102,765)</b>	<b>(149,978)</b>	<b>(30,966)</b>	<b>(117,609)</b>	<b>18,517</b>	<b>(382,801)</b>
Transfers Out .....	(625)	-	-	-	-	(625)
Capital Grants .....	-	-	9,279	76,689	-	85,968
<b>Net Income (Loss) .....</b>	<b>(128,236)</b>	<b>(125,234)</b>	<b>(77,163)</b>	<b>(236,392)</b>	<b>9,790</b>	<b>(557,235)</b>
<b>Net Position (Deficit) -</b>						
Beginning of Year - as restated (Note 17) .....	1,079,749	501,472	(166,313)	710,992	(1,364,304)	761,596
<b>Net Position (Deficit) - End of Year .....</b>	<b>\$ 951,513</b>	<b>\$ 376,238</b>	<b>\$ (243,476)</b>	<b>\$ 474,600</b>	<b>\$ (1,354,514)</b>	<b>\$ 204,361</b>

See notes to basic financial statements.

**Exhibit 9**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
<b>Cash Flows from Operating Activities:</b>						
Received from Customers .....	\$ 752,908	\$ 358,014	\$ 174,654	\$ 888,432	\$ -	\$ 2,174,008
Payments to Vendors .....	(76,860)	(33,131)	(79,932)	(216,459)	-	(406,382)
Payments to Employees .....	(121,172)	(42,894)	(31,590)	(175,052)	-	(370,708)
Transactions with Other City Funds .....	(29,944)	(42,764)	(19,043)	(68,644)	-	(160,395)
Cash Flows Provided By						
Operating Activities .....	524,932	239,225	44,089	428,277	-	1,236,523
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from Issuance of Bonds/ Commercial Paper/IEPA Loans .....	78,364	87,081	-	2,176,836	-	2,342,281
Acquisition and Construction of Capital Assets .....	(357,892)	(275,866)	(33,328)	(359,547)	-	(1,026,633)
Capital Grant Receipts .....	-	-	5,570	74,516	-	80,086
Bond Issuance Costs .....	(348)	-	(42)	(11,441)	-	(11,831)
Payment to Refund Bonds .....	-	-	-	(1,767,600)	-	(1,767,600)
Principal Paid on Debt .....	(52,435)	(39,837)	(17,265)	(240,631)	-	(350,168)
Interest Paid .....	(132,908)	(58,040)	(67,264)	(420,548)	-	(678,760)
Passenger and Customer Facility Charges .....	-	-	49,244	187,567	-	236,811
Swap Termination Fees .....	-	(70,243)	-	-	-	(70,243)
Concessionaire Funds .....	-	-	-	-	38	38
Cash Flows (Used in) Provided By Capital and Related Financing Activities .....	(465,219)	(356,905)	(63,085)	(360,848)	38	(1,246,019)
<b>Cash Flows from Non Capital Financing Activities:</b>						
Noise Mitigation Program .....	-	-	(23,324)	(8,998)	-	(32,322)
Proceeds from Settlement Agreement .....	-	-	1,403	984	-	2,387
Cash Flows Used in Non Capital Financing Activities .....	-	-	(21,921)	(8,014)	-	(29,935)
<b>Cash Flows from Investing Activities:</b>						
Sale (Purchases) of Investments, Net .....	223,420	200,252	73,092	373,361	199	870,324
Investment Income (Loss) .....	3,205	4,184	1,963	16,927	2	26,281
Cash Flows Provided By (Used in) Investing Activities .....	226,625	204,436	75,055	390,288	201	896,605
Net Increase (Decrease) in Cash and Cash Equivalents .....	286,338	86,756	34,138	449,703	239	857,174
Cash and Cash Equivalents, Beginning of Year .....	36,147	90,452	134,614	964,696	676	1,226,585
Cash and Cash Equivalents, End of Year .....	\$ 322,485	\$ 177,208	\$ 168,752	\$ 1,414,399	\$ 915	\$ 2,083,759

See notes to basic financial statements.

**Exhibit 9 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
Reconciliation of Operating Income to Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ (24,846)	\$ 24,744	\$ (55,476)	\$ (195,472)	\$ (8,727)	\$ (259,777)
Adjustments to Reconcile:						
Depreciation and Amortization .....	56,444	40,444	47,719	234,990	8,727	388,324
Pension Expense Other than Contribution .....	423,345	183,165	54,635	313,746	-	974,891
Provision for Uncollectible Accounts .....	23,593	16,154	38	-	-	39,785
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(37,538)	(31,874)	(1,843)	(14,127)	-	(85,382)
(Increase) Decrease in Due From Other Funds .....	56,927	3,223	(7,749)	2,219	-	54,620
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds .....	(601)	(3,473)	6,391	29,413	-	31,730
Increase (Decrease) in Unearned Revenue and Other Liabilities .....	27,107	7,035	304	57,331	-	91,777
(Increase) Decrease in Inventories and Other Assets .....	501	(193)	70	177	-	555
Cash Flows from Operating Activities .....	<u>\$ 524,932</u>	<u>\$ 239,225</u>	<u>\$ 44,089</u>	<u>\$ 428,277</u>	<u>\$ -</u>	<u>\$ 1,236,523</u>
<b>Supplemental Disclosure of Noncash Items:</b>						
Capital asset additions in 2015 have outstanding accounts payable and accrued and other liabilities .....	<u>\$ 85,942</u>	<u>\$ 101,584</u>	<u>\$ 26,441</u>	<u>\$ 140,257</u>	<u>\$ -</u>	<u>\$ 354,224</u>

See notes to basic financial statements.

**Exhibit 10**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 183,456	\$ 248,865
Investments .....	-	65,822
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations .....	2,081,125	-
Stocks .....	4,605,898	-
Mortgages and Real Estate .....	674,155	-
Other .....	1,629,680	-
Cash and Investments with		
Escrow Agent .....	-	5,212
Property Tax Receivable .....	-	91,552
Accounts Receivable, Net .....	1,086,308	68,161
Due From City .....	69,758	-
Property, Plant, Equipment and other .....	363	-
Invested Securities Lending Collateral .....	699,769	-
Total Assets .....	<u>\$ 11,030,512</u>	<u>\$ 479,612</u>
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	\$ 246,543	\$ 31,684
Accrued and Other Liabilities .....	-	447,928
Securities Lending Collateral .....	699,769	-
Total Liabilities .....	<u>\$ 946,312</u>	<u>\$ 479,612</u>
Deferred Inflows .....	<u>\$ 66</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows .....	<u>\$ 946,378</u>	<u>\$ 479,612</u>
<b>NET POSITION</b>		
Restricted for Pension Benefits .....	<u>10,084,134</u>	
Total Net Position .....	<u>\$ 10,084,134</u>	

See notes to basic financial statements.

**Exhibit 11**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>Total</u>
<b>ADDITIONS</b>	
Contributions:	
Employees .....	\$ 302,450
City .....	<u>993,048</u>
Total Contributions .....	<u>1,295,498</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments .....	(89,658)
Interest, Dividends and Other .....	231,605
Investment Expense .....	<u>(48,260)</u>
Net Investment Income .....	<u>93,687</u>
Securities Lending Transactions:	
Securities Lending Income .....	3,039
Securities Lending Expense .....	<u>341</u>
Net Securities Lending Transactions .....	<u>3,380</u>
Total Additions .....	<u>1,392,565</u>
<b>DEDUCTIONS</b>	
Benefits and Refunds of Deductions .....	1,955,829
Administrative and General .....	<u>18,204</u>
Total Deductions .....	<u>1,974,033</u>
Net Increase in Net Position .....	(581,468)
Net Position:	
Beginning of Year .....	<u>10,665,602</u>
End of Year .....	<u><u>\$ 10,084,134</u></u>

See notes to basic financial statements.



**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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**1) Summary of Significant Accounting Policies**

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

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 1, 2015, the City adopted the following GASB Statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* ("GASB 68"), established new financial reporting requirements for most governments that provide their employees with pension benefits through these types of plans. The City adopted GASB 68 for the year ended December 31, 2015. GASB 68 replaced 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 required 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 enhanced accountability and transparency through revised and new note disclosures and required supplementary information (see RSI and Notes 11 and 17). Beginning Net Position was restated as a result of implementation of this standard (see Note 17).

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. The City adopted GASB 71 for the year ended December 31, 2015. This Statement amended 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. There was no impact on the City's Financial Statements as a result of the implementation of GASB 71.

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

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

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67, *Financial Reporting for Pensions* or Statement 68 will be effective for the City beginning with its year ending December 31, 2016. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for

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separately financed specific liabilities, and (3) Timing of employer recognition of revenue.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 will be effective for the City beginning with its year ending December 31, 2017. Included are requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 will be effective for the City beginning with its year ending December 31, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supercedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 will be effective for the City beginning with its year ending December 31, 2016.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement. GASB 77 will be effective for the City beginning with its year ending December 31, 2016.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for the City beginning with its year ending December 31, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools. GASB 79 will be effective for the City beginning with its year ending December 31, 2016.

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GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for the City beginning with its year ending December 31, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the City beginning with its year ending December 31, 2017.

GASB Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73 ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for the City beginning with its year ending December 31, 2017.

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

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

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

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

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

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

Financial statements for each of these four pension plans (collectively, "Pension Plans") may be obtained at the respective Pension Plans office.

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

**Water Fund** accounts for the operations of the Chicago Water System (Water). The Water system purifies and provides Lake Michigan water for the City and 125 suburbs. The Water Fund operates two water purification facilities with a combined pumping capacity of 2,160 million gallons per day and 12 pumping stations with a combined pumping capacity of 3,661 million gallons per day.

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

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

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

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

Additionally, the City reports the following fiduciary funds:

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as expenses when used (consumption method). Governmental fund inventories are accounted for using the purchases method and represent nonspendable resources because they do not represent expendable available financial resources.
- iv) **Assets Held for Resale** includes land and buildings of \$4.1 million, recorded at lower of cost or market in the Federal, State and Local Grant Funds. These assets are purchased through the use of federal grants and City resources and are intended to be resold.
- v) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted or committed in

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the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or specific City Council action.

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The total interest expense (Governmental and Business Activities) incurred by the City during the current fiscal year was \$1,490.2 million, of which \$70.1 million was capitalized as part of the capital assets under construction projects in proprietary funds.

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

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

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

**vii) Deferred Outflows** represent the fair value of derivative instruments that are deemed to be effective hedges and unamortized loss on bond refundings, differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

**viii) Employee Benefits** are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be partially carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is



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not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

- ix) **Judgments and claims** are included in the government-wide financial statements and proprietary fund types. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Amounts that related to deferred compensatory time and reserves for questioned costs are treated the same way.
- x) **Long-term obligations** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

The City enters into interest rate swap agreements to modify interest rates and/or cash flows on outstanding debt. For existing swaps, the net interest expenditures resulting from these arrangements are recorded as interest expense. The fair value of derivative instruments that are deemed to be effective is accounted for as deferred outflows. Derivative instruments that are deemed not effective are adjusted to fair value with the change in fair value recorded to investment earnings. Under certain bond ordinances adopted by the City Council, interest rate swaps and swaptions are authorized to be entered into by designated City officials in connection with certain bonds issued by the City. For swaps related to O'Hare Bonds or Midway Bonds, airline approval is also required before entering into a swap agreement.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts given on debt issued are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's four pension plans and additions to/deductions from the City's Pension Plans fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose,

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benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The financial statements of the Plans are prepared using the accrual basis of accounting.

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

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

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

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

- (3) Unrestricted - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets." As of December 31, 2015, the unrestricted net position represents a deficit.

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

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

**i)** The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$1,623.9 million are as follows (dollars in thousands):

Deferred inflows - property tax.....	\$ 1,384,729
Deferred inflows - grants.....	<u>239,199</u>
Net adjustment to increase fund balance - total governmental funds	
- to arrive at net position - governmental activities .....	<u>\$ 1,623,928</u>

**ii)** Another element of that reconciliation explains that "Certain liabilities and deferred outflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$35,150.7 million are as follows (dollars in thousands):

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Long-term liabilities:	
Total bonds, notes and certificates payable .....	\$ 10,608,314
Pension benefits .....	29,697,694
Other postemployment benefits .....	214,535
Pollution remediation.....	32,850
Claims and judgments .....	<u>850,561</u>
Total Long-term liabilities .....	41,403,954
Accounts payable - infrastructure retainage.....	19,245
Bonds, notes and other obligations payable current .....	(150,891)
Other assets - issuance costs (bond insurance).....	(13,037)
Deferred outflows-unamortized loss on refunding .....	(147,937)
Deferred outflows-pension costs .....	(7,039,762)
Deferred inflows-pension .....	187,878
Accrued and other liabilities - compensated absences .....	88,909
Accrued and other liabilities - pension payable to pension funds ....	<u>802,302</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net position - governmental activities .....	<u>\$ 35,150,661</u>

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

i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$223.1 million are as follows (dollars in thousands):

Capitalized asset expenditures .....	\$ 596,883
Depreciation expense .....	(373,696)
Loss - on disposal of capital assets .....	<u>(134)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ 223,053</u>

ii) Another element of that reconciliation states that “Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.” The details of this decrease of \$824.9 million are as follows (dollars in thousands):

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Proceeds of debt .....	\$ (1,117,047)
Proceeds from Line of Credit .....	\$ (239,131)
Premium .....	23,108
Principal retirement .....	513,806
Interest expense .....	<u>(5,664)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ (824,928)</u>

Another element of that reconciliation states that "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this decrease of \$4,825.5 million are as follows (dollars in thousands):

Claims and judgments .....	\$ 50,055
Pension costs .....	\$ (4,884,903)
Other post employment benefit liabilities .....	38,409
Pollution remediation .....	(24,318)
Vacation .....	1,951
Lease obligations .....	(6,052)
Inventory .....	<u>(670)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .....	<u>\$ (4,825,528)</u>

**3) Stewardship, Compliance and Accountability**

- a) **Annual Appropriation Budgets** are established for the General Fund and the Vehicle Tax, Pension, Chicago Public Library and certain Miscellaneous, Special Events, Tourism and Festivals nonmajor Special Revenue Funds, on a non-GAAP budgetary basis:
  - i) Prior to October 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
  - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
  - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
  - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose except for the Motor Fuel Tax Fund, which is subsequently re-appropriated by project. A separate Motor Fuel Tax Fund Report demonstrates compliance with annual and project-length budgets required by the State. The separately issued Supplement to the Comprehensive Annual Financial Report provides budgetary information for all other budgeted funds. Copies of this report are available upon request.
  - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.

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- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are included in "Unassigned" fund balance for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in are classified as revenues. For budgetary purposes prior years' resources used to cover current year budgetary expenditures are recorded as revenues. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. Provision for doubtful account expenditures are not budgeted. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2015 is as follows (dollars in thousands):

	<b>General Fund</b>
Revenues, GAAP Basis .....	\$ 3,466,635
Add:	
Proceeds of Debt .....	19,300
Transfers In .....	34,551
Prior Year's Surplus Utilized .....	-
Revenues, Budgetary Basis .....	<u>\$ 3,520,486</u>
Expenditures, GAAP Basis .....	\$ 3,433,102
Add:	
Transfers Out .....	12,760
Encumbered in 2015 .....	24,377
Deduct:	
Payments on Prior Years' Encumbrances .....	(35,144)
Provision for Doubtful Accounts and Other.....	<u>(6,027)</u>
Expenditures, Budgetary Basis .....	<u>\$ 3,429,068</u>

- c) **Individual Fund Deficits** include the Chicago Skyway Fund, an Enterprise Fund, which has a fund deficit of \$1,354.5 million which management anticipates will be funded through recognition of deferred inflows. Midway International Airport Fund has a fund deficit of \$243.5 million which will be funded through future revenues. Federal State and Local Grants, a governmental fund, has a deficit of \$216.1 million and will be funded by the recognition of deferred grant inflows and unearned revenue. The Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$934.0 million which will be funded through the recognition of deferred inflows.

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

a) **Investments** As of December 31, 2015, the City had the following Investments (dollars in thousands):

Investment Type	Investment Maturities (in Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
<b>City Funds</b>					
U.S. Treasuries.....	\$ -	\$ 19,759	\$ -	\$ -	\$ 19,759
U.S. Agencies*.....	646,573	1,262,652	57,305	100,795	2,067,325
Commercial Paper.....	319,725	-	-	-	319,725
Corporate Bonds.....	109,108	302,188	452,131	25,760	889,187
Municipal Bonds.....	106,366	297,016	38,896	34,550	476,828
Certificates of Deposit and Other Short-term .....	2,945,863	-	-	-	2,945,863
<b>Total City Funds.....</b>	<b>\$ 4,127,635</b>	<b>\$ 1,881,615</b>	<b>\$ 548,332</b>	<b>\$ 161,105</b>	<b>\$ 6,718,687</b>

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

<b>Pension Trust Funds</b>					
U.S. and Foreign					
Government Agencies.....	\$ 268,952	\$ 241,993	\$ 156,006	\$ 361,048	\$ 1,027,999
Corporate Bonds.....	768,419	506,897	362,282	231,212	1,868,810
Corporate Equities.....	5,061,898	-	-	-	5,061,898
Pooled Funds.....	28,134	2,092	18,709	-	48,935
Real Estate.....	646,871	-	-	-	646,871
Securities Received from Securities Lending.....	699,769	-	-	-	699,769
Venture Capital.....	309,692	-	-	-	309,692
Certificates of Deposit and Other Short-term .....	161,508	-	-	-	161,508
Derivatives .....	66	-	-	-	66
Other .....	38,933	6,459	2,653	-	48,045
<b>Total Pension Trust Funds.....</b>	<b>\$ 7,984,242</b>	<b>\$ 757,441</b>	<b>\$ 539,650</b>	<b>\$ 592,260</b>	<b>\$ 9,873,593</b>
<b>Total.....</b>	<b>\$ 12,111,877</b>	<b>\$ 2,639,056</b>	<b>\$ 1,087,982</b>	<b>\$ 753,365</b>	<b>\$ 16,592,280</b>

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

ii) **Credit Risk** – With regard to credit risk, the Code limits the investments in securities to:

- (1) Interest-bearing general obligations of the United States and the State of Illinois;
- (2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the city a return on such investment in lieu of interest;

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- (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;
- (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
- (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
- (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in *Custodial Credit Risk – Cash and Certificates of Deposit* below;
- (7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
- (8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
- (9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
- (10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;
- (11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;
- (12) Bonds of companies organized in the United States with assets exceeding \$500.0 million that, at the time of purchase, are rated not less than A-, or equivalent rating, by at least two accredited ratings agencies;
- (13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;
- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in

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rating bonds of states and their political subdivisions;

(16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;

(17) Bonds, notes, debentures, or other similar obligations of agencies of the United States rated, at the time of purchase, no less than AAA by at least two accredited rating agencies.

Total holdings across all funds held by the treasurer shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The following schedule summarizes the City's and Pension Trust Funds' exposure to credit risk (in thousands):

<u>Quality Rating</u>	<u>City</u>	<u>Quality Rating</u>	<u>Pension Trust Funds</u>
Aaa/AAA.....	\$ 158,839	Aaa/AAA.....	\$ 214,046
Aa/AA.....	2,298,276	Aa/AA.....	109,917
A/A.....	643,100	A/A.....	173,539
Baa/BBB.....	14,081	Baa/BBB.....	340,618
Ba/BB.....	-	Ba/BB.....	229,839
B/B.....	-	B/B.....	173,386
Caa/CCC.....	-	Caa/CCC.....	32,295
Ca.....	-	Ca.....	748
C/CC.....	-	C/CC.....	246
D/D.....	-	D/D.....	356
P1/A1.....	29,959	Not Rated.....	315,476
Not Rated*.....	<u>3,574,432</u>	Other.....	<u>578,400</u>
Total Funds.....	<u>\$ 6,718,687</u>		<u>\$ 2,168,866</u>

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

iii) *Custodial Credit Risk – Cash and Certificates of Deposit:* This is the risk that in the event of a bank failure, the City's Deposits may not be returned. The City's Investment Policy states that in order to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 102 percent by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 102 percent by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.

The collateral required to secure City funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.



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The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$626.6 million. 98.3 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. \$10.5 million was uncollateralized at December 31, 2015, and thus was subject to custodial credit risk.

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

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

<b>Foreign Currency Risk</b>	
Australian dollar.....	\$ 52,232
Brazilian real.....	25,609
British pound.....	339,778
Canadian dollar.....	58,646
Chilean peso.....	1,782
Chinese yuan.....	(64)
Columbian peso.....	1,471
Costa Rica colon.....	54
Czech Republic koruna.....	2,897
Danish krone.....	27,610
Egyptian pound.....	299
European euro.....	384,275
HK Chinese Yuan renminbi.....	1
Hong Kong dollar.....	150,575
Hungarian forint.....	377
Indian rupee.....	41,962
Indonesian rupiah.....	17,462
Japanese yen.....	334,440
Malaysian ringgit.....	6,669
Mexican peso.....	25,405
New Israeli shekel.....	9,497
New Romanian leu.....	(1)
New Taiwan dollar.....	32,036
New Zealand dollar.....	1,078
Norwegian krone.....	15,429
Pakistan rupee.....	380
Peruvian Nuevo Sol.....	(1)
Philippines peso.....	6,493
Polish zloty.....	3,390
Qatari riyal.....	602
Russian ruble.....	129
Singapore dollar.....	11,021
South African rand.....	28,168
South Korean won.....	56,261
Swedish krona.....	50,990
Swiss franc.....	93,798
Taiwan dollar.....	5,529
Thailand baht.....	11,737
Turkish lira.....	11,649
United Arab Emirates dirham...	4,313
Uruguayan peso.....	8
Total Pension Trust Funds.....	<u>\$ 1,813,986</u>

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

Per Note 4:	
Investments - City.....	\$ 6,718,687
Investments - Pension Trust Funds.....	9,873,593
	<u>\$ 16,592,280</u>
Per Financial Statements:	
Restricted Investments.....	\$ 2,443,048
Unrestricted Investments.....	913,742
Investments with Fiduciary Funds.....	9,056,680
Investments with Escrow Agent.....	666,686
Invested Securities Lending Collateral.....	699,769
Investments Included as Cash and Cash Equivalents on the Statement of Net Position.....	2,812,355
	<u>\$ 16,592,280</u>

**5) Property Tax**

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

Property in the County is separated into fifteen classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (Assessed Valuation) for that parcel. These percentages range from 10.0 percent for certain residential, commercial, and industrial property to 25.0 percent for other commercial and industrial property.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year, the Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment among counties. This factor (Equalization Factor) is then applied to the Assessed Valuation to compute the valuation of property to which a tax rate will be applied (Equalized Assessed Valuation). The County Clerk adds the Equalized Assessed Valuation of all real property in the County to the valuation of property assessed directly by the State and subtracts total amounts of EAV in Tax Increment Financing Districts to arrive at the base amount (Tax Base) used in calculating the annual tax rates.

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

The City Council adopted an ordinance effective in 1994 limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index. The ordinance provides an exception for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy, all as provided by the ordinance. Most general obligation bond levies approved after 2001 have also been excluded from this limit. In 2015 the City Council added an exception for portions of the property tax levy used to meet the City's pension obligations.

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On October 28, 2015, the City increased its 2015 property tax levy by \$318.2 million to provide for the additional pension fund contributions required under legislation adopted by the Illinois General Assembly in the spring of 2015. The amended levy provided an additional \$221.9 million in contributions for the Policemen's Annuity and Benefit Fund and an additional \$96.2 million in contributions for the Firemen's Annuity and Benefit Fund.

**6) Interfund Balances and Transfers**

a) The following balances at December 31, 2015 represent due from/to balances among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General.....	\$ 154,104	\$ 167,001
Federal, State and Local Grants.....	50,724	261,316
Special Taxing Areas.....	180,269	10,794
Service Concession and Reserve.....	-	3,183
Bond, Note Redemption and Interest.....	32,161	104,247
Community Development and Improvement Projects....	100,817	19,321
Nonmajor Governmental Funds.....	96,033	164,144
Total Governmental Funds.....	614,108	730,006
Enterprise Funds:		
Water.....	33,672	22,061
Sewer.....	26,192	14,132
Chicago Midway International Airport.....	1,566	7,225
Chicago-O'Hare International Airport.....	31,532	3,389
Chicago Skyway.....	-	15
Total Enterprise Funds.....	92,962	46,822
Fiduciary activities:		
Pension Trust.....	69,758	-
Total Fiduciary activities.....	69,758	-
Total.....	<u>\$ 776,828</u>	<u>\$ 776,828</u>

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

b) The following balances at December 31, 2015 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General.....	\$ 34,551	\$ 12,760
Federal, State and Local Grants.....	-	10,000
Special Taxing Areas.....	6,632	46,247
Service Concession and Reserve.....	-	11,000
Bond, Note Redemption and Interest.....	7,367	115,911
Community Development and Improvement Projects....	38,057	1,096
Nonmajor Governmental Funds.....	143,002	31,970
Total Governmental Funds.....	<u>\$ 229,609</u>	<u>\$ 228,984</u>
Business-type activities:		
Water.....	-	625
Total Business-type activities.....	<u>\$ -</u>	<u>\$ 625</u>
Total.....	<u>\$ 229,609</u>	<u>\$ 229,609</u>

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

**7) Capital Assets**

a) **Capital Assets** activity for the year ended December 31, 2015 was as follows (dollars in thousands):

	<b>Balance January 1, 2015</b>	<b>Additions and Transfers</b>	<b>Disposals and Transfers</b>	<b>Balance December 31, 2015</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,392,833	\$ 528	\$ -	\$ 1,393,361
Works of Art and Historical Collections.....	45,232	496	(134)	45,594
Construction in Progress.....	545,529	519,933	(409,479)	655,983
Total capital assets, not being depreciated.....	<u>1,983,594</u>	<u>520,957</u>	<u>(409,613)</u>	<u>2,094,938</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	2,574,150	46,842	-	2,620,992
Machinery and Equipment.....	1,439,294	55,726	(14,595)	1,480,425
Infrastructure.....	8,410,792	386,810	-	8,797,602
Total capital assets, being depreciated.....	<u>12,424,236</u>	<u>489,378</u>	<u>(14,595)</u>	<u>12,899,019</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	944,084	66,232	-	1,010,316
Machinery and Equipment.....	1,203,986	59,201	(14,595)	1,248,592
Infrastructure.....	3,978,586	248,263	-	4,226,849
Total accumulated depreciation.....	<u>6,126,656</u>	<u>373,696</u>	<u>(14,595)</u>	<u>6,485,757</u>
Total capital assets, being depreciated, net.....	<u>6,297,580</u>	<u>115,682</u>	<u>-</u>	<u>6,413,262</u>
Total governmental activities.....	<u>\$ 8,281,174</u>	<u>\$ 636,639</u>	<u>\$ (409,613)</u>	<u>\$ 8,508,200</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,018,701	\$ 2,458	\$ -	\$ 1,021,159
Construction in Progress.....	1,256,264	742,567	(1,258,397)	740,434
Total capital assets, not being depreciated.....	<u>2,274,965</u>	<u>745,025</u>	<u>(1,258,397)</u>	<u>1,761,593</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	16,051,676	1,325,123	334,885	17,711,684
Machinery and Equipment.....	685,633	5,824	1,406	692,863
Total capital assets, being depreciated.....	<u>16,737,309</u>	<u>1,330,947</u>	<u>336,291</u>	<u>18,404,547</u>
Less accumulated depreciation for:				
Buildings and Other Improvements.....	4,824,614	358,723	(8,689)	5,174,648
Machinery and Equipment.....	365,174	20,699	(1,874)	383,999
Total accumulated depreciation.....	<u>5,189,788</u>	<u>379,422</u>	<u>(10,563)</u>	<u>5,558,647</u>
Total capital assets, being depreciated, net.....	<u>11,547,521</u>	<u>951,525</u>	<u>346,854</u>	<u>12,845,900</u>
Total business-type activities.....	<u>\$ 13,822,486</u>	<u>\$ 1,696,550</u>	<u>\$ (911,543)</u>	<u>\$ 14,607,493</u>
Total Capital Assets.....	<u>\$ 22,103,660</u>	<u>\$ 2,333,189</u>	<u>\$ (1,321,156)</u>	<u>\$ 23,115,693</u>

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

Governmental activities:	
General Government .....	\$ 42,410
Public Safety .....	34,729
Streets and Sanitation .....	14,882
Transportation .....	257,044
Health .....	728
Cultural and Recreational .....	23,903
Total Depreciation Expense - Governmental activities .....	<u>\$ 373,696</u>
Business-type activities:	
Water .....	\$ 56,091
Sewer .....	37,431
Chicago Midway International Airport .....	47,660
Chicago-O'Hare International Airport .....	229,625
Chicago Skyway .....	8,615
Total Depreciation Expense - Business-type activities ....	<u>\$ 379,422</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$13.5 million for the year ended December 31, 2015.

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

2016 .....	\$ 15,905
2017 .....	5,809
2018 .....	5,583
2019 .....	5,363
2020 .....	4,031
2021 - 2025 .....	10,683
2026 - 2030 .....	593
2031 - 2035 .....	109
2036 - 2040 .....	109
2041 - 2042 .....	44
Total Future Rental Expense.....	<u>\$ 48,229</u>

b) **Capital Leases**

During 2005, the City entered into a sale and leaseback agreement with third parties pertaining to the City owned portion of the Orange Line rapid transit rail line with a book value of \$430.8 million at December 31, 2005. Under the lease agreement, which provides certain cash and tax benefits to the third party, the City entered into a long-term lease for applicable assets back to the City under a lease.

In June 2015, the City terminated a sale and leaseback agreement with third parties pertaining to a City-owned portion of the Orange Line rapid transit rail line. The lease was terminated and the City regained unrestricted title to the transit line. Under the termination agreement relating to the rapid transit line, the City paid a net amount of \$167.9 million to Prudential and a net payment of \$52.5 million to Citizens Asset Finance.

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**c) Lease Receivables**

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2015 (dollars in thousands):

2016 .....	\$	97,549
2017 .....		97,555
2018 .....		96,357
2019 .....		95,340
2020 .....		1,597
2021 - 2025 .....		8,302
2026 - 2030 .....		9,592
2031 - 2035.....		9,564
Total Minimum Future Rental Income .....	\$	<u>415,856</u>

Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel flow are not included in minimum future rental income. Rental income for O'Hare, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$414.2 million, including contingent rentals of \$87.0 million.

Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2015 (dollars in thousands):

2016 .....	\$	38,833
2017 .....		38,788
2018 .....		38,566
2019 .....		38,566
2020 .....		38,566
2021 - 2025 .....		192,831
2026 - 2030 .....		192,831
Total Minimum Future Rental Income .....	\$	<u>578,981</u>

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to \$92.3 million, including contingent rentals of \$40.0 million.

**9) Short-term Debt**

a) **Matured bonds** represent principal due on coupon bonds in which the coupons have not been presented for payment. As of December 31, 2015, the outstanding balance was at \$0.7 million.

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**10) Long-term Obligations**

a) **Long-term Debt** activity for the year ended December 31, 2015 was as follows (in thousands):

	<u>Balance January 1, 2015*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2015</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation and other debt.....	\$ 8,335,506	\$ 1,327,521	\$ 298,629	\$ 9,364,398	\$ 168,071
Tax increment .....	74,395	-	9,035	65,360	9,540
Revenue .....	<u>743,795</u>	<u>28,657</u>	<u>18,400</u>	<u>754,052</u>	<u>18,170</u>
	9,153,696	1,356,178	326,064	10,183,810	195,781
Add unamortized premium/(discount) .....	154,767	(23,108)	14,460	117,199	-
Add accretion of capital appreciation bonds .....	<u>298,012</u>	<u>31,506</u>	<u>22,213</u>	<u>307,305</u>	<u>19,949</u>
Total bonds, notes and certificates payable .....	9,606,475	1,364,576	362,737	10,608,314	215,730
Other liabilities:					
Net Pension liability *.....	18,345,143	11,352,551	-	29,697,694	-
Other postemployment benefits obligation *.....	252,944	-	38,409	214,535	-
Lease obligations .....	116,858	6,052	122,910	-	-
Pollution Remediation .....	8,532	24,318	-	32,850	-
Claims and judgments .....	<u>900,616</u>	<u>136,201</u>	<u>186,256</u>	<u>850,561</u>	<u>102,414</u>
Total other liabilities .....	<u>19,624,093</u>	<u>11,519,122</u>	<u>347,575</u>	<u>30,795,640</u>	<u>102,414</u>
Total governmental activities .....	<u>\$ 29,230,568</u>	<u>\$ 12,883,698</u>	<u>\$ 710,312</u>	<u>\$ 41,403,954</u>	<u>\$ 318,144</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water .....	\$ 2,381,771	\$ 62,059	\$ 52,435	\$ 2,391,395	\$ 65,758
Sewer .....	1,638,935	87,080	39,837	1,686,178	46,427
Chicago-O'Hare International Airport .....	7,527,336	2,023,142	2,083,993	7,466,485	221,220
Chicago Midway International Airport .....	<u>1,523,590</u>	<u>-</u>	<u>17,265</u>	<u>1,506,325</u>	<u>23,470</u>
	13,071,632	2,172,281	2,193,530	13,050,383	356,875
Add unamortized premium/(discount) .....	442,259	243,811	57,903	628,167	-
Add accretion of capital appreciation bonds .....	88,708	8,310	9,571	87,447	9,953
Net Pension liability *.....	<u>1,745,446</u>	<u>2,403,029</u>	<u>-</u>	<u>4,148,475</u>	<u>-</u>
Total business-type activities .....	<u>\$ 15,348,045</u>	<u>\$ 4,827,431</u>	<u>\$ 2,261,004</u>	<u>\$ 17,914,472</u>	<u>\$ 366,828</u>
Total long-term obligations .....	<u>\$ 44,578,613</u>	<u>\$ 17,711,129</u>	<u>\$ 2,971,316</u>	<u>\$ 59,318,426</u>	<u>\$ 684,972</u>

\* Due to the implementation of GASB 68, the beginning balance related to Pension obligation has been restated and classified separately from Other Post-Employment Benefit obligation.

The Pension obligation liability will be liquidated through a Special Revenue Fund (Pension Fund) as provided by tax levy and other operating revenues.



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**b) Issuance of New Debt**

**i) Line of Credit**

During 2015, the City drew \$239.1 million from its line of credit to fund certain capital projects, debt refinancing or restructuring, and operating uses. The City has excluded this line of credit amount from current liabilities, as it intends and has the ability to refinance the obligation on a long-term basis.

**ii) General Obligation Bonds**

General Obligation Bonds, Series 2015A (\$345.5 million), and Taxable Series 2015B (\$742.9 million) were sold at a discount in July 2015. The bonds have interest rates ranging from 5.0 percent to 7.75 percent and maturity dates from January 1, 2019 to January 1, 2042. Net proceeds of \$1,064.8 million will be used to repay indebtedness incurred by the City under its Short Term Borrowing Program; fund the cost of terminating the sale/leaseback of the Orange Line rapid transit rail line; reimburse the City's General Fund for the cost of terminating an interest rate swap associated with the City's sales tax revenue bonds (\$887.0 million), and to fund capitalized interest (\$177.8 million).

**iii) Revenue Loans**

In June 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to complete the Wacker Drive Reconstruction Project. The loan amount of \$98.66 million will fund the Chicago Riverwalk along the main branch of the Chicago River. The interest rate is 3.33 percent and the final maturity of the loan is January 1, 2048. As of December 31, 2015, the total outstanding loan amount is \$45.8 million. Total loan disbursements made to the City in 2015 were \$28.7 million.

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

In August 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to fund a portion of Consolidated Rental Car Facility at O'Hare, additions, extensions and improvements to the airport transit system (ATS) including the purchase of new ATS vehicles and certain public parking facilities. The loan amount of \$288.1 million is subordinate to the O'Hare Customer Facility Charge Senior Lien Revenue Bonds, Series 2013. The interest rate is 3.86 percent and the final maturity of the loan is January 1, 2052. There were no loan disbursements made to the City as of December 31, 2015.

Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2015A-D (\$1,947.4 million) were sold at a premium in October 2015. The bonds have interest rates ranging from 2.0 percent to 5.0 percent and maturity dates from January 1, 2016 to January 1, 2046. The net proceeds of \$2,152.9 million will be used to fund certain capital projects (\$196.3 million), repay certain outstanding Commercial Paper (\$126.8 million), to refund certain General Airport Revenue Bonds maturities of bonds outstanding (\$1,807.7 million), to fund debt service reserves (\$8.9 million), and to fund capitalized interest (\$13.2 million). The current refunding of the bonds decreased the City's total debt service payments by \$312.1 million, resulted in a net economic gain of approximately \$223.5 million and a book loss of approximately \$19.4 million.

A loan agreement was signed on March 3, 2014, with the Illinois Environment Protection Agency to replace approximately 26 miles of damaged, undersized watermains located throughout the City with new 8-inch diameter watermain. In 2015, the Water Fund drew \$47.0 million from this loan agreement. The loan has an interest rate of 1.995 percent with the maturity dates from December 17, 2015 to June 17, 2035.

A loan agreement was signed on October 15, 2014, with the Illinois Environment Protection Agency to install water meters at residents throughout the City that are currently unmetered. Private contractors will

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perform the installation of new meters that will be equipped with AMR (Automatic Meter Reading) capabilities. In 2015, the Water Fund drew \$15.0 million from this loan agreement. The loan agreement has an interest rate of 1.995 percent with maturity dates from April 14, 2016 to April 14, 2035.

Second Lien Wastewater Transmission Revenue Bonds, Series 2015 (\$87.1 million) were sold at par in October 2015. The bonds have interest rates ranging from 2.591 percent to 6.042 percent and maturity dates from January 1, 2018 to January 1, 2039. The net proceeds of \$86.4 million were used to refund the Line of Credit Notes used for the swap termination (\$70.2 million), to fund debt service reserves (\$10.5 million), and to fund capitalized interest (\$5.7 million).

The Chicago O'Hare International Airport issued \$75.8 million of Series 2013 Commercial Paper Notes in 2015. The proceeds from the issuance were used to finance portions of the costs of authorized airport projects. The Chicago O'Hare 2015 C&D Senior Lien Revenue Bonds were issued in 2015 to repay the outstanding Commercial Paper Notes.

**v) Bond Conversions**

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

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

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

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

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

In October 2015, the City converted \$332.2 million outstanding of the Series 2008C Second Lien Wastewater Transmission Revenue Bonds to fixed rate at a premium. The bonds have interest rates ranging from 4.0 percent to 5.0 percent and maturity dates ranging from January 1, 2017 to January 1, 2039. The net proceeds of \$357.0 million were used to pay the mandatory tender prices of the Series 2008C Bonds (\$332.2 million) and to fund a debt service reserve (\$24.8 million).

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c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2016 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2015 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Tax Increment	
	Principal	Interest	Principal	Interest
2016 .....	\$ 248,802	\$ 513,801	\$ 10,640	\$ 1,795
2017 .....	272,292	502,587	11,795	1,566
2018 .....	294,922	490,141	16,010	1,295
2019 .....	306,743	476,199	6,020	960
2020 .....	322,009	463,749	4,135	706
2021-2025 .....	1,598,905	2,114,820	12,060	686
2026-2030 .....	1,777,148	1,737,110	-	-
2031-2035 .....	2,264,423	1,121,593	-	-
2036-2040 .....	1,394,481	500,995	-	-
2041-2045 .....	517,520	51,425	-	-
	<u>\$8,997,245</u>	<u>\$7,972,420</u>	<u>\$ 60,660</u>	<u>\$ 7,008</u>

Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2016 .....	\$ 17,880	\$ 35,171	\$ 356,875	\$ 610,644
2017 .....	18,250	34,275	395,964	628,149
2018 .....	19,150	33,385	451,027	608,856
2019 .....	20,335	32,445	464,195	582,617
2020 .....	21,440	31,444	443,435	569,031
2021-2025 .....	125,590	140,362	2,242,979	2,514,736
2026-2030 .....	138,312	131,325	2,641,795	1,947,968
2031-2035 .....	164,656	115,494	3,091,158	1,183,840
2036-2040 .....	210,270	29,785	2,232,350	485,013
2041-2045 .....	-	-	709,480	58,469
2046 .....	-	-	21,125	528
	<u>\$ 735,883</u>	<u>\$ 583,686</u>	<u>\$13,050,383</u>	<u>\$ 9,189,851</u>

For the debt requirements calculated above, interest rates for fixed rate bonds debt range from .74 percent to 7.781 percent and interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2015. Standby bond purchase agreements or letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

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

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d) **Derivatives**

i) **Interest Rate Swaps**

(1) *Objective of the swaps.* In order to protect against the potential of rising interest rates and/or changes in cash flows, the City has entered into various separate interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt. (Dollars in thousands).

	Changes in Fair Value		Fair Value at		Notional Amount
	Classification	Amount	Classification	Amount	
<b>Business-type Activities</b>					
Hedges:					
Interest Rate Swaps.....	Deferred Outflow of Resources	76,929	Deferred Outflow of Resources	(123,166)	581,050

(2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instruments outstanding as of December 31, 2015, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps on a net basis for each related series of bonds, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The terms as of December 31, 2015, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termination Date	Counterparty Credit Rating
<b>Hedging Instruments</b>						
<b>Business-type Activities:</b>						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	81,885	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	\$ (18,423)	1/1/2035	A3/A
	54,590	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(12,937)	1/1/2035	Aa1/AA-
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	166,745	8/5/2004	Pay 3.8694%; receive 67% of 1 Mo. Libor	(27,127)	11/1/2025	A1/A-
Second Lien Water Revenue Refunding Bonds (Series 2000).....	177,830	8/5/2004	Pay 3.8669%; receive 67% of 1 Mo. Libor	(35,932)	11/1/2031	Aa2/AA-
	100,000	4/16/2008	Pay 3.8694%; receive 67% of 1 Mo. Libor	(28,747)	11/1/2030	A1/A-
			Total.....	<u>\$ (123,166)</u>		

See Table 31 in Statistical Section for Counterparty Entities and additional details for credit ratings.  
See Footnote 18 – Subsequent Events for swap terminations and amendments to agreements effective in 2016.  
Type and objective for all the Swaps is the same, as mentioned earlier.

(3) *Fair Value.* As of December 31, 2015, the swaps had a negative fair value of \$123.2 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because

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interest rates are below the Fixed Rate Paid, the City's swaps had negative values. During 2015, the City terminated the following swaps (dollars in thousands):

<b>Associated Bond Issue:</b>	<b>Termination Amount</b>
Series 2003B General Obligation Variable Rate Demand Bonds .....	\$ 30,951.5
Series 2005D General Obligation Variable Rate Demand Bonds .....	62,815.5
Series 2007EFG General Obligation Variable Rate Demand Bonds ..	62,007.0
Series 2002 Sales Tax Revenue Refunding Variable Rate Bonds .....	28,968.0
Series 2008C Second Lien Wastewater Transmission Variable Rate Revenue Refunding Bonds .....	70,243.0
Series 1999A Near North Tax Increment Financing Bonds .....	2,240.0

Swap termination payments were recorded as Interest and Other Fiscal Charges.

- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Rollover Risk.* The risk that the City may be exposed to rising variable interest rates if (i) the swap expires or terminates prior to the maturity of the bonds and (ii) the City is unable to renew or replace the swap.

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(9) *Swap payments and associated debt.* As of December 31, 2015, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2016 .....	\$ 15,725	\$ 272	\$ 22,462	\$ 38,459
2017 .....	16,500	264	21,834	38,598
2018 .....	17,200	257	21,178	38,635
2019 .....	25,975	248	20,469	46,692
2020 .....	33,950	235	19,427	53,612
2021 - 2025 .....	224,010	885	73,755	298,650
2026 - 2030 .....	194,550	397	34,310	229,257
2031 - 2035 .....	53,140	41	4,413	57,594
	<u>\$ 581,050</u>	<u>\$ 2,599</u>	<u>\$ 217,848</u>	<u>\$ 801,497</u>

**e) Debt Covenants**

**i) Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, equal 120 percent of the current annual debt service on the outstanding senior lien bonds and that City management maintains all covenant reserve account balances at specified amounts. The above requirements were met at December 31, 2015. The Water Rate Stabilization account had a balance in restricted assets of \$91.2 million at December 31, 2015.

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues are equal to the sum of the aggregate annual debt service requirements for the fiscal year of the outstanding senior lien bonds and 110 percent of the aggregate annual debt service requirements of the outstanding second lien bonds. This requirement was met at December 31, 2015.

**ii) Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds equal 115 percent of the current annual debt service requirements on the outstanding senior lien bonds. This requirement was met at December 31, 2015. The Sewer Rate Stabilization account had a balance in restricted assets of \$32.6 million at December 31, 2015.

The ordinances authorizing the issuance of outstanding Second Lien Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues equal 100 percent of the sum of the current maximum annual debt service requirements of the outstanding senior lien bonds and the maximum annual debt service requirements of the second lien bonds. This requirement was met at December 31, 2015.

**iii) Chicago Midway International Airport Fund** - The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires in each year the City set rates and charges for the use and operation of Midway and for services rendered by the City in the operation of Midway so that revenues, together with any other available monies and the cash balance held in the Revenue Fund on the first day of such fiscal year not then required to be deposited in any fund or account, will be at least sufficient (a) to provide for the Operation and Maintenance Expenses for the fiscal year and (b) to provide for the greater of (i) the

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amounts needed to be deposited into the First and Junior Lien Debt Service Funds, the Operations & Maintenance Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate First Lien Debt Service for such Fiscal Year reduced by an amount equal to the sum of any amount held in any Capitalized Interest Account for disbursement during such Fiscal Year to pay interest on First Lien Bonds. These requirements were met at December 31, 2015.

The Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations requires that the City set rentals, rates and other charges for the use and operation of Midway and for certain services rendered by the City in the operation of Midway in order that in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the First Lien Trustee or the Second Lien Trustee with respect to such Fiscal Year and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account under the First Lien Indenture for the Second Lien Indenture, will be at least sufficient (1) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (2) to provide for the greater of (A) or (B) as follows: (A) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above; or (B) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above or an amount not less than 110 percent of the Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year, reduced by (X) any amount held in any Capitalized Interest Account for disbursement during such Bond Year to pay interest on First Lien Bonds, and (Y) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture under the Second Lien Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations. These requirements were met at December 31, 2015.

- iv) Chicago-O'Hare International Airport Fund** - The Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Senior Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding Senior Lien Bonds Obligations or other outstanding Airport Obligations are issued and secured, and (b) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations. This requirement was met at December 31, 2015.

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

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

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

- f) **No-Commitment Debt and Public Interest Loans** include various special assessment, private activity bonds and loans. These types of financings are used to provide private entities with low-cost capital financing for construction and rehabilitation of facilities deemed to be in the public interest. Bonds payable on no-commitment debt are not included in the accompanying financial statements because the City has no obligation to provide for their repayment, which is the responsibility of the borrowing entities. In addition, federal programs/grants, including Community Development Block Grants and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future programs/grants expenditures.
- g) **Defeased Bonds** have been removed from the Statement of Net Position because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2015, not including principal payments due January 1, 2016, are as follows (dollars in thousands):

	<u>Amount</u>	
	<u>Defeased</u>	<u>Outstanding</u>
General Obligation Emergency Telephone System - Series 1993 .....	\$ 213,730	\$ 92,965
Lakefront Millennium Project Parking Facilities Bonds - Series 1998 .....	149,880	43,880
Special Transportation Revenue Bonds - Series 2001 .....	<u>118,715</u>	<u>86,665</u>
Total .....	<u>\$ 482,325</u>	<u>\$ 223,510</u>

**11) Pension Funds and Other Postemployment Benefits**

a) **Pension.**

General Information about the Pension Plan

**Plan description** - Eligible City employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers'); the Policemen's Annuity and Benefit Fund of Chicago (Policemen's); and the Firemen's Annuity and Benefit Fund of Chicago (Firemen's). Plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by plan members. Certain employees of the Chicago Board of Education participate in Municipal Employees' or Laborers'. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained at [www.meabf.org](http://www.meabf.org), [www.labfchicago.org](http://www.labfchicago.org), [www.chipabf.org](http://www.chipabf.org), and [www.fabf.org](http://www.fabf.org).



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**Benefits provided** - The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirement of age and service are different for employees who became members before January 1, 2011, and those who became members on or after January 1, 2011. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who became members before January 1, 2011 and any eight consecutive years within the last 10 years of credited service for participants who became members on or after January 1, 2011.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For participants who became members before January 1, 2011, the annual adjustments for Municipal Employees' and Laborers' are 3.0 percent, compounded, and for Firemen's and Policemen's 3.0 percent, simple, for annuitants born before 1955 and 1.5 percent, simple, born in 1955 or later. For participants that first became members on or after January 1, 2011, the annual adjustments are equal to the lesser of 3.0 percent and 50 percent of CPI-U of the original benefit.

**Employees covered by benefit terms** - At December 31, 2015, the following employees were covered by the benefit terms:

	Municipal				
	Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries					
currently receiving benefits .....	24,964	3,846	13,210	4,729	46,749
Inactive employees entitled					
to but not yet receiving benefits .....	16,268	1,455	637	76	18,436
Active employees .....	30,683	2,816	12,061	4,735	50,295
	<u>71,915</u>	<u>8,117</u>	<u>25,908</u>	<u>9,540</u>	<u>115,480</u>

**Contributions** – Historically State law required City contributions at statutorily, not actuarially, determined rates. State law also requires covered employees to contribute a percentage of their salaries. The City's contribution was calculated based on the total amount of contributions by employees to the Plan made in the calendar year two years prior, multiplied by 1.25 for the Municipal Employees', 1.00 for the Laborers', 2.00 for the Policemen's, and 2.26 for the Firemen's. The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contributions are then paid to the pension funds in the following year (which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer).

State law in effect at December 31, 2015 for the Policemen's and Firemen's Plans, known as Public Act 96-1495 (P.A. 96-1495), requires the City to significantly increase contributions to those Plans beginning in 2015. In each year, the City must contribute the amount needed for each Plan to achieve a 90% Funded Ratio by the end of 2040.

Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 changed the funding requirements required by P.A. 96-1495, providing that the City make a fixed contribution amount for 2015 through 2019 which is significantly larger than contributions made prior to the adoption of P.A. 96-1495 but smaller than the contributions required under P.A. 96-1495. P.A. 99-0506 requires that the City's contributions are at actuarially determined rates beginning in 2020 and future funding be sufficient to produce a funding level of 90% by the year ended December 31, 2055 (instead of 2040 required by P.A. 96-1495). As this law was enacted subsequent to December 31, 2015, the measurement of the City's net pension liability as of December 31, 2015, was not impacted since the liability was measured using the law in effect as of

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December 31, 2015. The City will be taking into consideration the impact of this new law when measuring the liability in 2016. The new law is expected to increase the City's net pension liability.

The City's contributions to Municipal Employees' and Laborers' are determined pursuant to the formulas set forth in the Illinois Pension Code (the Pension Code). Pursuant to Public Act 98-0641 (P.A. 98-0641), the City's contributions to Municipal Employees' and Laborers' were scheduled to increase beginning in 2015; however, in July 2015 the Circuit Court of Cook County (Circuit Court) determined P.A. 98-0641 to be unconstitutional. As a result of such determination by the court, the provisions of the Pension Code governing the City's contributions to Municipal Employees' and Laborers' have reverted to the provisions in effect prior to the enactment of P.A. 98-0641. Furthermore, in March 2016, the Illinois Supreme Court upheld the ruling made by the Circuit Court.

***Net Pension Liability***

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial reports were provided by each of the pension funds.

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Inflation .....	3.0%	3.0%	3.0%	2.5%
Salary Increases .....	4.5% - 8.25% (a)	3.75% (b)	3.75% (c)	3.75% (d)
Investment Rate of Return .....	7.5% (e)	7.5% (f)	7.5%	7.5%

- (a) Varying by years of service
- (b) Plus a service - based increase in the first 15 years
- (c) Plus additional percentage related to service
- (d) Plus additional service based increases
- (e) Net of investment expense
- (f) Net of investment expense, including inflation

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate for Municipal Employees', Laborers', and Firemen's and RP-2014 for Policemen's.

The mortality actuarial assumptions used in the December 31, 2015 valuation were adjusted based on the results of actuarial experience study for the period:

- Municipal Employees' - January 1, 2005 - December 31, 2009.
- Laborers' - January 1, 2004 - December 31, 2011
- Policemen's - January 1, 2009 - December 31, 2013
- Firemen's - January 1, 2003 - December 31, 2010

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

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Asset Class:	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal				Municipal			
	Employees'	Laborers'	Policemen's	Firemen's	Employees'	Laborers'	Policemen's	Firemen's
Domestic equity .....	26.0%	22.0%	-	-	4.90%	5.90%	-	-
Domestic large cap equity ..	-	-	-	24.0%	-	-	-	7.50%
Domestic small cap equity .	-	-	-	16.0%	-	-	-	7.85%
U.S. equity .....	-	-	21.0%	-	-	-	6.10%	-
Non U.S. equity .....	-	13.0%	20.0%	-	-	7.90%	7.80%	-
Global equity .....	-	14.0%	-	-	-	6.50%	-	-
International equity .....	22.0%	-	-	25.0%	5.00%	-	-	7.50%
Domestic Fixed income .....	-	-	-	21.0%	-	-	-	3.00%
Fixed income .....	27.0%	16.0%	22.0%	-	0.20%	2.60%	1.70%	-
Hedge funds .....	10.0%	8.0%	7.0%	-	3.00%	3.80%	4.00%	-
Private equity .....	5.0%	-	9.0%	3.0%	8.60%	-	8.20%	8.50%
Private markets .....	-	11.0%	-	-	-	6.90%	-	-
GAA .....	-	8.0%	12.0%	-	-	4.70%	5.10%	-
Real estate .....	10.0%	6.0%	5.0%	2.0%	6.00%	4.40%	4.60%	6.15%
Risk Parity .....	-	2.0%	-	-	-	5.00%	-	-
Alternative investments .....	-	-	-	2.0%	-	-	-	5.25%
Commodities .....	-	-	-	3.0%	-	-	-	2.75%
Cash deposits and short-term investments .....	-	-	-	4.0%	-	-	-	2.25%
Real assets .....	-	-	4.0%	-	-	-	4.20%	-
Total .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>				

*Discount rate*

Municipal Employees' - The discount rate used to measure the total pension liability was 3.73 percent. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015). The projection of cash flows used to determine the discount rate assumed member contributions will be made at the current contribution rate and that employer contributions will be made at the 1.25 multiple of member contributions from two years prior. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. The projected benefit payments through 2023 were discounted at the expected long-term rate of return. Starting in 2024, the projected benefit payments were discounted at the municipal bond rate. Therefore, a single equivalent blended discount rate of 3.73 percent was calculated using the long-term expected rate of return and the municipal bond index.

Laborers' - A Single Discount Rate of 4.04 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.5 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2027. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2027, and the municipal bond rate was applied to all

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benefit payments after that date.

Policemen's - A Single Discount Rate of 7.15 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.57 percent. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2063. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2063, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's - A Single Discount Rate of 7.16 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.57 percent. The projection of cash flows used to determine this Single Discount Rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position and future contributions were sufficient to finance future benefit payments only through the year 2061. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date.

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

	Municipal				
	Employees'	Laborers'	Policemen's	Firemen's	Total
Total pension liability					
Service cost .....	\$ 226,816	\$ 38,389 *	\$ 213,585 *	\$ 87,203 *	\$ 565,993
Interest .....	909,067	153,812	832,972	338,986	2,234,837
Benefit changes .....	2,140,009	384,033	-	-	2,524,042
Differences between expected and actual experience .....	(109,835)	(46,085)	(105,969)	(7,981)	(269,870)
Assumption changes .....	8,711,755	1,175,935	-	176,282	10,063,972
Benefit payments including refunds .....	(826,036)	(152,530)	(676,777)	(278,017)	(1,933,360)
Pension plan administrative expense .....	-	(3,844)	(4,508)	(3,149)	(11,501)
Net change in total pension liability .....	11,051,776	1,549,710	259,303	313,324	13,174,113
Total pension liability:					
Total pension liability - Beginning .....	12,307,094	2,162,905	11,773,430	4,512,760	30,756,189
Total pension liability - Ending (a) .....	<u>\$ 23,358,870</u>	<u>\$ 3,712,615</u>	<u>\$ 12,032,733</u>	<u>\$ 4,826,084</u>	<u>\$ 43,930,302</u>
Plan fiduciary net position					
Contributions-employer .....	\$ 149,225	\$ 12,412	\$ 572,836	\$ 236,104	\$ 970,577
Contributions-employee .....	131,428	16,844	107,626	46,552	302,450
Net investment income (loss) .....	114,025	(22,318)	(5,334)	7,596	93,969
Benefit payments including refunds of employee contribution .....	(826,036)	(152,530)	(676,777)	(278,017)	(1,933,360)
Administrative expenses .....	(6,701)	(3,844)	(4,508)	(3,149)	(18,202)
Other .....	-	-	3,092	7	3,099
Net change in plan fiduciary net position ..	(438,059)	(149,436)	(3,065)	9,093	(581,467)
Plan fiduciary net position - beginning .....	5,179,486	1,388,093	3,062,014	1,036,008	10,665,601
Plan fiduciary net position - ending (b) .....	<u>\$ 4,741,427</u>	<u>\$ 1,238,657</u>	<u>\$ 3,058,949</u>	<u>\$ 1,045,101</u>	<u>\$ 10,084,134</u>
Net pension liability-ending (a)-(b) .....	<u>\$ 18,617,443</u>	<u>\$ 2,473,958</u>	<u>\$ 8,973,784</u>	<u>\$ 3,780,983</u>	<u>\$ 33,846,168</u>

\* Includes pension plan administrative expense

Changes in benefits and actuarial assumptions: As discussed above, P.A. 98-0641 was determined to be unconstitutional resulting in changes in the discount rate caused by a change in the required funding policy and changes in benefits for the participants of the Municipal Employees' and Laborers' Pension plans, which include restoring full automatic annual increases and changes in the retirement age for certain participants.

The change in the discount rate assumption increased the net pension liability by \$8.7 billion for Municipal Employees' and \$1.2 billion for Laborers'. This impact is being amortized into expense over a five year period for Municipal Employees' and a four year period for Laborers'. The change in benefits increased the net pension liability by \$2.1 billion for Municipal Employees' and \$0.4 billion for Laborers'. This impact is recognized as a portion of pension expense for 2015 in its entirety.

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

Municipal Employees' - The following presents the net pension liability as of December 31, 2015, calculated using the discount rate of 3.73 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.73 percent) or 1 percentage point higher (4.73 percent) than the current rate (dollars in thousands):

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Net pension liability December 31, 2015	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees' discount rate .....	2.73%	3.73%	4.73%
Municipal Employees' liability .....	\$ 22,207,242	\$ 18,617,443	\$ 15,675,669

Laborers' - The following presents the net pension liability as of December 31, 2015, calculated using the discount rate of 4.04 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.04 percent) or 1 percentage point higher (5.04 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2015	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers' discount rate .....	3.04%	4.04%	5.04%
Laborers' Employees' liability .....	\$ 3,017,416	\$ 2,473,958	\$ 2,028,467

Policemen's - The following presents the net pension liability as of December 31, 2015, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2015	Current		
	1% Decrease	Discount Rate	1% Increase
Policemen's Employees' discount rate .....	6.15%	7.15%	8.15%
Policemen's Employees' liability .....	\$ 10,402,348	\$ 8,973,784	\$ 7,771,127

Firemen's - The following presents the net pension liability as of December 31, 2015, calculated using the discount rate of 7.16 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.16 percent) or 1 percentage point higher (8.16 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2015	Current		
	1% Decrease	Discount Rate	1% Increase
Firemen's Employees' discount rate .....	6.16%	7.16%	8.16%
Firemen's Employees' liability .....	\$ 4,311,378	\$ 3,780,983	\$ 3,329,106

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

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

For the year ended December 31, 2015, the City recognized pension expense of \$6.4 billion. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience .....	\$ -	\$ 87,868
Changes of assumptions .....	6,969,404	-
Net difference between projected and actual earnings on pension plan investments .....	198,509	-
Total .....	<u>\$ 7,167,913</u>	<u>\$ 87,868</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

Year ended December 31:	
2016 .....	\$ 1,770,011
2017 .....	1,770,011
2018 .....	1,770,011
2019 .....	1,770,012
2020 .....	-
Thereafter .....	-
Total .....	<u>\$7,080,045</u>

Laborers' (dollars in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience .....	\$ -	\$ 32,705
Changes of assumptions .....	834,530	-
Net difference between projected and actual earnings on pension plan investments .....	<u>97,396</u>	<u>-</u>
Total .....	<u>\$ 931,926</u>	<u>\$ 32,705</u>

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

Year ended December 31:	
2016 .....	\$ 352,374
2017 .....	352,374
2018 .....	170,123
2019 .....	24,350
2020 .....	-
Thereafter .....	-
Total .....	<u>\$ 899,221</u>

Policemen's (dollars in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience .....	\$ -	\$ 87,780
Changes of assumptions .....	-	-
Net difference between projected and actual earnings on pension plan investments .....	<u>188,055</u>	<u>-</u>
Total .....	<u>\$ 188,055</u>	<u>\$ 87,780</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

Year ended December 31:	
2016 .....	\$ 28,825
2017 .....	28,825
2018 .....	28,825
2019 .....	28,825
2020 .....	(15,025)
Thereafter .....	-
Total .....	<u>\$ 100,275</u>

Firemen's (dollars in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience .....	\$ -	\$ 6,648
Changes of assumptions .....	146,851	-
Net difference between projected and actual earnings on pension plan investments .....	<u>60,275</u>	<u>-</u>
Total .....	<u>\$ 207,126</u>	<u>\$ 6,648</u>

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

Year ended December 31:	
2016 .....	\$ 43,168
2017 .....	43,168
2018 .....	43,168
2019 .....	43,168
2020 .....	27,806
Thereafter .....	-
Total .....	<u>\$ 200,478</u>

*Payable to the Pension Plan*

At December 31, 2015, the City reported a payable of \$802.3 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

**b) Other Post Employment Benefits (OPEB) - Pension Funds**

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



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Annual OPEB Cost and Contributions Made  
For Fiscal Year Ended December 31, 2015 (dollars in thousands)

	Municipal				
	Employees'	Laborers'	Policemen's	Firemen's	Total
Contribution Rates City:	A portion of the City's employer contribution to the Pension Funds is used to finance the health insurance supplement benefit payments.				
Annual Required Contribution .....	\$ 9,174	\$ 2,402	\$ 9,632	\$ 2,611	\$ 23,819
Interest on Net OPEB Obligation ....	2,406	209	391	385	3,391
Adjustment to Annual - Required Contribution .....	<u>(27,331)</u>	<u>(2,376)</u>	<u>(4,358)</u>	<u>(4,375)</u>	<u>(38,440)</u>
Annual OPEB Cost (Gain) .....	(15,751)	235	5,665	(1,379)	(11,230)
Contributions Made .....	<u>8,491</u>	<u>2,154</u>	<u>9,441</u>	<u>2,382</u>	<u>22,468</u>
Decrease in Net OPEB Obligation .....	(24,242)	(1,919)	(3,776)	(3,761)	(33,698)
Net OPEB Obligation, Beginning of Year .....	<u>53,486</u>	<u>4,649</u>	<u>8,684</u>	<u>8,563</u>	<u>75,382</u>
Net OPEB Obligation, End of Year .....	<u>\$ 29,244</u>	<u>\$ 2,730</u>	<u>\$ 4,908</u>	<u>\$ 4,802</u>	<u>\$ 41,684</u>

**Actuarial Method and Assumptions** - For the Pension Funds' subsidies, the actuarial valuation for the fiscal year ended December 31, 2015 was determined using the Entry Age Normal actuarial cost method. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations:

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Actuarial Valuation Date .....	12/31/2015	12/31/2015	12/31/2015	12/31/2015
Actuarial Cost Method .....	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method .....	Level Dollar, Remaining	Level Dollar,	Level Percent,	Level Dollar,
Amortization Method .....	1 year closed	1 year closed	1 year closed	1 year closed
Asset Valuation Method .....	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)
Actuarial assumptions:				
OPEB Investment				
Rate of Return (a) .....	4.5%	4.5%	4.5%	4.5%
Projected Salary Increases (a) .....	3.0%	3.0%	3.0%	2.5%
Inflation				
Seniority / Merit .....	( b )	( c )	( d )	( d )
Healthcare Cost Trend Rate (e) .....	0.0%	0.0%	0.0%	0.0%

( a ) Compounded Annually

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

( c ) Service-based increases equivalent to a level annual rate of increase of 1.9 percent over a full career

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

( e ) Trend not applicable - fixed dollar subsidy

**OPEB COST SUMMARY**  
(dollars in thousands)

	Year	Annual OPEB Cost	% of Annual OPEB Obligation	Net OPEB Obligation
Municipal Employees'	2013 \$	13,389	71.01 %	\$ 75,637
	2014	(13,100) *	-	53,486
	2015	(15,750) *	-	29,244
Laborers'	2013	3,009	83.67	6,442
	2014	567	416.04	4,649
	2015	235	917.15	2,730
Policemen's	2013	10,536	93.46	12,150
	2014	6,191	155.99	8,684
	2015	5,665	166.65	4,908
Firemen's	2013	4,071	62.66	11,902
	2014	(868)	-	8,563
	2015	(1,379)	-	4,802

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

Schedule of Funding Progress ( (dollars in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded (Surplus) JAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a) / c)
Municipal Employees'	12/31/2015	\$ -	\$ 8,147	\$ 8,147	-	\$ 1,643,481	0.50 %
Laborers'	12/31/2015	-	2,133	2,133	-	204,773	1.04
Policemen's	12/31/2015	-	9,255	9,255	-	1,086,608	0.85
Firemen's	12/31/2015	-	2,399	2,399	-	465,232	0.52

**c) Other Post Employment Benefits - City Obligation**

Up to June 30, 2013, the annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement, known as the "Settlement Plan." The pension funds contributed their subsidies of \$65 per month for each Medicare eligible annuitant and \$95 per month for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$104.4 million in 2015 to the gross cost of their retiree health care pursuant to premium amounts set forth in the below-referenced settlement agreement.

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

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

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2015, the net expense to the City for providing these benefits to approximately 22,697 annuitants plus their dependents was approximately \$44.0 million.

**Plan Description Summary** – The City of Chicago was party to a written legal settlement agreement outlining the provisions of the Settlement Plans, which ended June 30, 2013. The Health Plan provides for annual modifications to the City's level of subsidy. It is set to phase out over three years, at which the Health Plan,

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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along with any further City subsidy, will expire by December 31, 2016, for all but the group of former employees (the Korshak class of members) who retired before August 23, 1989, who shall have lifetime benefits. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

The provisions of the Health Plan provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for the specified period, ending December 31, 2016. The percentage subsidies were revised to reduce by approximately 25 percent of 2013 subsidy levels in 2014, 50 percent of 2013 subsidy levels in 2015, and 75 percent of 2013 subsidy levels in 2016.

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

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

Both of these agreements which provide pre-65 coverage originally expired at June 30, 2012. These benefits have been renegotiated to continue through 2016 or June 30, 2017, depending on bargaining unit agreements. This valuation assumes that the CBA special benefits, except for those who will have already retired as of December 31, 2016, will cease on December 31, 2016 or June 30, 2017, depending on bargaining unit agreements.

**Funding Policy** - No assets are accumulated or dedicated to funding the retiree health plan benefits.

**Annual OPEB Cost and Net OPEB Obligation** - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution "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 ten years.

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan and CBA Special Benefits, the amount actually contributed to the plan, and changes in the City's net OPEB obligation. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Position as of year end as the net liability for the other post-employment benefits – the Health Plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2015 is the annual OPEB cost (expense).

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**Annual OPEB Cost and Contributions Made**  
(dollars in thousands)

	Retiree Settlement Health Plan	CBA Special Benefits	Total
Contribution Rates:			
City .....	Pay-As-You-Go	Pay-As-You-Go	Pay-As-You-Go
Plan Members .....	N/A	N/A	N/A
Annual Required Contribution .....	\$ 46,069	\$ 60,654	\$ 106,723
Interest on Net OPEB Obligation .....	867	4,459	5,326
Adjustment to Annual Required Contribution .....	(3,291)	(16,918)	(20,209)
Annual OPEB Cost .....	43,645	48,195	91,840
Contributions Made .....	58,279	38,272	96,551
Decrease in Net OPEB Obligation .....	(14,634)	9,923	(4,711)
Net OPEB Obligation, Beginning of Year .....	28,914	148,648	177,562
Net OPEB Obligation, End of Year .....	\$ 14,280	\$ 158,571	\$ 172,851

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 are as follows (dollars in thousands):

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<b>Settlement Plan</b>			
12/31/2015	\$ 43,645	133.5%	\$ 14,280
12/31/2014	62,666	149.9	28,914
12/31/2013	75,444	148.4	60,210
<b>CBA Special Benefits</b>			
12/31/2015	\$ 48,195	79.4%	\$ 158,571
12/31/2014	49,766	68.5	148,648
12/31/2013	41,722	65.5	132,981
<b>Total</b>			
12/31/2015	\$ 91,840	105.1%	\$ 172,851
12/31/2014	112,432	113.9	177,562
12/31/2013	117,166	118.9	193,191

**Funded Status and Funding Progress** - As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$780.6 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,488.0 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 31.4 percent.

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

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Schedule of Funding Progress (dollars in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Settlement Plan</b>						
12/31/2014	\$ -	\$ 311,748	\$ 311,748	0%	\$ 2,487,787	12.5 %
<b>CBA Special Benefits</b>						
12/31/2014	\$ -	\$ 468,889	\$ 468,889	0%	\$ 1,438,428	32.6 %
<b>Total</b>						
12/31/2014	\$ -	\$ 780,637	\$ 780,637	0%	\$ 2,487,787	31.4 %

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

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

For the Special Benefits under the CBA for Police and Fire, the renewed contracts' expiration dates of June 30, 2016 (for Police Captains, Sergeants and Lieutenants) and June 30, 2017 for all other Police and Fire are reflected, such that liabilities are included only for payments beyond the end of the calendar year of contract expiration on behalf of early retirees already retired and in pay status as of December 31 of the expiration year of the contract. The entry age normal method was selected. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent in 2014, reduced by decrements to an ultimate rate of 5.0 percent in 2026. Rates included a 2.5 percent inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. The funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0 percent. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years.

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 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

**Summary of Assumptions and Methods**

	Settlement Health Plan	CBA Special Benefits
Actuarial Valuation Date .....	December 31, 2014	December 31, 2014
Actuarial Cost Method .....	Entry Age Normal	Entry Age Normal
Amortization Method .....	Level Dollar, open	Level Dollar, open
Remaining Amortization Period ..	10 years	10 years
Asset Valuation Method .....	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return .....	3.0%	3.0%
Projected Salary Increases .....	2.5%	2.5%
Healthcare Inflation Rate .....	8.0% initial to 5.0% in 2026	8.0% initial to 5.0% in 2026

**12) Risk Management**

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

Risks for O'Hare, Midway, and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years. Accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Position as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2015, the total amount of non-Enterprise Fund claims was \$490.4 million and Enterprise Fund was \$82.0 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>
Balance, January 1.....	\$ 540,272	\$ 547,674
Claims incurred and change in estimates.....	688,800	627,488
Claims paid on current and prior year events.....	<u>(656,712)</u>	<u>(634,890)</u>
Balance, December 31.....	<u>\$ 572,360</u>	<u>\$ 540,272</u>

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

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

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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allocated in one or more of the previous three categories, are considered “Unassigned” until such allocation is completed.

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

**a) Fund Balance Classifications**

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

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Community Development Improvement Projects	Other Governmental Funds
Nonspendable Purpose:							
Inventory .....	\$ 23,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Purpose:							
Capital Projects .....	-	-	1,275,709	-	-	198,431	54,270
Grants .....	-	17,617	-	-	-	-	-
Debt Service .....	-	-	-	-	236,294	-	93,314
General Government .....	-	-	-	-	-	-	3,057
Committed Purpose:							
Budget and Credit Rating Stabilization .....	-	-	-	621,282	-	-	-
Repair, Maintenance and City Services .....	-	-	-	-	-	-	56,539
Assigned Purpose:							
Future obligations .....	24,377	-	-	-	-	-	-
Special Projects .....	74,000	-	-	-	-	-	-
Unassigned .....	93,027	(233,759)	-	(1,555,260)	-	-	-
Total Government Fund Balance .....	<u>\$ 215,232</u>	<u>\$ (216,142)</u>	<u>\$ 1,275,709</u>	<u>\$ (933,978)</u>	<u>\$ 236,294</u>	<u>\$ 198,431</u>	<u>\$ 207,180</u>

At the end of the fiscal year, total encumbrances amounted to \$24.4 million for the General Operating Fund, \$47.6 million for the Special Taxing Areas Fund, \$37.9 million for the Capital Projects Fund and \$24.3 million for the Non Major Special Revenue Fund.

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

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



**CITY OF CHICAGO, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

The components of the deferred outflows of resources and deferred inflows of resources are as follows (dollars in thousands):

	FY 2015	
	Governmental Activities	Business-type Activities
<b>Deferred Outflows of Resources:</b>		
Deferred outflows from pension activities ...	\$ 7,039,762	\$ 1,455,260
Unamortized deferred bond refunding costs .....	147,937	123,079
Derivatives .....	-	123,166
<b>Total Deferred Outflows of Resources .....</b>	<b>\$ 7,187,699</b>	<b>\$ 1,701,505</b>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows from pension activities .....	187,878	27,123
Long-Term lease and Service concession arrangements .....	1,555,260	1,626,667
<b>Total Deferred Inflows of Resources .....</b>	<b>\$ 1,743,138</b>	<b>\$ 1,653,790</b>

The components of the deferred inflows of resources related to the governmental funds at December 31, 2015 are as follows (dollars in thousands):

	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Other Governmental Funds	Total Governmental Funds
<b>Governmental Funds:</b>						
<b>Deferred inflow of resources:</b>						
Property Taxes .....	\$ -	\$ 350,404	\$ -	\$ 436,939	\$ 597,386	\$ 1,384,729
Grants .....	239,199	-	-	-	-	239,199
Long-term Lease and Concession Agreements .....	-	-	1,555,260	-	-	1,555,260
<b>Total Governmental Funds .....</b>	<b>\$ 239,199</b>	<b>\$ 350,404</b>	<b>\$ 1,555,260</b>	<b>\$ 436,939</b>	<b>\$ 597,386</b>	<b>\$ 3,179,188</b>

**15) Commitments and Contingencies**

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

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

As of December 31, 2015, the Enterprise Funds have entered into contracts for approximately \$516.5 million for construction projects.

The City's pollution remediation obligation of \$32.9 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

**16) Concession Agreements**

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

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

In December 2006, the City completed a long-term concession and lease of the City's downtown underground public parking system. The concession granted Chicago Loop Parking, LLC (CLP) the right to operate the garages and collect parking and related revenues for the 99-year term of the agreement. The City received an upfront payment of \$563.0 million of which \$347.8 million was simultaneously used to purchase three of the underground garages from the Chicago Park District. The City recognized a deferred inflow that will be amortized and recognized as revenue over the term of the lease. The City recognizes \$5.7 million of revenue for each year through 2105. In January 2014, CLP assigned all of its interests in the concession and lease agreement to LMG2, LLC, the designee of its lenders, in lieu of foreclosure by the lenders on their leasehold mortgage on the underground garages.

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

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

During fiscal year 2015, the City implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*", revised standards of accounting and reporting for pension expenses and liabilities as well as allowed for the deferral of certain pension expense elements. As a result of implementing this statement, net position was restated at January 1, 2015. The City's net pension obligation of \$8.6 billion accounted for under GASB Statement No. 27 was eliminated and replaced by a larger net pension liability. The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

	<u>As Originally Reported</u>	<u>GASB 68 Adjustment</u>	<u>As Restated after GASB 68 Impact</u>
<b>Governmental Activities:</b>			
Total Net (Deficit) Position, January 1, 2015 .....	\$ (9,043,325)	\$ (10,131,849)	\$ (19,175,174)
<b>Business-Type Activities:</b>			
<b>Water Fund</b>			
Total Net (Deficit) Position, January 1, 2015 .....	\$ 1,683,206	\$ (603,457)	\$ 1,079,749
<b>Sewer Fund</b>			
Total Net (Deficit) Position, January 1, 2015 .....	734,754	(233,282)	501,472
<b>Chicago Midway International Airport</b>			
Total Net (Deficit) Position, January 1, 2015 .....	(6,698)	(159,615)	(166,313)
<b>Chicago O'Hare International Airport</b>			
Total Net (Deficit) Position, January 1, 2015 .....	1,460,084	(749,092)	710,992
<b>Business-Type Activities (including Skyway):</b>			
Total Net (Deficit) Position, January 1, 2015 .....	<u>\$ 2,507,042</u>	<u>\$ (1,745,446)</u>	<u>\$ 761,596</u>

**18) Subsequent Events**

**Ratings**

In January 2016, Standard and Poor's (S&P) upgraded the rating of the Midway Airport Second Lien revenue bonds from A- to A with a stable outlook.

In March 2016, Fitch Ratings (Fitch) downgraded the ratings of the City's General Obligation bonds and Sales Tax revenue bonds from BBB+ to BBB-, with a negative outlook.

In April 2016, Kroll Bond Rating Agency, Inc. (Kroll) downgraded the ratings of the City's General Obligation bonds from A- to BBB+ with a negative outlook.

In April 2016, S&P upgraded the City's Water Senior Lien revenue bonds from A to A+ and the Water Second Lien revenue bonds from A- to A, each with a stable outlook.

In May 2016, Fitch upgraded the rating of the Midway Airport Second Lien revenue bonds from A- to A with a stable outlook.

In May 2016, Fitch upgraded the rating of the O'Hare Airport Senior Lien revenue bonds from A- to A with a stable outlook.

In May 2016, Kroll rated the Midway Airport Second Lien revenue bonds A with a stable outlook.

In June 2016, S&P downgraded the rating of the Motor Fuel Tax revenue bonds from BBB+ to BBB with a negative outlook.

**Bonds**

In January 2016, the City redeemed \$22.3 million of Chicago Senior Lien Tax Increment Allocation Bonds (Near North Redevelopment Project) Series, 1999A and the associated letter of credit was terminated.

In January 2016, the City sold General Obligation Refunding Bonds, Series 2015C (\$500.0 million). The bonds were issued at an interest rate of 5.0 percent and mandatory sinking fund or maturity dates ranging from January 1, 2020 to January 1, 2038. Proceeds will be used to refund or pay interest on all or a portion of certain outstanding General Obligation bonds, fund capitalized interest, and pay costs of issuance.

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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In May 2016, the City converted its Second Lien Water Revenue Bonds, Series 2000 (\$100.0 million) and Second Lien Water Revenue Refunding Bonds, Series 2004 (\$344.6 million) from variable rate to fixed rate. The bonds were converted at interest rates ranging from 2.0 percent to 5.0 percent and maturity dates from November 1, 2017 to January 1, 2030. Proceeds will be used to pay the purchase price of the bonds mandatorily tendered on the conversion date, costs of capital improvements to the Water System, and the costs of conversion. In addition, concurrently with the conversion of the Series 2000 and Series 2004 bonds, the City sold Second Lien Water Revenue Bonds, Series 2016A-1 (Tax Exempt) and Series 2016A-2 (Taxable) (\$81.7 million). The Series 2016A-1 and A-2 bonds were issued at interest rates ranging from 1.68 percent to 5.0 percent and maturity dates from November 1, 2016 to November 1, 2031. Proceeds will be used to repay the outstanding water line of credit and to pay costs of issuance.

In June 2016, the City sold Midway Airport Second Lien Revenue and Revenue Refunding Bonds, Series 2016A (AMT) and 2016B (Non-AMT) (\$342.4 million). The Series 2016A and 2016B bonds were issued at interest rates ranging from 2.0 percent to 5.0 percent and mandatory sinking fund or maturity dates from January 1, 2017 to January 1, 2046. Proceeds of the Series 2016A and 2016B Bonds will be used to pay the costs of various capital projects of the Airport, refund certain outstanding Midway Airport Second Lien revenue bonds, fund capitalized interest, fund debt service reserve deposits, and pay costs of issuance.

**Swaps**

In May 2016, the City terminated the swaps relating to its (1) Second Lien Water Revenue Bonds, Series 2000 for a termination payment of \$32.3 million and (2) Second Lien Water Revenue Refunding Bonds, Series 2004 for total termination payments of \$69.5 million.

**Commercial Paper and Lines of Credit**

As of December 31, 2015, the outstanding balance for the City's General Obligation Commercial Paper Notes and General Obligation Lines of Credit (G.O. CP) was \$239.1 million. Since January 1, 2016, the City has issued \$220.0 million of G.O. CP to fund pension requirements and has paid down \$315.6 million, including the portion issued in 2016 to fund the pension requirement. The current G.O. CP outstanding is approximately \$143.5 million.

In January 2016, the City increased the General Obligation Line of Credit Agreement to \$900.0 million from \$750.0 million. The City's repayment obligation under the line of credit is a general obligation of the City. The line of credit expires September 24, 2017.

In May 2016, the City drew \$91.5 million under the water line of credit to fund the swap termination payments prior to the issuance of Second Lien Water Revenue Bonds, Series 2016A-1 (Tax Exempt) and Series 2016A-2 (Taxable). Proceeds from the bonds were used to repay the water line of credit.

**Concession Agreements**

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

In May 2016, the concessionaire of the City's downtown underground public parking garages sold its concession interest in the garages to Millennium Parking Garages, LLC. Pursuant to the concession and lease agreement for the garages, the City approved the transfer of the concession interest.

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

<b>Municipal Employees':</b>	2015
Total pension liability	
Service cost .....	\$ 226,816
Interest .....	909,067
Benefit changes .....	2,140,009
Differences between expected and actual experience .....	(109,835)
Assumption changes .....	8,711,755
Benefit payments including refunds .....	(826,036)
Pension plan administrative expense .....	-
Net change in total pension liability .....	\$ 11,051,776
Total pension liability - beginning .....	12,307,094
Total pension liability - ending (a) .....	\$ 23,358,870
Plan fiduciary net position	
Contributions-employer .....	\$ 149,225
Contributions-employee .....	131,428
Net investment income .....	114,025
Benefit payments including refunds of employee contribution .....	(826,036)
Administrative expenses .....	(6,701)
Other .....	-
Net change in plan fiduciary net position .....	\$ (438,059)
Plan fiduciary net position - beginning .....	5,179,486
Plan fiduciary net position - ending (b) .....	\$ 4,741,427
Net pension liability - ending (a)-(b) .....	\$ 18,617,443
Plan fiduciary net position as a percentage of the total pension liability .....	20.30 %
Covered-employee payroll* .....	\$ 1,643,481
Employer's net pension liability as a percentage of covered-employee payroll .....	1,132.81 %

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

**Note:**

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

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

<b>Laborers':</b>	2015
Total pension liability	
Service cost .....	\$ 38,389 *
Interest .....	153,812
Benefit changes .....	384,033
Differences between expected and actual experience .....	(46,085)
Assumption changes .....	1,175,935
Benefit payments including refunds .....	(152,530)
Pension plan administrative expense .....	(3,844)
Net change in total pension liability .....	\$ 1,549,710
Total pension liability - beginning .....	2,162,905
Total pension liability - ending (a) .....	\$ 3,712,615
Plan fiduciary net position	
Contributions-employer .....	\$ 12,412
Contributions-employee .....	16,844
Net investment income .....	(22,318)
Benefit payments including refunds of employee contribution .....	(152,530)
Administrative expenses .....	(3,844)
Other .....	-
Net change in plan fiduciary net position .....	\$ (149,436)
Plan fiduciary net position - beginning .....	1,388,093
Plan fiduciary net position - ending (b) .....	\$ 1,238,657
Net pension liability - ending (a)-(b) .....	\$ 2,473,958

\* Includes pension plan administrative expense

Plan fiduciary net position as a percentage of the total  
pension liability ..... 33.36 %

Covered-employee payroll \*\* ..... \$ 204,773

Employer's net pension liability as a percentage of  
covered-employee payroll ..... 1,208.15 %

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

**Note:**

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

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

<b>Policemen's:</b>	2015
Total pension liability	
Service cost .....	\$ 213,585 *
Interest .....	832,972
Benefit changes .....	-
Differences between expected and actual experience .....	(105,969)
Assumption changes .....	-
Benefit payments including refunds .....	(676,777)
Pension plan administrative expense .....	(4,508)
Net change in total pension liability .....	\$ 259,303
Total pension liability - beginning .....	11,773,430
Total pension liability - ending (a) .....	\$ 12,032,733
Plan fiduciary net position	
Contributions-employer .....	\$ 572,836
Contributions-employee .....	107,626
Net investment income .....	(5,334)
Benefit payments including refunds of employee contribution .....	(676,777)
Administrative expenses .....	(4,508)
Other .....	3,092
Net change in plan fiduciary net position .....	\$ (3,065)
Plan fiduciary net position - beginning .....	3,062,014
Plan fiduciary net position - ending (b) .....	\$ 3,058,949
Net pension liability - ending (a)-(b) .....	\$ 8,973,784

\* Includes pension plan administrative expense

Plan fiduciary net position as a percentage of the total pension liability .....	25.42 %
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Covered-employee payroll** .....	\$ 1,086,608
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Employer's net pension liability as a percentage of covered-employee payroll .....	825.85 %
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\*\* Covered payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

Note:

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

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

<b>Firemen's:</b>	2015
Total pension liability	
Service cost .....	\$ 87,203 *
Interest .....	338,986
Benefit changes .....	-
Differences between expected and actual experience .....	(7,981)
Assumption changes .....	176,282
Benefit payments including refunds .....	(278,017)
Pension plan administrative expense .....	(3,149)
Net change in total pension liability .....	\$ 313,324
Total pension liability - beginning .....	4,512,760
Total pension liability - ending (a) .....	\$ 4,826,084
Plan fiduciary net position	
Contributions-employer .....	\$ 236,104
Contributions-employee .....	46,552
Net investment income .....	7,596
Benefit payments including refunds of employee contribution .....	(278,017)
Administrative expenses .....	(3,149)
Other .....	7
Net change in plan fiduciary net position .....	\$ 9,093
Plan fiduciary net position - beginning .....	1,036,008
Plan fiduciary net position - ending (b) .....	\$ 1,045,101
Net pension liability - ending (a)-(b) .....	\$ 3,780,983

\* Includes pension plan administrative expense

Plan fiduciary net position as a percentage of the total  
pension liability ..... 21.66 %

Covered-employee payroll \*\* ..... \$ 465,232

Employer's net pension liability as a percentage of  
covered-employee payroll ..... 812.71 %

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

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



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

**Municipal Employees':**

Years Ended December 31,	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll**	Contributions as a percentage of Covered Employee Payroll
2006	\$ 325,914	\$ 157,063	\$ 168,851	\$ 1,475,877	10.64 %
2007	343,123	139,606	203,517	1,564,459	8.92 %
2008	360,387	146,803	213,584	1,543,977	9.51 %
2009	413,509	148,047	265,462	1,551,973	9.54 %
2010	483,948	154,752	329,196	1,541,388	10.04 %
2011	611,756	147,009	464,747	1,605,993	9.15 %
2012	690,823	148,859	541,964	1,590,794	9.36 %
2013	820,023	148,197	671,826	1,580,289	9.38 %
2014	839,039	149,747	689,292	1,602,978	9.34 %
2015	677,200	149,225	527,975	1,643,481	9.08 %

\* The funding method mandated by the Illinois Pension Code is insufficient to avoid insolvency, and without a change, the Fund is projected to become insolvent within the next 10 years (during 2025). Therefore, the actuarially determined contribution is comprised of an employer normal cost payment and a 30-year, level dollar amortization payment on the unfunded actuarial accrued liability.

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

**Laborers':**

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll **	Contributions as a percentage of Covered Employee Payroll
2006	\$ 21,142	\$ 106	\$ 21,036	\$ 193,176	0.06 %
2007	21,726	13,256	8,470	192,847	6.87 %
2008	17,652	15,233	2,419	216,744	7.03 %
2009	33,518	14,627	18,891	208,626	7.01 %
2010	46,665	15,352	31,313	199,863	7.68 %
2011	57,259	12,779	44,480	195,238	6.55 %
2012	77,566	11,853	65,713	198,790	5.96 %
2013	106,199	11,583	94,616	200,352	5.78 %
2014	106,019	12,161	93,858	202,673	6.00 %
2015	79,851	12,412	67,439	204,773	6.06 %

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

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

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

**Policemen's:**

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll **	Contributions as a percentage of Covered Employee Payroll
2006	\$ 262,657	\$ 150,718	\$ 111,939	\$ 1,012,984	14.88 %
2007	312,726	170,598	142,128	1,038,957	16.42 %
2008	318,235	172,836	145,399	1,023,581	16.89 %
2009	339,488	172,044	167,444	1,011,205	17.01 %
2010	363,625	174,501	189,124	1,048,084	16.65 %
2011	402,752	174,035	228,717	1,034,404	16.82 %
2012	431,010	197,885	233,125	1,015,171	19.49 %
2013	474,177	179,521	294,656	1,015,426	17.68 %
2014	491,651	178,158	313,493	1,074,333	16.58 %
2015	785,501	575,928	209,573	1,086,608	53.00 %

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

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

**Firemen's:**

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Employee Payroll **	Contributions as a percentage of Covered Employee Payroll
2006	\$ 160,246	\$ 76,763	\$ 83,483	\$ 387,442	19.81 %
2007	188,202	72,023	116,179	389,125	18.51 %
2008	189,941	81,258	108,683	396,182	20.51 %
2009	203,867	89,212	114,655	400,912	22.25 %
2010	218,388	80,947	137,441	400,404	20.22 %
2011	250,056	82,870	167,186	425,385	19.48 %
2012	271,506	81,522	189,984	418,965	19.46 %
2013	294,878	103,669	191,209	416,492	24.89 %
2014	304,265	107,334	196,931	460,190	23.32 %
2015	323,545	236,104	87,441	465,232	50.75 %

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

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

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

Actuarial Methods and Assumptions:	Municipal Employees'		Laborers'		Policemen's		Firemen's
Actuarial valuation date.....	12/31/2015	(a)	12/31/2015	(b)	12/31/2015		12/31/2015
Actuarial cost method.....	Entry age normal		Entry age normal		Entry age normal		Entry age normal
Amortization method.....	Level dollar, open		Level dollar, open	(c)	Level percent, open		Level dollar, open
Remaining amortization period.....	30 years		30 years		30 years		30 years
Asset valuation method.....	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market
Actuarial assumptions:							
Inflation .....	3.0%		3.0%		3.0%		2.5%
Salary increases .....	4.5% - 8.25%	(d)	3.75%	(e)	3.75%	(f)	3.75%
Investment rate of return .....	7.5%	(g)	7.5%	(h)	7.5%		7.5%
Retirement Age .....	(i)		(j)		(k)		(l)
Mortality .....	(m)		(n)		(o)		(p)
Other information .....	(q)		(r)		(s)		(s)

- (a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the middle of the year.
- (b) Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the end of the fiscal year in which contributions are reported.
- (c) The statutory contributions are based on a multiple of member contributions from the second prior year. The statutory contribution multiple is 1.00
- (d) Varying by years of service.
- (e) Plus a service-based increase in the first 15 years.
- (f) Salary increase rates based on age-related productivity and merit rates plus inflation.
- (g) Net of investment expense.
- (h) Net of investment expense, including inflation.
- (i) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (adopted December 31, 2010). For employees first hired on or after January 1, 2011, rates of retirement for each age from 62 to 80 were used (adopted Decemebr 31, 2011).
- (j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2012, valuation pursuant to an experience study of the period January 1, 2004, through December 31, 2011.
- (k) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2014, actuarial valuation pursuant to an experience study of the period January 1, 2009, through December 31, 2013.
- (l) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011, valuation pursuant to an experience study of the period January 1, 2003, through December 31, 2010.
- (m) Post-retirement mortality rates were based on the RP-2000 Healthy Mortality Tables with mortality improvements projected to 2010 using Scale AA. Pre-retirement mortality rates were based on the post-retirement mortality assumption, multiplied by 85% for males and 70% for females.
- (n) RP2000 Combined Healthy mortality table, sex distinct, set forward one year for males and setback two years for females. No adjustment is made for post-disabled mortality.
- (o) Post-Retirement Healthy mortality rates: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 108% for males and 97% for females. Pre-Retirement mortality rates: Sex distinct Retirement Plans 2014 Total Employee mortality table weighted 85% for males and 115% for females. Disabled Mortality: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 115% for males and 115% for females.
- (p) RP2000 Combined Healthy mortality table, sex distinct for post retirement mortality. RP2000 Combined Healthy mortality table, sex distinct, set forward six years for post retirement mortality post-disabled mortality. Pre-retirement mortality is 80 percent of the post-retirement rates.
- (q) Other assumptions: Same as those used in the December 31, 2015, actuarial funding valuations.
- (r) Notes: Benefit changes based on the provisions in effect prior to Public Act 98-0641 were recognized in the Total Pension Liability as of December 31, 2015.
- (s) The valuation is based on the statutes in effect as of Decemebr 31, 2015, and does not consider the impact of PA 99-0506 which was passed on May 31, 2016.

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

	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded Actuarial Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	Unfunded (Surplus) AAL as a Percentage of Covered Payroll (( b-a ) / c )
<b>Municipal Employees'</b>							
2013 .....	12/31/2013	\$ -	27,573	27,573	- %	1,580,289	1.74 %
2014 .....	12/31/2014	-	17,495	17,495	-	1,602,978	1.09
2015 .....	12/31/2015	-	8,147	8,147	-	1,643,481	0.50
<b>Laborers'</b>							
2013 .....	12/31/2013	-	7,074	7,074	- %	200,352	3.53 %
2014 .....	12/31/2014	-	4,593	4,593	-	202,673	2.27
2015 .....	12/31/2015	-	2,133	2,133	-	204,773	1.04
<b>Policemen's</b>							
2013 .....	12/31/2013	-	28,376	28,376	- %	1,015,426	2.79 %
2014 .....	12/31/2014	-	18,762	18,762	-	1,074,333	1.75
2015 .....	12/31/2015	-	9,255	9,255	-	1,086,608	0.85
<b>Firemen's</b>							
2013 .....	12/31/2013	-	7,692	7,692	- %	416,492	1.85 %
2014 .....	12/31/2014	-	4,995	4,995	-	460,190	1.09
2015 .....	12/31/2015	-	2,399	2,399	-	465,232	0.52
<b>City of Chicago</b>							
2013 .....	12/31/2012	-	997,281	997,281	- %	2,385,198	41.81 %
2014 .....	12/31/2013	-	964,626	964,626	-	2,425,000	39.78
2015 .....	12/31/2014	-	780,637	780,637	-	2,487,787	31.38

**COMBINING AND  
INDIVIDUAL FUND STATEMENTS  
GENERAL FUND**

**Schedule A-1**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL TAX REVENUE</b>				
<b>UTILITY TAX:</b>				
Gas .....	\$ 126,567	\$ 126,567	\$ 119,705	\$ (6,862)
Electric .....	97,313	97,313	95,215	(2,098)
Telecommunication .....	109,755	109,755	105,514	(4,241)
Commonwealth Edison .....	90,240	90,240	87,578	(2,662)
Cable Television .....	27,965	27,965	29,768	1,803
Total Utility Tax .....	<u>451,840</u>	<u>451,840</u>	<u>437,780</u>	<u>(14,060)</u>
<b>SALES TAX:</b>				
Home Rule Retailers' Occupation .....	<u>308,300</u>	<u>308,300</u>	<u>308,878</u>	<u>578</u>
<b>TRANSPORTATION TAX:</b>				
Parking .....	129,933	129,933	131,489	1,556
Vehicle Fuel .....	48,857	48,857	49,332	475
Ground Transportation .....	9,234	9,234	17,056	7,822
Total Transportation Tax .....	<u>188,024</u>	<u>188,024</u>	<u>197,877</u>	<u>9,853</u>
<b>TRANSACTION TAX:</b>				
Real Property .....	158,561	158,561	191,148	32,587
Personal Property Lease .....	161,467	161,467	192,504	31,037
Motor Vehicle Lessor .....	6,404	6,404	6,656	252
Total Transaction Tax .....	<u>326,432</u>	<u>326,432</u>	<u>390,308</u>	<u>63,876</u>
<b>RECREATION TAX:</b>				
Amusement .....	126,535	126,535	145,675	19,140
Automatic Amusement .....	604	604	544	(60)
Liquor .....	32,290	32,290	33,651	1,361
Boat Mooring .....	1,297	1,297	1,386	89
Cigarette .....	21,690	21,690	22,832	1,142
Off Track Betting .....	576	576	512	(64)
Soft Drink .....	22,034	22,034	22,910	876
Total Recreation Tax .....	<u>205,026</u>	<u>205,026</u>	<u>227,510</u>	<u>22,484</u>
<b>BUSINESS TAX:</b>				
Hotel .....	106,304	106,304	109,784	3,480
Foreign Fire Insurance .....	4,644	4,644	5,983	1,339
Total Business Tax .....	<u>110,948</u>	<u>110,948</u>	<u>115,767</u>	<u>4,819</u>
<b>TOTAL LOCAL TAX REVENUE .....</b>	<u><b>1,590,570</b></u>	<u><b>1,590,570</b></u>	<u><b>1,678,120</b></u>	<u><b>87,550</b></u>

**Schedule A-1 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>INTERGOVERNMENTAL REVENUE</b>				
<b>STATE INCOME TAX:</b>				
Income .....	\$ 260,800	\$ 260,800	\$ 286,473	\$ 25,673
Personal Property Replacement .....	159,219	159,219	50,486	(108,733)
Total State Income Tax .....	<u>420,019</u>	<u>420,019</u>	<u>336,959</u>	<u>(83,060)</u>
<b>STATE SALES TAX:</b>				
State Retailers' Occupation .....	339,624	339,624	356,915	17,291
<b>STATE AUTO RENTAL TAX:</b>				
Municipal Auto Rental .....	4,101	4,101	4,196	95
<b>FEDERAL/STATE GRANTS:</b>				
Grants .....	1,600	1,600	1,845	245
TOTAL INTERGOVERNMENTAL REVENUE .....	<u>765,344</u>	<u>765,344</u>	<u>699,915</u>	<u>(65,429)</u>
<b>LOCAL NON-TAX REVENUE</b>				
<b>INTERNAL SERVICE:</b>				
Water Fund .....	71,014	71,014	69,211	(1,803)
Chicago-O'Hare International Airport Fund .....	24,639	24,639	24,072	(567)
Vehicle Tax Fund .....	28,347	28,347	28,347	-
Chicago Midway International Airport Fund .....	7,778	7,778	6,911	(867)
Federal Funds .....	21,225	21,225	23,429	2,204
Sewer Fund .....	36,867	36,867	36,867	-
Emergency Communication Fund .....	108,174	108,174	109,636	1,462
Federal Funds - Pensions .....	27,795	27,795	18,583	(9,212)
Intergovernmental Vouchers (IV) .....	9,588	9,588	8,248	(1,340)
Department of Housing & Economic Development .	125	125	-	(125)
Transportation .....	4,001	4,001	6,711	2,710
Department of Fleet and Facility Management .....	8,190	8,190	5,416	(2,774)
Miscellaneous - Planning, Purchasing, etc. ....	3,354	3,354	5,154	1,800
Public Safety - Police, Fire and OEMC .....	619	619	1,425	806
Other .....	1,610	1,610	1,416	(194)
Total Internal Service .....	<u>353,326</u>	<u>353,326</u>	<u>345,426</u>	<u>(7,900)</u>
<b>LICENSES AND PERMITS:</b>				
Alcoholic Liquor Dealers' License .....	12,323	12,323	12,504	181
Business License .....	19,162	19,162	19,413	251
Building Permits .....	50,170	50,520	43,660	(6,860)
Fines and Penalties .....	8,960	8,960	6,175	(2,785)
Other .....	46,300	46,308	44,975	(1,333)
Total Licenses and Permits .....	<u>136,915</u>	<u>137,273</u>	<u>126,727</u>	<u>(10,546)</u>

**Schedule A-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL NON-TAX REVENUE - Concluded				
FINES:				
Fines, Forfeitures and Penalties .....	\$ 369,500	\$ 369,500	\$ 366,309	\$ (3,191)
INVESTMENT INCOME:				
Interest on Investments .....	2,000	2,000	911	(1,089)
CHARGES FOR SERVICES:				
Inspection .....	13,981	13,631	14,960	1,329
Information .....	605	605	714	109
Safety .....	80,160	80,160	61,476	(18,684)
Reimbursement of Current Expense .....	10,326	10,326	13,009	2,683
Other .....	27,232	27,224	29,439	2,215
Total Charges for Services .....	<u>132,304</u>	<u>131,946</u>	<u>119,598</u>	<u>(12,348)</u>
MUNICIPAL UTILITIES:				
Parking .....	6,420	6,420	6,511	91
Total Municipal Utilities .....	<u>6,420</u>	<u>6,420</u>	<u>6,511</u>	<u>91</u>
LEASES, RENTALS AND SALES:				
Sale of Land and Buildings .....	13,830	13,830	3,498	(10,332)
Vacation of Streets and Alleys .....	1,000	1,000	6,541	5,541
Sale of Impounded Autos .....	37	37	20	(17)
Sale of Materials .....	1,500	1,500	1,449	(51)
Rentals and Leases .....	13,800	13,800	13,981	181
Total Leases, Rentals and Sales .....	<u>30,167</u>	<u>30,167</u>	<u>25,489</u>	<u>(4,678)</u>
MISCELLANEOUS:				
Property Damage .....	7	7	151	144
Other .....	115,059	115,059	97,478	(17,581)
Total Miscellaneous .....	<u>115,066</u>	<u>115,066</u>	<u>97,629</u>	<u>(17,437)</u>
TOTAL LOCAL NON-TAX REVENUE .....	1,145,698	1,145,698	1,088,600	(57,098)
Transfers In .....	32,808	33,071	53,851	20,780
Total Revenues .....	<u>\$ 3,534,420</u>	<u>\$ 3,534,683</u>	<u>\$ 3,520,486</u>	<u>\$ (14,197)</u>



## **NONMAJOR GOVERNMENTAL FUNDS**

**Schedule B-1**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Total Nonmajor Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 1,861	\$ 8,292	\$ 22,527	\$ 32,680
Investments .....	39,129	2,543	42,988	84,660
Cash and Investments with Escrow Agent .....	257	86,293	-	86,550
Receivables (Net of Allowances):				
Property Tax .....	651,723	18,005	-	669,728
Accounts .....	18,284	28	194	18,506
Due from Other Funds .....	95,711	-	322	96,033
Due from Other Governments .....	18,743	-	18,037	36,780
<b>Total Assets .....</b>	<b>\$ 825,708</b>	<b>\$ 115,161</b>	<b>\$ 84,068</b>	<b>\$ 1,024,937</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Voucher Warrants Payable .....	\$ 33,918	\$ -	\$ 10,620	\$ 44,538
Bonds, Notes and Other Obligations Payable - Current ...	-	4,700	-	4,700
Accrued Interest .....	-	1,242	-	1,242
Due to Other Funds .....	145,207	-	18,937	164,144
Accrued and Other Liabilities .....	5,335	171	241	5,747
<b>Total Liabilities .....</b>	<b>184,460</b>	<b>6,113</b>	<b>29,798</b>	<b>220,371</b>
Deferred Inflows .....	581,652	15,734	-	597,386
<b>Fund Balance:</b>				
Restricted .....	3,057	93,314	54,270	150,641
Committed .....	56,539	-	-	56,539
<b>Total Fund Balance .....</b>	<b>59,596</b>	<b>93,314</b>	<b>54,270</b>	<b>207,180</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance ..</b>	<b>\$ 825,708</b>	<b>\$ 115,161</b>	<b>\$ 84,068</b>	<b>\$ 1,024,937</b>

Schedule B-2

CITY OF CHICAGO, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2015

(Amounts are in Thousands of Dollars)

	Total Nonmajor Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Tax .....	\$ 360,132	\$ 33,243	\$ -	\$ 393,375
Utility Tax .....	102,593	-	-	102,593
Transportation Tax .....	175,364	-	-	175,364
State Income Tax .....	119,438	-	-	119,438
Transaction Tax .....	76,124	-	-	76,124
Other Taxes .....	21,920	-	-	21,920
Internal Service .....	37,332	-	-	37,332
Fines .....	20,851	-	-	20,851
Investment Income .....	2,260	23	524	2,807
Charges for Services .....	21,813	-	-	21,813
Miscellaneous .....	23,060	922	1,611	25,593
Total Revenues .....	<u>960,887</u>	<u>34,188</u>	<u>2,135</u>	<u>997,210</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	371,867	-	-	371,867
Health .....	40	-	-	40
Public Safety .....	6,832	-	-	6,832
Streets and Sanitation .....	49,401	-	-	49,401
Transportation .....	87,714	-	-	87,714
Cultural and Recreational .....	81,791	-	-	81,791
Employee Pensions .....	479,581	-	-	479,581
Other .....	771	-	-	771
Capital Outlay .....	-	-	52,496	52,496
Debt Service:				
Principal Retirement .....	-	37,070	-	37,070
Interest and Other Fiscal Charges .....	71	24,089	-	24,160
Total Expenditures .....	<u>1,078,068</u>	<u>61,159</u>	<u>52,496</u>	<u>1,191,723</u>
Revenues Over (Under) Expenditures .....	<u>(117,181)</u>	<u>(26,971)</u>	<u>(50,361)</u>	<u>(194,513)</u>

Continued on following page.

Schedule B-2 - Concluded  
 CITY OF CHICAGO, ILLINOIS  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 Year Ended December 31, 2015  
 (Amounts are in Thousands of Dollars)

	Total Nonmajor Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Line of Credit .....	\$ 75,994	\$ -	\$ -	\$ 75,994
Transfers In .....	25,625	49,984	67,393	143,002
Transfers Out .....	(3,075)	(8,577)	(20,318)	(31,970)
Total Other Financing Sources (Uses) .....	<u>98,544</u>	<u>41,407</u>	<u>47,075</u>	<u>187,026</u>
Net Change in Fund Balances .....	(18,637)	14,436	(3,286)	(7,487)
Fund Balance - Beginning of Year .....	78,233	78,878	57,556	214,667
Fund Balance - End of Year .....	<u>\$ 59,596</u>	<u>\$ 93,314</u>	<u>\$ 54,270</u>	<u>\$ 207,180</u>

## NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Schedule C-1  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 32	\$ -	\$ -
Investments .....	6,435	3,692	56
Cash and Investments with Escrow Agent .....	-	257	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	651,723
Accounts .....	858	1,594	-
Due from Other Funds .....	55,956	257	-
Due from Other Governments .....	-	9,301	-
<b>Total Assets .....</b>	<b><u>\$ 63,281</u></b>	<b><u>\$ 15,101</u></b>	<b><u>\$ 651,779</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 10,150	\$ 5,220	\$ 190
Due to Other Funds .....	34,813	5,799	69,937
Accrued and Other Liabilities .....	3,549	122	-
<b>Total Liabilities .....</b>	<b><u>48,512</u></b>	<b><u>11,141</u></b>	<b><u>70,127</u></b>
Deferred Inflows .....	-	-	581,652
<b>Fund Balance (Deficit):</b>			
Restricted .....	-	-	-
Committed .....	14,769	3,960	-
<b>Total Fund Balance (Deficit) .....</b>	<b><u>14,769</u></b>	<b><u>3,960</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balance .....</b>	<b><u>\$ 63,281</u></b>	<b><u>\$ 15,101</u></b>	<b><u>\$ 651,779</u></b>

<u>Public Building Commission</u>	<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 621	\$ -	\$ 919	\$ 289	\$ 1,861
-	26,097	-	1,720	1,129	39,129
-	-	-	-	-	257
-	-	-	-	-	651,723
-	11,792	2,657	1,231	152	18,284
-	14,827	19,690	1,981	3,000	95,711
3,633	-	-	5,809	-	18,743
<u>\$ 3,633</u>	<u>\$ 53,337</u>	<u>\$ 22,347</u>	<u>\$ 11,660</u>	<u>\$ 4,570</u>	<u>\$ 825,708</u>
\$ -	\$ 11,281	\$ 4,060	\$ 3,017	\$ -	\$ 33,918
30	23,688	9,303	1,637	-	145,207
-	37	1,376	251	-	5,335
<u>30</u>	<u>35,006</u>	<u>14,739</u>	<u>4,905</u>	<u>-</u>	<u>184,460</u>
-	-	-	-	-	581,652
-	3,057	-	-	-	3,057
3,603	15,274	7,608	6,755	4,570	56,539
<u>3,603</u>	<u>18,331</u>	<u>7,608</u>	<u>6,755</u>	<u>4,570</u>	<u>59,596</u>
<u>\$ 3,633</u>	<u>\$ 53,337</u>	<u>\$ 22,347</u>	<u>\$ 11,660</u>	<u>\$ 4,570</u>	<u>\$ 825,708</u>

Schedule C-2  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)  
Year Ended December 31, 2015  
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
Revenues:			
Property Tax .....	\$ -	\$ -	\$ 360,132
Utility Tax .....	-	-	-
Transportation Tax .....	119,836	53,660	-
State Income Tax .....	-	-	119,438
Transaction Tax .....	-	-	-
Other Taxes .....	-	-	-
Internal Service .....	36,569	763	-
Fines .....	18,107	-	-
Investment Income .....	39	110	11
Charges for Services .....	7,523	611	-
Miscellaneous .....	91	396	-
Total Revenues .....	<u>182,165</u>	<u>55,540</u>	<u>479,581</u>
Expenditures:			
Current:			
General Government .....	85,086	44,770	-
Health .....	-	-	-
Public Safety .....	245	-	-
Streets and Sanitation .....	37,988	11,413	-
Transportation .....	72,968	14,746	-
Cultural and Recreational .....	-	-	-
Employee Pensions .....	-	-	479,581
Other .....	-	-	-
Debt Service:			
Interest and Other Fiscal Charges .....	-	10	-
Total Expenditures .....	<u>196,287</u>	<u>70,939</u>	<u>479,581</u>
Revenues Over (Under) Expenditures .....	<u>(14,122)</u>	<u>(15,399)</u>	<u>-</u>
Other Financing Sources (Uses):			
Issuance of Line of Credit .....	-	-	-
Transfers In .....	625	-	-
Transfers Out .....	(33)	-	-
Total Other Financing Sources (Uses) .....	<u>592</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances .....	(13,530)	(15,399)	-
Fund Balance (Deficit) - Beginning of Year .....	28,299	19,359	-
Fund Balance (Deficit) - End of Year .....	<u>\$ 14,769</u>	<u>\$ 3,960</u>	<u>\$ -</u>



<u>Public Building Commission</u>	<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,132
-	102,593	-	-	-	102,593
-	-	-	1,868	-	175,364
-	-	-	-	-	119,438
-	76,124	-	-	-	76,124
-	-	-	21,920	-	21,920
-	-	-	-	-	37,332
-	919	1,825	-	-	20,851
-	2,080	3	1	16	2,260
-	1,291	94	12,294	-	21,813
<u>2,703</u>	<u>8,732</u>	<u>350</u>	<u>6,548</u>	<u>4,240</u>	<u>23,060</u>
<u>2,703</u>	<u>191,739</u>	<u>2,272</u>	<u>42,631</u>	<u>4,256</u>	<u>960,887</u>
3,249	195,809	34,066	8,427	460	371,867
-	40	-	-	-	40
-	6,382	-	205	-	6,832
-	-	-	-	-	49,401
-	-	-	-	-	87,714
-	-	51,375	30,416	-	81,791
-	-	-	-	-	479,581
-	-	-	771	-	771
-	-	61	-	-	71
<u>3,249</u>	<u>202,231</u>	<u>85,502</u>	<u>39,819</u>	<u>460</u>	<u>1,078,068</u>
<u>(546)</u>	<u>(10,492)</u>	<u>(83,230)</u>	<u>2,812</u>	<u>3,796</u>	<u>(117,181)</u>
-	-	75,994	-	-	75,994
-	18,500	6,500	-	-	25,625
-	-	(37)	(3,005)	-	(3,075)
<u>-</u>	<u>18,500</u>	<u>82,457</u>	<u>(3,005)</u>	<u>-</u>	<u>98,544</u>
(546)	8,008	(773)	(193)	3,796	(18,637)
<u>4,149</u>	<u>10,323</u>	<u>8,381</u>	<u>6,948</u>	<u>774</u>	<u>78,233</u>
<u>\$ 3,603</u>	<u>\$ 18,331</u>	<u>\$ 7,608</u>	<u>\$ 6,755</u>	<u>\$ 4,570</u>	<u>\$ 59,596</u>

**Schedule C-3**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

FUND	Transaction and Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
Final Budgeted Revenues:				
Vehicle Tax .....	\$ -	\$ -	\$ 109,000	\$ 10,000
Motor Fuel Tax and Project .....	-	-	48,257	-
Pension .....	650,100	-	-	-
Miscellaneous .....	63,424	100,619	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	-	22,671
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	-	-	-	-
Total Original and Final Budgeted Revenues ....	<u>713,524</u>	<u>100,619</u>	<u>157,257</u>	<u>32,671</u>
Actual Revenues:				
Vehicle Tax .....	-	-	119,836	-
Motor Fuel Tax and Project .....	-	-	53,660	-
Pension .....	652,375	-	-	119,438
Public Building Commission .....	-	-	-	-
Miscellaneous .....	76,124	102,593	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	1,868	21,920
Health and Welfare .....	-	-	-	-
Special Taxing Areas .....	405,476	-	-	-
Total Actual Revenues .....	<u>1,133,975</u>	<u>102,593</u>	<u>175,364</u>	<u>141,358</u>
Variance Positive (Negative) .....	<u>\$ 420,451</u>	<u>\$ 1,974</u>	<u>\$ 18,107</u>	<u>\$ 108,687</u>

<u>Internal Service</u>	<u>Fines</u>	<u>Investment Income</u>	<u>Leases, Rentals, Sales and Charges for Services</u>	<u>Miscellaneous</u>	<u>Proceeds of Debt</u>	<u>Budgeted Prior Years' Surplus and Operating Transfers In/ Other</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 32,264	\$ 9,200	\$ -	\$ 13,859	\$ -	\$ -	\$ 30,798	\$ 205,121
-	-	-	-	-	-	32,071	80,328
208,532	-	-	-	-	-	-	858,632
-	-	-	-	26,000	-	7,655	197,698
-	1,600	11	350	130	75,994	13,567	91,652
-	-	-	-	12,445	6,500	1,952	43,568
-	-	-	-	2,200	-	74	2,274
-	-	-	-	10,150	-	-	10,150
<u>240,796</u>	<u>10,800</u>	<u>11</u>	<u>14,209</u>	<u>50,925</u>	<u>82,494</u>	<u>86,117</u>	<u>1,489,423</u>
36,569	18,107	39	7,523	91	-	625	182,790
763	-	110	611	396	-	-	55,540
-	-	11	-	-	-	-	771,824
-	-	-	-	2,703	-	-	2,703
-	919	2,080	1,291	8,732	-	18,500	210,239
-	1,825	3	94	350	75,994	6,500	84,766
-	-	1	12,294	6,548	-	-	42,631
-	-	16	-	4,240	-	-	4,256
-	-	3,235	5	1,699	-	6,632	417,047
<u>37,332</u>	<u>20,851</u>	<u>5,495</u>	<u>21,818</u>	<u>24,759</u>	<u>75,994</u>	<u>32,257</u>	<u>1,771,796</u>
<u>\$ (203,464)</u>	<u>\$ 10,051</u>	<u>\$ 5,484</u>	<u>\$ 7,609</u>	<u>\$ (26,166)</u>	<u>\$ (6,500)</u>	<u>\$ (53,860)</u>	<u>\$ 282,373</u>

**Schedule C-4**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF EXPENDITURES AND ENCUMBRANCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

FUND	<u>General Government</u>	<u>Health</u>	<u>Public Safety</u>	<u>Streets and Sanitation</u>
Original and Final Budget:				
Vehicle Tax .....	\$ 89,504	\$ -	\$ -	\$ 38,730
Motor Fuel Tax and Project .....	46,225	-	-	17,130
Pension .....	885,719	-	-	-
Miscellaneous .....	183,913	-	13,785	-
Chicago Public Library .....	37,467	-	-	-
Special Events, Tourism and Festivals .....	13,194	-	205	-
Health and Welfare .....	2,274	-	-	-
Special Taxing Area .....	10,150	-	-	-
Total Original and Final Budget .....	<u>1,268,446</u>	<u>-</u>	<u>13,990</u>	<u>55,860</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax .....	85,460	-	-	38,292
Motor Fuel Tax and Project .....	41,799	-	-	18,248
Pension .....	479,581	-	-	-
Miscellaneous .....	194,042	-	6,172	-
Chicago Public Library .....	33,303	-	-	-
Special Events, Tourism and Festivals .....	12,043	-	205	-
Health and Welfare .....	460	-	-	-
Total Actual Expenditures and Encumbrances ...	<u>846,688</u>	<u>-</u>	<u>6,377</u>	<u>56,540</u>
Variance Positive (Negative) .....	<u>\$ 421,758</u>	<u>\$ -</u>	<u>\$ 7,613</u>	<u>\$ (680)</u>

Note: 1) Original and Final Budgets are the same for all funds except Library and Pension.  
There was a \$97 thousand increase in General Government expenditures in the Library.  
2) Pension funds increased by \$328.6 million in General Government.

<u>Trans- portation</u>	<u>Cultural and Recreational</u>	<u>Employee Pensions</u>	<u>Operating Transfers Out</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 76,887	\$ -	\$ -	\$ -	\$ -	\$ 205,121
16,973	-	-	-	-	80,328
-	-	-	-	-	885,719
-	-	-	-	-	197,698
-	54,185	-	-	-	91,652
-	30,169	-	-	-	43,568
-	-	-	-	-	2,274
-	-	-	-	-	10,150
<u>93,860</u>	<u>84,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,516,510</u>
72,089	-	-	-	-	195,841
15,722	-	-	-	-	75,769
-	-	-	-	-	479,581
-	-	-	-	-	200,214
-	52,987	-	-	-	86,290
-	29,600	-	-	-	41,848
-	-	-	-	-	460
<u>87,811</u>	<u>82,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080,003</u>
<u>\$ 6,049</u>	<u>\$ 1,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436,507</u>

## **NONMAJOR CAPITAL PROJECT FUNDS**

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

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

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

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

Schedule D-1  
CITY OF CHICAGO, ILLINOIS  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015  
(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 17	\$ -	\$ 22,510	\$ -	\$ 22,527
Investments .....	5	40	42,943	-	42,988
Accounts Receivable (Net of Allowances) .....	-	-	194	-	194
Due from Other Funds .....	-	-	322	-	322
Due from Other Governments .....	-	-	-	18,037	18,037
Total Assets .....	<u>\$ 22</u>	<u>\$ 40</u>	<u>\$ 65,969</u>	<u>\$ 18,037</u>	<u>\$ 84,068</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Voucher Warrants Payable .....	\$ 123	\$ -	\$ 10,497	\$ -	\$ 10,620
Due to Other Funds .....	-	643	257	18,037	18,937
Accrued and Other Liabilities .....	-	-	241	-	241
Total Liabilities .....	<u>123</u>	<u>643</u>	<u>10,995</u>	<u>18,037</u>	<u>29,798</u>
Fund Balance:					
Restricted .....	<u>(101)</u>	<u>(603)</u>	<u>54,974</u>	<u>-</u>	<u>54,270</u>
Total Fund Balance .....	<u>(101)</u>	<u>(603)</u>	<u>54,974</u>	<u>-</u>	<u>54,270</u>
Total Liabilities and Fund Balance .....	<u>\$ 22</u>	<u>\$ 40</u>	<u>\$ 65,969</u>	<u>\$ 18,037</u>	<u>\$ 84,068</u>

Schedule D-2

CITY OF CHICAGO, ILLINOIS

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2015

(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
<b>REVENUES</b>					
Investment Income .....	\$ -	\$ -	\$ 524	\$ -	\$ 524
Miscellaneous .....	-	-	1,611	-	1,611
Total Revenues .....	-	-	2,135	-	2,135
<b>EXPENDITURES</b>					
Capital Outlay .....	-	-	52,496	-	52,496
Total Expenditures .....	-	-	52,496	-	52,496
Revenues Over (Under) Expenditures .....	-	-	(50,361)	-	(50,361)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In .....	-	-	67,393	-	67,393
Transfers Out .....	-	-	(20,318)	-	(20,318)
Total Other Financing Sources (Uses) ...	-	-	47,075	-	47,075
Net Change in Fund Balance .....	-	-	(3,286)	-	(3,286)
Fund Balance - Beginning of Year .....	(101)	(603)	58,260	-	57,556
Fund Balance - End of Year .....	<u>\$ (101)</u>	<u>\$ (603)</u>	<u>\$ 54,974</u>	<u>\$ -</u>	<u>\$ 54,270</u>



## **FIDUCIARY FUNDS**

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

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

Schedule E-1  
CITY OF CHICAGO, ILLINOIS  
FIDUCIARY FUNDS - AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
December 31, 2015  
(Amounts are in Thousands of Dollars)

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS:</b>						
Cash,						
January 1, 2015.....	\$ 436	\$ 10,162	\$ 22,937	\$ 17,677	\$ 1,990	\$ 53,202
Additions.....	3,738,114	7,238	731,930	113,915	2,190	4,593,387
Deductions.....	3,732,196	17,094	553,287	91,728	3,419	4,397,724
Cash,						
December 31, 2015.....	6,354	306	201,580	39,864	761	248,865
Investments,						
January 1, 2015.....	35,883	7,238	49,128	15,048	2,150	109,447
Additions.....	-	94	6,469,799	12,266	10,933	6,493,092
Deductions.....	35,883	7,238	6,468,854	15,048	9,694	6,536,717
Investments,						
December 31, 2015.....	-	94	50,073	12,266	3,389	65,822
Cash and Investments with Escrow Agent,						
January 1, 2015.....	-	-	6,315	122	-	6,437
Additions.....	-	-	93,054	-	-	93,054
Deductions.....	-	-	94,279	-	-	94,279
Cash and Investments with Escrow Agent,						
December 31, 2015.....	-	-	5,090	122	-	5,212
Accounts Receivables,						
January 1, 2015.....	1	3,846	138,255	62,638	1,034	205,774
Additions.....	-	-	312,640	31,059	18	343,717
Deductions.....	1	-	297,650	92,115	12	389,778
Accounts Receivables,						
December 31, 2015.....	-	3,846	153,245	1,582	1,040	159,713

**Schedule E-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS - Concluded:</b>						
<b>Total Assets,</b>						
January 1, 2015.....	\$ 36,320	\$ 21,246	\$ 216,635	\$ 95,485	\$ 5,174	\$ 374,860
Additions.....	3,738,114	7,332	7,607,423	157,240	13,141	11,523,250
Deductions.....	3,768,080	24,332	7,414,070	198,891	13,125	11,418,498
<b>Total Assets,</b>						
December 31, 2015.....	<u>\$ 6,354</u>	<u>\$ 4,246</u>	<u>\$ 409,988</u>	<u>\$ 53,834</u>	<u>\$ 5,190</u>	<u>\$ 479,612</u>
<b>LIABILITIES:</b>						
<b>Voucher Warrants Payable,</b>						
January 1, 2015.....	\$ 13,462	\$ 34	\$ 22,136	\$ 1,898	\$ 4	\$ 37,534
Additions.....	8,368,791	-	353,446	6,567	8	8,728,812
Deductions.....	8,382,253	-	346,313	6,088	8	8,734,662
<b>Voucher Warrants Payable,</b>						
December 31, 2015.....	<u>-</u>	<u>34</u>	<u>29,269</u>	<u>2,377</u>	<u>4</u>	<u>31,684</u>
<b>Accrued Liabilities,</b>						
January 1, 2015.....	22,858	21,212	194,499	93,587	5,170	337,326
Additions.....	1,289,095	-	533,571	8,257	29	1,830,952
Deductions.....	1,305,599	17,000	347,351	50,387	13	1,720,350
<b>Accrued Liabilities,</b>						
December 31, 2015.....	<u>6,354</u>	<u>4,212</u>	<u>380,719</u>	<u>51,457</u>	<u>5,186</u>	<u>447,928</u>
<b>Total Liabilities,</b>						
January 1, 2015.....	36,320	21,246	216,635	95,485	5,174	374,860
Additions.....	9,657,886	-	887,017	14,824	37	10,559,764
Deductions.....	9,687,852	17,000	693,664	56,475	21	10,455,012
<b>Total Liabilities</b>						
December 31, 2015.....	<u>\$ 6,354</u>	<u>\$ 4,246</u>	<u>\$ 409,988</u>	<u>\$ 53,834</u>	<u>\$ 5,190</u>	<u>\$ 479,612</u>

**Schedule E-2**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET POSITION**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 489	\$ 42,960	\$ 73,067	\$ 66,940	\$ 183,456
Receivables					
Employer and Other .....	185,710	14,309	637,469	223,289	1,060,777
Interest and Dividends .....	13,414	1,508	6,987	3,622	25,531
Total Receivables .....	199,124	15,817	644,456	226,911	1,086,308
Due from City .....	13,070	1,155	36,994	18,539	69,758
Property, Plant, Equipment and Other .....	12	178	-	173	363
<b>Investments, at Fair Value</b>					
Bonds and U.S. Government Obligations .....	1,147,788	222,186	547,770	163,381	2,081,125
Stocks .....	2,033,832	663,261	1,391,380	517,425	4,605,898
Mortgages and Real Estate .....	520,697	45,787	80,388	27,283	674,155
Other .....	917,049	257,466	427,688	27,477	1,629,680
Total Investments .....	4,619,366	1,188,700	2,447,226	735,566	8,990,858
Invested Securities Lending Collateral .....	396,836	69,647	93,089	140,197	699,769
Total Assets .....	5,228,897	1,318,457	3,294,832	1,188,326	11,030,512
<b>LIABILITIES</b>					
Voucher Warrants Payable .....	90,634	10,087	142,794	3,028	246,543
Securities Lending Collateral .....	396,836	69,647	93,089	140,197	699,769
Total Liabilities .....	487,470	79,734	235,883	143,225	946,312
Deferred Inflows .....	-	66	-	-	66
Net Position Restricted for Pension Benefits .....	<u>\$ 4,741,427</u>	<u>\$ 1,238,657</u>	<u>\$ 3,058,949</u>	<u>\$ 1,045,101</u>	<u>\$ 10,084,134</u>

**Schedule E-3**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION**  
**Year Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ADDITIONS</b>					
Contributions					
Employees .....	\$ 131,428	\$ 16,844	\$ 107,626	\$ 46,552	\$ 302,450
City .....	157,717	14,567	582,278	238,486	993,048
Total Contributions .....	<u>289,145</u>	<u>31,411</u>	<u>689,904</u>	<u>285,038</u>	<u>1,295,498</u>
Investment Income					
Net Appreciation in Fair					
Value of Investments .....	12,250	(34,248)	(51,940)	(15,720)	(89,658)
Interest, Dividends and Other ....	123,578	21,478	58,293	28,256	231,605
Investment Expense .....	(23,505)	(9,981)	(9,314)	(5,460)	(48,260)
Net Investment Income .....	<u>112,323</u>	<u>(22,751)</u>	<u>(2,961)</u>	<u>7,076</u>	<u>93,687</u>
Securities Lending Transactions					
Securities Lending Income .....	1,329	232	777	701	3,039
Securities Lending Expense .....	374	200	(58)	(175)	341
Net Securities Lending Transactions .....	<u>1,703</u>	<u>432</u>	<u>719</u>	<u>526</u>	<u>3,380</u>
Total Additions .....	<u>403,171</u>	<u>9,092</u>	<u>687,662</u>	<u>292,640</u>	<u>1,392,565</u>
<b>DEDUCTIONS</b>					
Benefits and Refunds of					
Deductions .....	834,528	154,685	686,218	280,398	1,955,829
Administrative and General .....	6,701	3,845	4,509	3,149	18,204
Total Deductions .....	<u>841,229</u>	<u>158,530</u>	<u>690,727</u>	<u>283,547</u>	<u>1,974,033</u>
Net Decrease in Net Position .....	<u>(438,058)</u>	<u>(149,438)</u>	<u>(3,065)</u>	<u>9,093</u>	<u>(581,468)</u>
Net Position Restricted for					
Pension Benefits:					
Beginning of Year .....	<u>5,179,485</u>	<u>1,388,095</u>	<u>3,062,014</u>	<u>1,036,008</u>	<u>10,665,602</u>
End of Year .....	<u>\$ 4,741,427</u>	<u>\$ 1,238,657</u>	<u>\$ 3,058,949</u>	<u>\$ 1,045,101</u>	<u>\$ 10,084,134</u>

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# PART III

## STATISTICAL SECTION (UNAUDITED)

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

Contents:

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

**Table 1**  
**CITY OF CHICAGO**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (1)</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets ....	\$ 574,393	\$ 570,665	\$ 494,930	\$ 251,103
Restricted .....	2,451,160	2,980,207	2,842,149	3,735,128
Unrestricted (deficit) .....	<u>(2,003,328)</u>	<u>(3,435,506)</u>	<u>(4,092,388)</u>	<u>(5,840,026)</u>
Total governmental activities, net position .....	<u>\$ 1,022,225</u>	<u>\$ 115,366</u>	<u>\$ (755,309)</u>	<u>\$ (1,853,795)</u>
<b>Business-type activities:</b>				
Net Investment in Capital Assets ....	\$ 1,940,069	\$ 2,168,833	\$ 2,323,394	\$ 2,286,658
Restricted .....	971,669	881,908	779,894	821,909
Unrestricted .....	<u>(1,587,939)</u>	<u>(1,561,634)</u>	<u>(1,517,891)</u>	<u>(1,541,136)</u>
Total business type activities, net position .....	<u>\$ 1,323,799</u>	<u>\$ 1,489,107</u>	<u>\$ 1,585,397</u>	<u>\$ 1,567,431</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets ....	\$ 2,514,462	\$ 2,739,498	\$ 2,818,324	\$ 2,537,761
Restricted .....	3,422,829	3,862,115	3,622,043	4,557,037
Unrestricted .....	<u>(3,591,267)</u>	<u>(4,997,140)</u>	<u>(5,610,279)</u>	<u>(7,381,162)</u>
Total primary government, net position .....	<u>\$ 2,346,024</u>	<u>\$ 1,604,473</u>	<u>\$ 830,088</u>	<u>\$ (286,364)</u>

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

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

(2) The City implemented GASB Statement No. 68 in 2015 and the net position was restated at January 1, 2015.



<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (324,284)	\$ (299,859)	\$ (215,961)	\$ (242,862)	\$ 28,744	\$ (292,432)
3,611,533	1,596,408	1,908,516	1,940,911	1,491,995	1,519,914
<u>(6,582,562)</u>	<u>(5,691,215)</u>	<u>(7,537,057)</u>	<u>(9,120,377)</u>	<u>(10,564,064)</u>	<u>(25,263,289)</u>
<u>\$ (3,295,313)</u>	<u>\$ (4,394,666)</u>	<u>\$ (5,844,502)</u>	<u>\$ (7,422,328)</u>	<u>\$ (9,043,325)</u>	<u>\$ (24,035,807)</u>
\$ 2,365,522	\$ 2,451,787	\$ 2,388,310	\$ 2,446,242	\$ 2,713,825	\$ 2,892,548
790,881	874,837	982,517	883,758	978,972	1,042,980
<u>(1,431,859)</u>	<u>(1,541,515)</u>	<u>(1,354,572)</u>	<u>(1,278,777)</u>	<u>(1,185,755)</u>	<u>(3,731,167)</u>
<u>\$ 1,724,544</u>	<u>\$ 1,785,109</u>	<u>\$ 2,016,255</u>	<u>\$ 2,051,223</u>	<u>\$ 2,507,042</u>	<u>\$ 204,361</u>
\$ 2,041,238	\$ 2,151,928	\$ 2,172,349	\$ 2,203,380	\$ 2,742,569	\$ 2,600,116
4,402,414	2,471,245	2,891,033	2,824,669	2,470,967	2,562,894
<u>(8,014,421)</u>	<u>(7,232,730)</u>	<u>(8,891,629)</u>	<u>(10,399,154)</u>	<u>(11,749,819)</u>	<u>(28,994,456)</u>
<u>\$ (1,570,769)</u>	<u>\$ (2,609,557)</u>	<u>\$ (3,828,247)</u>	<u>\$ (5,371,105)</u>	<u>\$ (6,536,283)</u>	<u>\$ (23,831,446)</u>

**Table 2**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental Activities:				
General Government .....	\$ 2,088,299	\$ 2,452,145	\$ 2,384,586	\$ 2,364,754
Public Safety .....	2,300,048	2,435,437	2,434,842	2,521,151
Streets and Sanitation .....	337,103	367,222	371,112	297,156
Transportation .....	292,679	333,401	381,090	351,101
Health .....	170,769	175,577	170,838	166,914
Cultural and Recreational .....	119,193	128,003	140,065	129,996
Interest on Long-term Debt .....	371,523	385,305	381,504	386,125
Total Governmental Activities .....	<u>5,679,614</u>	<u>6,277,090</u>	<u>6,264,037</u>	<u>6,217,197</u>
Business-type Activities:				
Water .....	324,075	350,181	371,441	382,502
Sewer .....	130,471	136,961	158,292	169,982
Chicago Midway International Airport .....	188,092	211,082	217,609	206,613
Chicago-O'Hare International Airport .....	697,497	751,351	803,404	811,710
Chicago Skyway .....	12,752	13,555	12,359	11,775
Total Business-type Activities .....	<u>1,352,887</u>	<u>1,463,130</u>	<u>1,563,105</u>	<u>1,582,582</u>
Total Primary Government .....	<u>\$ 7,032,501</u>	<u>\$ 7,740,220</u>	<u>\$ 7,827,142</u>	<u>\$ 7,799,779</u>

**NOTES:**

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

	2010	2011	2012	2013	2014	2015
\$	2,557,681	\$ 2,734,419	\$ 2,751,944	\$ 2,667,205	\$ 2,857,789	\$ 6,238,028
	2,824,028	2,689,471	2,910,160	3,044,811	2,913,469	3,192,197
	235,863	245,898	228,622	242,500	275,814	253,432
	373,437	410,802	383,510	400,506	475,751	471,689
	142,352	151,152	123,055	119,678	125,068	119,199
	126,939	102,808	146,283	128,302	121,548	118,775
	404,218	474,226	460,660	477,959	580,701	861,293
	<u>6,664,518</u>	<u>6,808,776</u>	<u>7,004,234</u>	<u>7,080,961</u>	<u>7,350,140</u>	<u>11,254,613</u>
	399,347	416,289	417,499	442,474	455,433	900,346
	184,888	194,838	195,911	216,587	225,600	505,032
	224,465	218,172	225,867	241,080	248,231	315,724
	834,487	879,281	955,276	920,781	1,029,559	1,380,512
	11,312	10,930	10,621	10,585	10,314	8,727
	<u>1,654,499</u>	<u>1,719,510</u>	<u>1,805,174</u>	<u>1,831,507</u>	<u>1,969,137</u>	<u>3,110,341</u>
\$	<u>8,319,017</u>	<u>8,528,286</u>	<u>8,809,408</u>	<u>8,912,468</u>	<u>9,319,277</u>	<u>14,364,954</u>

**Table 2 - Continued**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Program Revenues</b>				
Governmental Activities:				
Licenses, Permits, Fines and Charges for Services:				
General Government .....	\$ 385,082	\$ 422,363	\$ 440,023	\$ 382,617
Public Safety .....	151,835	155,529	129,518	158,490
Streets and Sanitation .....	36,058	41,467	40,578	30,990
Transportation .....	10,224	13,262	14,071	24,895
Health .....	5,529	2,795	3,157	2,504
Cultural and Recreational .....	23,127	24,412	25,725	22,375
Operating Grants and Contributions ...	659,279	610,974	624,356	611,301
Capital Grants and Contributions .....	142,705	137,613	139,949	115,261
Total Governmental Activities .....	<u>1,413,839</u>	<u>1,408,415</u>	<u>1,417,377</u>	<u>1,348,433</u>
Business-type Activities:				
Licenses, Permits, Fines and Charges for Services:				
Water .....	330,439	334,377	370,244	410,213
Sewer .....	136,437	138,681	160,005	175,163
Chicago Midway International Airport .....	105,570	107,253	124,985	122,301
Chicago-O'Hare International Airport .....	545,916	652,763	684,282	624,443
Chicago Skyway .....	-	-	-	-
Capital Grants and Contributions .....	273,320	268,331	224,823	211,174
Total Business-type Activities and Program Revenues .....	<u>1,391,682</u>	<u>1,501,405</u>	<u>1,564,339</u>	<u>1,543,294</u>
Total Primary Government Program Revenues .....	<u>\$ 2,805,521</u>	<u>\$ 2,909,820</u>	<u>\$ 2,981,716</u>	<u>\$ 2,891,727</u>
<b>Net (Expenses)/Revenues</b>				
Governmental Activities .....	\$ (4,265,775)	\$ (4,868,675)	\$ (4,846,660)	\$ (4,868,764)
Business-type Activities .....	38,795	38,275	1,234	(39,288)
Total Primary Government Net Expense .....	<u>\$ (4,226,980)</u>	<u>\$ (4,830,400)</u>	<u>\$ (4,845,426)</u>	<u>\$ (4,908,052)</u>

	2010	2011	2012	2013	2014	2015
\$	370,028	\$ 388,886	\$ 452,892	\$ 467,423	\$ 505,275	\$ 534,325
	150,710	211,157	199,572	196,344	208,206	182,670
	38,092	37,291	42,138	45,629	44,552	39,602
	21,640	28,613	39,343	46,076	44,278	37,522
	8,332	7,796	1,751	2,023	2,281	5,839
	21,635	7,201	14,454	15,947	14,643	14,850
	674,677	788,812	748,256	634,384	470,659	496,679
	114,871	282,008	172,456	184,415	249,860	249,064
	<u>1,399,985</u>	<u>1,751,764</u>	<u>1,670,862</u>	<u>1,592,241</u>	<u>1,539,754</u>	<u>1,560,551</u>
	458,395	454,221	576,287	637,114	692,634	769,408
	198,229	203,349	253,912	292,290	322,228	375,877
	149,056	157,371	201,749	221,205	216,662	225,383
	702,603	679,402	857,114	870,654	1,012,529	1,029,788
	-	-	-	-	-	-
	246,309	257,438	83,219	213,067	95,624	85,968
	<u>1,754,592</u>	<u>1,751,781</u>	<u>1,972,281</u>	<u>2,234,330</u>	<u>2,339,677</u>	<u>2,486,424</u>
\$	<u>3,154,577</u>	<u>3,503,545</u>	<u>3,643,143</u>	<u>3,826,571</u>	<u>3,879,431</u>	<u>4,046,975</u>
\$	(5,264,533)	\$ (5,057,012)	\$ (5,333,372)	\$ (5,488,720)	\$ (5,810,386)	\$ (9,694,062)
	100,093	32,271	167,107	402,823	370,540	(623,917)
	<u>\$ (5,164,440)</u>	<u>\$ (5,024,741)</u>	<u>\$ (5,166,265)</u>	<u>\$ (5,085,897)</u>	<u>\$ (5,439,846)</u>	<u>\$ (10,317,979)</u>

**Table 2 - Concluded**  
**CITY OF CHICAGO**  
**CHANGES IN NET POSITION - ACCRUAL BASIS OF ACCOUNTING**  
**Last Ten Fiscal Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	2006	2007	2008	2009 (1)
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Tax .....	\$ 700,636	\$ 732,415	\$ 799,878	\$ 797,026
Utility Tax .....	522,089	552,179	629,497	579,101
Sales Tax .....	288,052	293,078	273,951	252,282
Transportation Tax .....	337,780	332,459	321,362	333,199
Transaction Tax .....	339,020	304,715	275,434	205,026
Special Area Tax .....	460,940	533,260	531,314	501,042
Other Taxes .....	233,620	245,408	262,734	250,982
Grants and Contributions Not				
Restricted to Specific Programs .....	654,017	714,661	712,360	601,198
Unrestricted Investment Earnings .....	148,631	182,700	90,176	12,296
Loss on Capital Assets .....	-	-	-	-
Transfers .....	2,000	1,000	-	-
Miscellaneous .....	51,774	69,941	79,279	238,126
Total Governmental Activities .....	<u>3,738,559</u>	<u>3,961,816</u>	<u>3,975,985</u>	<u>3,770,278</u>
Business-type Activities:				
Investment Earnings .....	97,556	100,720	57,451	12,381
Miscellaneous .....	27,383	27,313	37,605	8,941
Special Item .....	-	-	-	-
Transfers .....	(2,000)	(1,000)	-	-
Total Business-type Activities .....	<u>122,939</u>	<u>127,033</u>	<u>95,056</u>	<u>21,322</u>
Total Primary Government .....	<u>\$ 3,861,498</u>	<u>\$ 4,088,849</u>	<u>\$ 4,071,041</u>	<u>\$ 3,791,600</u>
<b>Change in Net Position</b>				
Governmental Activities .....	\$ (527,216)	\$ (906,859)	\$ (870,675)	\$ (1,098,486)
Business-type Activities .....	161,734	165,308	96,290	(17,966)
Total Primary Government .....	<u>\$ (365,482)</u>	<u>\$ (741,551)</u>	<u>\$ (774,385)</u>	<u>\$ (1,116,452)</u>

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

(2) The City implemented GASB Statement No. 68 in 2015 and the net position was restated at January 1, 2015.

	2010	2011	2012	2013	2014	2015
\$	796,928	\$ 934,870	\$ 896,246	\$ 906,740	\$ 926,839	\$ 1,179,395
	561,936	564,236	548,682	547,651	570,469	562,697
	260,364	310,626	294,417	307,837	324,273	346,319
	335,235	331,441	373,544	381,080	406,624	384,978
	227,772	250,486	281,957	344,493	379,256	466,432
	477,241	457,192	274,617	306,057	260,256	444,972
	259,325	269,258	294,280	298,951	323,946	369,405
	654,043	598,498	692,232	754,716	740,911	815,157
	100,269	64,294	92,050	(6,259)	62,400	(1,357)
	-	-	-	(16,886)	-	-
	-	1,000	-	-	-	625
	149,902	175,758	135,511	139,710	194,415	264,806
	<u>3,823,015</u>	<u>3,957,659</u>	<u>3,883,536</u>	<u>3,964,090</u>	<u>4,189,389</u>	<u>4,833,429</u>
	6,831	48,517	25,197	(13,243)	35,849	27,563
	50,190	34,687	38,842	47,354	49,430	39,744
	-	(53,910)	-	-	-	-
	-	(1,000)	-	-	-	(625)
	<u>57,021</u>	<u>28,294</u>	<u>64,039</u>	<u>34,111</u>	<u>85,279</u>	<u>66,682</u>
\$	<u><u>3,880,036</u></u>	<u><u>3,985,953</u></u>	<u><u>3,947,575</u></u>	<u><u>3,998,201</u></u>	<u><u>4,274,668</u></u>	<u><u>4,900,111</u></u>
\$	(1,441,518)	\$ (1,099,353)	\$ (1,449,836)	\$ (1,524,630)	\$ (1,620,997)	\$ (4,860,633)
	157,114	60,565	231,146	436,934	455,819	(557,235)
\$	<u><u>(1,284,404)</u></u>	<u><u>(1,038,788)</u></u>	<u><u>(1,218,690)</u></u>	<u><u>(1,087,696)</u></u>	<u><u>(1,165,178)</u></u>	<u><u>(5,417,868)</u></u>

**Table 3**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	2006	Percent of Total	2007	Percent of Total	2008	Percent of Total
Revenues:						
Property Tax .....	\$ 665,990	12.8 %	\$ 661,707	12.1 %	\$ 729,823	13.1 %
Utility Tax .....	522,089	10.0	552,179	10.1	629,497	11.3
Sales Tax .....	559,156	10.7	570,927	10.4	548,571	9.9
Transportation Tax .....	337,780	6.5	332,459	6.1	321,362	5.8
State Income Tax .....	380,111	7.3	433,446	7.9	435,393	7.8
Transaction Tax .....	339,020	6.5	304,715	5.6	275,434	4.9
Special Area Tax .....	374,342	7.2	488,193	8.9	552,709	9.9
Other Taxes .....	233,620	4.5	245,408	4.5	262,734	4.7
Total Taxes .....	<u>3,412,108</u>	<u>65.5</u>	<u>3,589,034</u>	<u>65.6</u>	<u>3,755,523</u>	<u>67.4</u>
Federal/State Grants .....	823,504	15.8	781,967	14.3	796,911	14.2
Internal Service .....	275,191	5.3	303,827	5.5	329,643	5.9
Licenses and Permits .....	117,689	2.3	148,172	2.7	114,707	2.1
Fines .....	221,819	4.3	240,277	4.4	274,443	4.9
Investment Income .....	148,631	2.8	182,700	3.3	90,176	1.6
Charges for Services .....	155,215	3.0	151,369	2.8	144,161	2.6
Miscellaneous .....	51,774	1.0	79,956	1.4	79,279	1.3
Total Revenues .....	<u>\$ 5,205,931</u>	<u>100.0 %</u>	<u>\$ 5,477,302</u>	<u>100.0 %</u>	<u>\$ 5,584,843</u>	<u>100.0 %</u>
	2013	Percent of Total	2014	Percent of Total	2015	Percent of Total
Revenues:						
Property Tax .....	\$ 866,149	15.5 %	\$ 929,841	15.4 %	\$ 869,841	14.0 %
Utility Tax .....	547,651	9.8	570,469	9.4	562,697	9.0
Sales Tax .....	623,942	11.2	658,799	10.9	703,234	11.3
Transportation Tax .....	381,080	6.8	406,624	6.7	384,978	6.2
State Income Tax .....	436,740	7.8	404,050	6.7	456,397	7.3
Transaction Tax .....	344,493	6.2	379,256	6.3	466,432	7.5
Special Area Tax .....	332,040	5.9	331,380	5.5	353,413	5.7
Other Taxes .....	298,951	5.4	323,946	5.4	369,405	5.9
Total Taxes .....	<u>3,831,046</u>	<u>68.6</u>	<u>4,004,365</u>	<u>66.3</u>	<u>4,166,397</u>	<u>66.9</u>
Federal/State Grants .....	708,702	12.7	812,175	13.3	764,846	12.3
Internal Service .....	324,601	5.8	335,762	5.5	382,758	6.2
Licenses and Permits .....	123,633	2.2	122,143	2.0	129,035	2.1
Fines .....	329,460	5.9	353,517	5.8	387,160	6.2
Investment Income .....	(19,111)	(0.3)	69,650	1.2	(26,895)	(0.4)
Charges for Services .....	161,415	2.9	172,928	2.9	147,927	2.4
Miscellaneous .....	122,710	2.2	179,939	3.0	264,806	4.3
Total Revenues .....	<u>\$ 5,582,456</u>	<u>100.0 %</u>	<u>\$ 6,050,479</u>	<u>100.0 %</u>	<u>\$ 6,216,034</u>	<u>100.0 %</u>

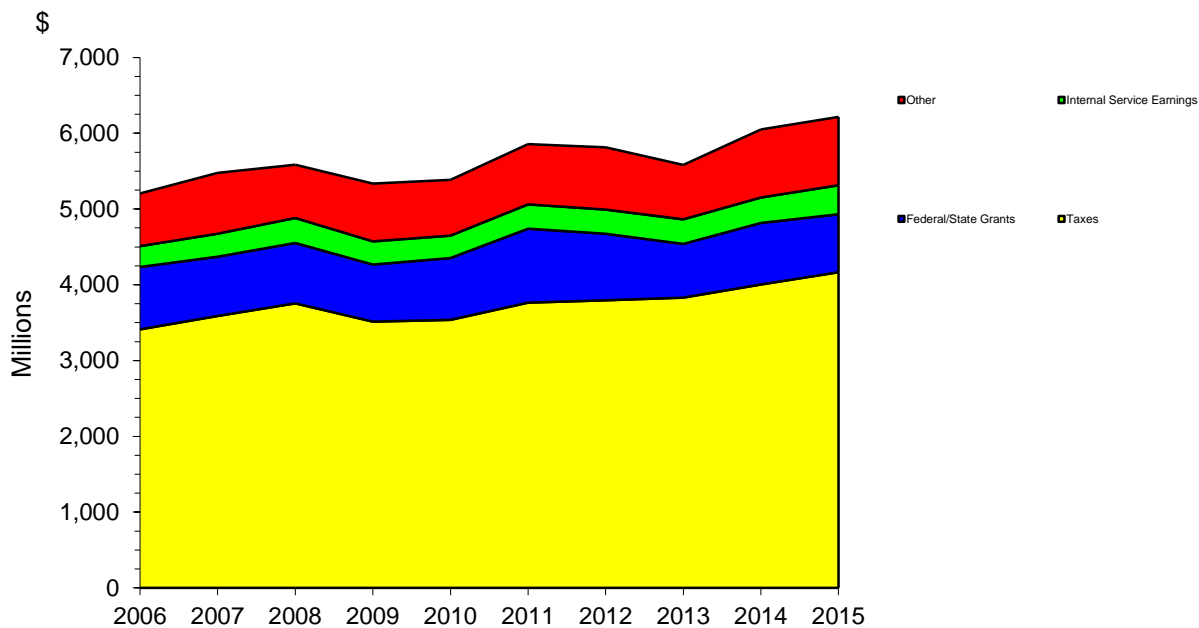
**NOTE:**

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



2009	Percent of Total	2010	Percent of Total	2011	Percent of Total	2012	Percent of Total
\$ 806,010	15.1 %	\$ 754,081	14.0 %	\$ 888,531	15.2 %	\$ 941,398	16.2 %
579,101	10.9	561,936	10.4	564,236	9.6	548,682	9.4
503,952	9.4	527,004	9.8	563,156	9.6	594,290	10.2
333,199	6.2	335,235	6.2	331,441	5.7	373,544	6.5
347,814	6.5	385,668	7.2	344,674	5.9	391,285	6.7
205,026	3.8	227,772	4.2	250,486	4.3	281,957	4.9
487,909	9.1	486,526	9.0	552,894	9.4	370,454	6.3
250,982	4.7	259,325	4.8	269,258	4.5	294,280	5.0
<u>3,513,993</u>	<u>65.7</u>	<u>3,537,547</u>	<u>65.6</u>	<u>3,764,676</u>	<u>64.2</u>	<u>3,795,890</u>	<u>65.2</u>
753,269	14.1	815,879	15.2	976,051	16.7	877,864	15.1
306,095	5.8	295,765	5.5	321,138	5.5	319,285	5.5
100,458	1.9	96,240	1.8	102,702	1.8	117,568	2.1
267,891	5.0	272,667	5.1	283,822	4.8	306,510	5.3
31,520	0.6	103,725	1.9	73,921	1.3	90,885	1.6
124,557	2.4	113,565	2.1	160,649	2.7	170,724	2.9
238,126	4.5	149,902	2.8	173,768	3.0	135,511	2.3
<u>\$ 5,335,909</u>	<u>100.0 %</u>	<u>\$ 5,385,290</u>	<u>100.0 %</u>	<u>\$ 5,856,727</u>	<u>100.0 %</u>	<u>\$ 5,814,237</u>	<u>100.0 %</u>

### REVENUE SOURCES



**Table 4**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	2006	Percent of Total	2007	Percent of Total	2008	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,851,356	29.5 %	\$ 1,880,599	30.8 %	\$ 1,892,152	27.7 %
General Government .....	1,523,482	24.3	1,650,679	27.1	1,804,925	26.4
Employee Pensions .....	396,923	6.3	371,649	6.1	413,690	6.0
Streets and Sanitation .....	353,828	5.6	377,485	6.1	382,628	5.6
Transportation .....	244,381	3.9	267,476	4.4	334,684	4.9
Health .....	173,594	2.8	195,254	3.2	184,597	2.7
Cultural and Recreational .....	99,841	1.6	108,527	1.8	117,664	1.7
Other .....	9,112	0.1	4,427	0.1	14,483	0.2
Capital Outlay .....	915,311	14.6	602,433	9.9	661,464	9.7
Debt Service:						
Principal Retirement .....	375,028	6.0	297,503	4.9	656,805	9.6
Interest and Other Fiscal Charges .....	331,507	5.3	342,489	5.6	376,297	5.5
Total Expenditures .....	<u>\$ 6,274,363</u>	<u>100.0 %</u>	<u>\$ 6,098,521</u>	<u>100.0 %</u>	<u>\$ 6,839,389</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) .....		<u>12.9 %</u>		<u>11.4 %</u>		<u>16.7 %</u>
	2013	Percent of Total	2014	Percent of Total	2015	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 2,034,896	32.1 %	\$ 2,066,979	28.8 %	\$ 2,111,709	28.6 %
General Government .....	1,834,558	29.0	2,043,557	28.5	2,063,897	27.9
Employee Pensions .....	444,748	7.0	483,493	6.7	479,581	6.5
Streets and Sanitation .....	241,787	3.8	269,393	3.8	249,078	3.3
Transportation .....	443,199	7.0	518,501	7.2	475,482	6.4
Health .....	126,599	2.0	128,769	1.8	119,048	1.6
Cultural and Recreational .....	97,487	1.6	93,525	1.4	95,049	1.3
Other .....	7,681	0.1	5,410	0.0	6,726	0.1
Capital Outlay .....	340,481	5.4	395,216	5.5	425,050	5.8
Debt Service:						
Principal Retirement .....	297,152	4.7	599,395	8.4	513,806	7.0
Interest and Other Fiscal Charges .....	464,587	7.3	568,156	7.9	850,243	11.5
Total Expenditures .....	<u>\$ 6,333,175</u>	<u>100.0 %</u>	<u>\$ 7,172,394</u>	<u>100.0 %</u>	<u>\$ 7,389,669</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) .....		<u>13.1 %</u>		<u>17.9 %</u>		<u>20.1 %</u>

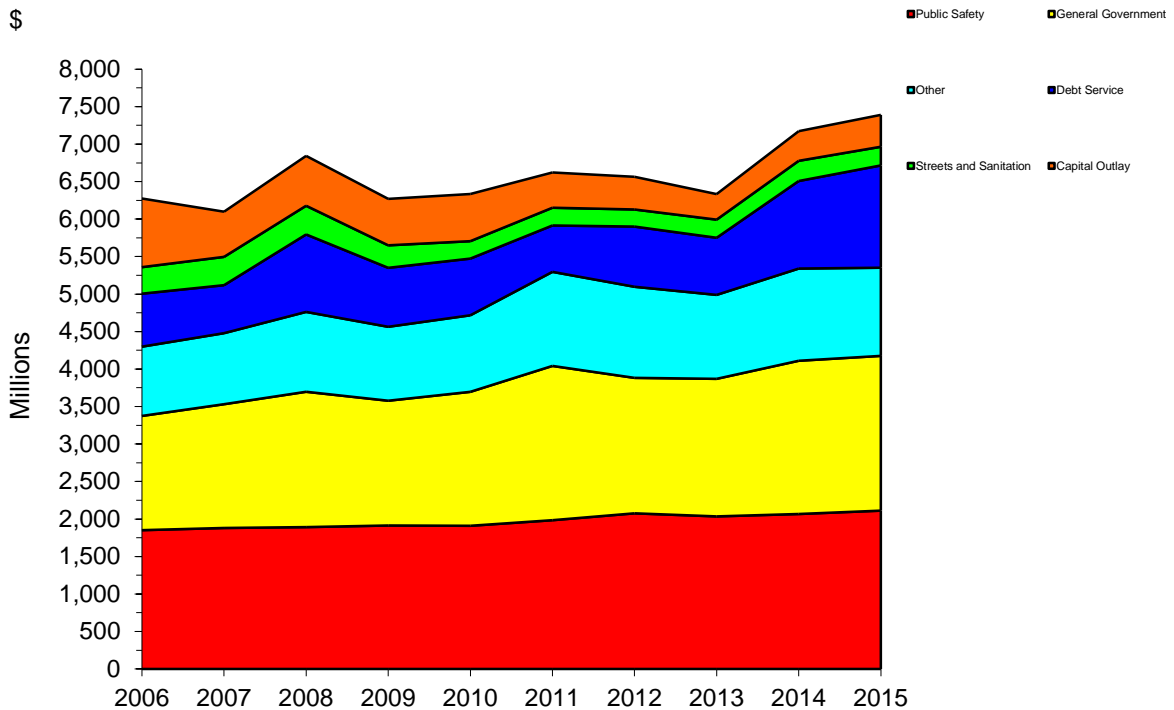
**NOTES:**

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

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

2009	Percent of Total	2010	Percent of Total	2011	Percent of Total	2012	Percent of Total
\$ 1,913,711	30.5 %	\$ 1,909,728	30.1 %	\$ 1,984,312	30.0 %	\$ 2,075,959	31.7 %
1,663,990	26.5	1,786,450	28.2	2,057,524	31.1	1,806,541	27.5
430,915	6.9	435,432	6.9	481,407	7.3	458,951	7.0
300,131	4.8	232,426	3.7	236,591	3.6	228,100	3.6
261,948	4.2	297,339	4.7	507,589	7.7	514,303	7.8
177,812	2.8	153,877	2.4	148,449	2.2	127,567	1.9
107,604	1.7	104,297	1.6	90,905	1.4	102,384	1.6
7,676	0.2	30,000	0.5	26,211	0.3	11,725	0.1
619,273	9.9	628,910	9.9	470,213	7.1	435,600	6.6
434,905	6.9	389,928	6.2	188,608	2.8	340,754	5.2
351,430	5.6	366,035	5.8	429,822	6.5	461,962	7.0
<u>\$ 6,269,395</u>	<u>100.0 %</u>	<u>\$ 6,334,422</u>	<u>100.0 %</u>	<u>\$ 6,621,631</u>	<u>100.0 %</u>	<u>\$ 6,563,846</u>	<u>100.0 %</u>
	<u>13.6 %</u>		<u>12.6 %</u>		<u>10.3 %</u>		<u>13.7 %</u>

### EXPENDITURES BY FUNCTION



**Table 4A**  
**CITY OF CHICAGO, ILLINOIS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**  
**Modified Accrual Basis of Accounting**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Excess of revenues over (under) expenditures .....	\$ (1,068,432)	\$ (621,219)	\$ (1,254,546)	\$ (933,486)
Other Financing Sources (Uses):				
Issuance of Debt, including premium/discount .....	\$ 762,833	\$ 1,653,881	\$ 795,432	\$ 1,001,302
Payment to Refunded Bond Escrow Agent .....	(276,607)	(951,419)	(186,421)	(213,435)
Issuance of line of credit .....	-	-	-	-
Transfers in .....	670,035	332,016	293,448	2,253,459
Transfers out .....	(668,035)	(331,016)	(293,448)	(2,253,459)
Total other financing sources (uses) .....	<u>488,226</u>	<u>703,462</u>	<u>609,011</u>	<u>787,867</u>
Net change in fund balances .....	<u>\$ (580,206)</u>	<u>\$ 82,243</u>	<u>\$ (645,535)</u>	<u>\$ (145,619)</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ (949,132)</u>	<u>\$ (764,110)</u>	<u>\$ (749,609)</u>	<u>\$ (750,719)</u>	<u>\$ (1,121,915)</u>	<u>\$ (1,173,635)</u>
\$ 1,434,390	\$ 1,212,326	\$ 758,557	\$ 235,367	\$ 1,021,812	\$ 1,093,939
(412,184)	(476,787)	(268,397)	-	(302,862)	-
-	-	-	144,673	-	239,131
647,407	572,211	178,750	160,322	652,586	229,609
(647,407)	(571,210)	(178,750)	(160,322)	(652,586)	(228,984)
<u>1,022,206</u>	<u>736,540</u>	<u>490,160</u>	<u>380,040</u>	<u>718,950</u>	<u>1,333,695</u>
<u>\$ 73,074</u>	<u>\$ (27,570)</u>	<u>\$ (259,449)</u>	<u>\$ (370,679)</u>	<u>\$ (402,965)</u>	<u>\$ 160,060</u>

**Table 5**  
**CITY OF CHICAGO, ILLINOIS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2015**  
**(Amounts Are in Thousands of Dollars)**  
**(Modified Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund:				
Reserved .....	\$ 35,557	\$ 39,673	\$ 48,217	\$ 52,048
Unreserved .....	<u>26,834</u>	<u>4,634</u>	<u>226</u>	<u>2,658</u>
Total General Fund .....	62,391	44,307	48,443	54,706
General Fund Balance: (2)				
Nonspendable .....	\$ -	\$ -	\$ -	\$ -
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	-	-	-	-
Other Governmental Funds:				
Reserved .....	\$ 800,546	\$ 1,191,674	\$ 461,830	\$ 1,418,399
Unreserved, Reported in:				
Special Revenue Funds .....	723,353	816,551	959,424	(409,796)
Capital Projects Funds .....	696,630	906,603	372,063	321,251
Debt Service Funds .....	-	(556,819)	(551,137)	-
Permanent Fund (1) .....	<u>231,017</u>	<u>191,391</u>	<u>660,333</u>	<u>422,319</u>
Total All Other Governmental Funds .....	<u>2,451,546</u>	<u>2,549,400</u>	<u>1,902,513</u>	<u>1,752,173</u>
Total Governmental Funds .....	<u>\$ 2,513,937</u>	<u>\$ 2,593,707</u>	<u>\$ 1,950,956</u>	<u>\$ 1,806,879</u>
Other Governmental Fund Balance: (2)				
Restricted .....	\$ -	\$ -	\$ -	\$ -
Committed .....	-	-	-	-
Assigned .....	-	-	-	-
Unassigned .....	-	-	-	-
Total Fund Balance .....	-	-	-	-
Total Governmental Funds .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE:**

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 54,390	\$ -	\$ -	\$ -	\$ -	\$ -
81,151	-	-	-	-	-
<u>135,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ 24,055	\$ 20,885	\$ 24,788	\$ 24,498	\$ 23,828
-	143,549	177,000	108,424	65,223	98,377
-	167,929	33,417	33,845	51,557	93,027
<u>-</u>	<u>335,533</u>	<u>231,302</u>	<u>167,057</u>	<u>141,278</u>	<u>215,232</u>
\$ 1,419,714	\$ -	\$ -	\$ -	\$ -	\$ -
(349,517)	-	-	-	-	-
534,013	-	-	-	-	-
-	-	-	-	-	-
138,724	-	-	-	-	-
<u>1,742,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,878,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 2,317,734	\$ 2,332,911	\$ 2,262,028	\$ 1,829,431	\$ 1,878,692
-	961,246	882,127	699,073	696,067	677,821
-	2,550	-	-	-	-
-	(1,761,077)	(1,852,973)	(1,901,567)	(1,843,440)	(1,789,019)
<u>-</u>	<u>1,520,453</u>	<u>1,362,065</u>	<u>1,059,534</u>	<u>682,058</u>	<u>767,494</u>
<u>\$ -</u>	<u>\$ 1,855,986</u>	<u>\$ 1,593,367</u>	<u>\$ 1,226,591</u>	<u>\$ 823,336</u>	<u>\$ 982,726</u>

**Table 6**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	2011 (3)	2012 (3)	2013 (3)	2014 (3)	2015 (3)
<b>Revenues:</b>					
Utility Tax .....	\$ 467,630	\$ 462,475	\$ 456,869	\$ 473,496	\$ 437,780
Sales Tax .....	536,281	572,185	583,681	620,299	665,793
State Income Tax .....	236,521	282,779	308,899	278,031	336,959
Other Taxes .....	618,384	694,383	749,742	803,961	935,658
Federal/State Grants .....	1,294	1,074	1,871	2,335	1,845
Other Revenues (1) .....	921,056	907,760	929,429	998,028	1,088,600
Total Revenues .....	<u>2,781,166</u>	<u>2,920,656</u>	<u>3,030,491</u>	<u>3,176,150</u>	<u>3,466,635</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	1,895,404	1,956,152	1,953,572	2,020,072	2,061,540
General Government .....	863,622	864,556	885,268	929,918	1,064,470
Other (2) .....	278,561	258,501	267,852	270,899	298,817
Debt Service .....	2,849	2,160	2,382	10,369	8,275
Total Expenditures .....	<u>3,040,436</u>	<u>3,081,369</u>	<u>3,109,074</u>	<u>3,231,258</u>	<u>3,433,102</u>
Revenues Under Expenditures .....	<u>(259,270)</u>	<u>(160,713)</u>	<u>(78,583)</u>	<u>(55,108)</u>	<u>33,533</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	95,000	55,000	-	-	19,300
Transfers In .....	372,744	31,617	21,018	39,700	34,551
Transfers Out .....	(14,357)	(26,965)	(10,583)	(10,081)	(12,760)
Total Other Financing Sources (Uses) .	<u>453,387</u>	<u>59,652</u>	<u>10,435</u>	<u>29,619</u>	<u>41,091</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	194,117	(101,061)	(68,148)	(25,489)	74,624
Fund Balance - Beginning of Year .....	135,541	335,533	231,302	167,057	141,278
Change in Inventory .....	5,875	(3,170)	3,903	(290)	(670)
Fund Balance - End of Year .....	<u>\$ 335,533</u>	<u>\$ 231,302</u>	<u>\$ 167,057</u>	<u>\$ 141,278</u>	<u>\$ 215,232</u>

**NOTES:**

- (1) Includes Internal Service, Licenses and Permits, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: City of Chicago Basic Financial Statements for years ended December 31, 2011-2015.



**Table 7**  
**CITY OF CHICAGO, ILLINOIS**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2011 (3)</u>	<u>2012 (3)</u>	<u>2013 (3)</u>	<u>2014 (3)</u>	<u>2015 (3)</u>
<b>Revenues:</b>					
Property Tax .....	\$ 373,163	\$ 350,408	\$ 316,958	\$ 357,457	\$ 360,132
Utility Tax .....	83,317	63,883	68,458	74,641	102,593
State Income Tax .....	108,153	108,506	127,841	126,019	119,438
Other Taxes .....	639,569	607,135	589,422	624,676	626,821
Federal/State Grants .....	974,757	876,790	706,831	809,840	763,001
Other Revenues (1) .....	134,600	168,040	96,263	162,996	143,029
Total Revenues .....	<u>2,313,559</u>	<u>2,174,762</u>	<u>1,905,773</u>	<u>2,155,629</u>	<u>2,115,014</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	88,908	119,807	81,324	46,907	50,169
General Government .....	1,193,902	941,985	949,290	1,113,639	999,427
Employee Pensions .....	481,407	458,951	444,748	483,493	479,581
Other (2) .....	731,184	725,578	648,901	744,699	646,566
Capital Outlay .....	2,964	5,259	7,187	9,863	45,445
Debt Service .....	2,533	723	115	4,332	71
Total Expenditures .....	<u>2,500,898</u>	<u>2,252,303</u>	<u>2,131,565</u>	<u>2,402,933</u>	<u>2,221,259</u>
Revenues Under Expenditures .....	<u>(187,339)</u>	<u>(77,541)</u>	<u>(225,792)</u>	<u>(247,304)</u>	<u>(106,245)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	72,925	70,541	125,063	17,768	28,657
Line of Credit .....	-	-	-	-	75,994
Transfers In .....	149,574	76,968	91,022	184,033	32,257
Transfers Out .....	<u>(380,543)</u>	<u>(56,622)</u>	<u>(59,631)</u>	<u>(64,863)</u>	<u>(70,322)</u>
Total Other Financing Sources (Uses) ...	<u>(158,044)</u>	<u>90,887</u>	<u>156,454</u>	<u>136,938</u>	<u>66,586</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	(345,383)	13,346	(69,338)	(110,366)	(39,659)
Fund Balance - Beginning of Year .....	<u>736,585</u>	<u>391,202</u>	<u>404,548</u>	<u>335,210</u>	<u>224,844</u>
Fund Balance - End of Year .....	<u>\$ 391,202</u>	<u>\$ 404,548</u>	<u>\$ 335,210</u>	<u>\$ 224,844</u>	<u>\$ 185,185</u>

**NOTES:**

- (1) Includes Internal Service, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: Major and Nonmajor Special Revenue Funds for years ended December 31, 2011-2015.

**Table 8**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2011 (2)</u>	<u>2012 (2)</u>	<u>2013 (2)</u>	<u>2014 (2)</u>	<u>2015 (2)</u>
Revenues:					
Property Tax .....	\$ 515,368	\$ 590,990	\$ 549,191	\$ 572,384	\$ 509,709
Utility Tax .....	13,289	22,324	22,324	22,332	22,324
Sales Tax .....	26,875	22,105	40,261	38,500	37,441
Other Taxes .....	146,126	18,717	17,400	12,569	11,749
Other Revenues (1) .....	44,101	53,340	11,888	36,443	22,460
Total Revenues .....	<u>745,759</u>	<u>707,476</u>	<u>641,064</u>	<u>682,228</u>	<u>603,683</u>
Expenditures:					
Debt Service .....	613,048	799,833	759,242	1,152,850	1,355,703
Total Expenditures .....	<u>613,048</u>	<u>799,833</u>	<u>759,242</u>	<u>1,152,850</u>	<u>1,355,703</u>
Revenues Over (Under) Expenditures ....	<u>132,711</u>	<u>(92,357)</u>	<u>(118,178)</u>	<u>(470,622)</u>	<u>(752,020)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	580,015	337,410	4	371,207	1,096,759
Payment to Refunded Bond Escrow Agent .	(476,787)	(268,397)	-	(300,600)	-
Transfers In .....	47,134	47,322	46,352	411,413	57,351
Transfers Out .....	(176,285)	(83,359)	(89,157)	(268,872)	(124,488)
Total Other Financing Sources (Uses) ...	<u>(25,923)</u>	<u>32,976</u>	<u>(42,801)</u>	<u>213,148</u>	<u>1,029,622</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	106,788	(59,381)	(160,979)	(257,474)	277,602
Fund Balance - Beginning of Year .....	<u>423,052</u>	<u>529,840</u>	<u>470,459</u>	<u>309,480</u>	<u>52,006</u>
Fund Balance - End of Year .....	<u>\$ 529,840</u>	<u>\$ 470,459</u>	<u>\$ 309,480</u>	<u>\$ 52,006</u>	<u>\$ 329,608</u>

**NOTES:**

(1) Includes Investment Income and Miscellaneous Revenues.

(2) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2011-2015.

**Table 9**  
**CITY OF CHICAGO, ILLINOIS**  
**CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2011 (2)</u>	<u>2012 (2)</u>	<u>2013 (2)</u>	<u>2014 (2)</u>	<u>2015 (2)</u>
Revenues:					
Other Revenues (1) .....	\$ 16,243	\$ 11,343	\$ 5,128	\$ 36,472	\$ 30,702
Total Revenues .....	<u>16,243</u>	<u>11,343</u>	<u>5,128</u>	<u>36,472</u>	<u>30,702</u>
Expenditures:					
Capital Outlay .....	467,249	430,341	333,294	385,353	379,605
Total Expenditures .....	<u>467,249</u>	<u>430,341</u>	<u>333,294</u>	<u>385,353</u>	<u>379,605</u>
Revenues Under Expenditures .....	<u>(451,006)</u>	<u>(418,998)</u>	<u>(328,166)</u>	<u>(348,881)</u>	<u>(348,903)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	464,386	295,606	110,300	630,575	62,360
Issuance Line of Credit .....	-	-	144,673	-	50,000
Transfers In .....	2,759	22,843	1,930	17,440	105,450
Transfers Out .....	(25)	(11,804)	(951)	(308,770)	(21,414)
Total Other Financing Sources (Uses) .	<u>467,120</u>	<u>306,645</u>	<u>255,952</u>	<u>339,245</u>	<u>196,396</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	16,114	(112,353)	(72,214)	(9,636)	(152,507)
Fund Balance - Beginning of Year .....	<u>583,297</u>	<u>599,411</u>	<u>487,058</u>	<u>414,844</u>	<u>405,208</u>
Fund Balance - End of Year .....	<u>\$ 599,411</u>	<u>\$ 487,058</u>	<u>\$ 414,844</u>	<u>\$ 405,208</u>	<u>\$ 252,701</u>

**NOTES:**

- (1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Source: Major (Community Development and Improvement Projects) and Nonmajor (Capital Projects Funds) for years ended December 31, 2011-2015.

**Table 10**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX LEVIES BY FUND (1)**  
**Five Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>2011</u>	<u>2012</u>	<u>Percent Change</u>
Note Redemption and Interest (2) .....	\$ 73,377	\$ 73,481	0.14 %
Bond Redemption and Interest .....	411,905	411,489	(0.10)
Policemen's Annuity and Benefit (3) .....	143,785	143,865	0.06
Municipal Employees' Annuity and Benefit (3) .....	126,997	129,138	1.69
Firemen's Annuity and Benefit (3) .....	66,125	65,461	(1.00)
Laborers' and Retirement Board Employees' Annuity and Benefit (3) .....	<u>11,759</u>	<u>11,202</u>	(4.74)
Total .....	<u>\$ 833,948</u>	<u>\$ 834,636</u>	0.08

**NOTES:**

- (1) See Table 11 - PROPERTY LEVIES, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 2006 - 2015. Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (2) Includes Corporate, Chicago Public Library Maintenance and Operations, Chicago Public Library Building and Sites and City Relief Funds.
- (3) For information regarding the City's unfunded (assets in excess of) pension benefit obligations under its Pensions Plans, see the individual Pension Plans Financial Statements.
- (4) Estimated; actual was not available from the Cook County Clerk's Office at time of publication.
- (5) Source: Cook County Clerk's Office.

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<u>2013</u>	<u>Percent Change</u>	<u>2014</u>	<u>Percent Change</u>	<u>2015</u>	<u>Percent Change</u>
\$ 74,231	1.02 %	\$ 97,061	30.76 %	\$ 97,708	0.67 %
411,807	0.08	412,139	0.08	411,415	(0.18)
138,146	(3.98)	136,680	(1.06)	361,987	164.84
122,066	(5.48)	123,239	0.96	124,706	1.19
81,518	24.53	81,363	(0.19)	179,424	120.52
<u>10,486</u>	(6.39)	<u>10,934</u>	4.27	<u>11,070</u>	1.24
<u>\$ 838,254</u>	0.43	<u>\$ 861,416</u>	2.76	<u>\$ 1,186,310 (4)</u>	37.72

**Table 11**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY LEVIES, COLLECTIONS AND**  
**ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES**  
**Last Ten Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

Tax Year (1)	Total Tax Levy for Fiscal Year (2), (3)	Collected Within Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Estimated Allowance for Uncollectible Taxes	Net Outstanding Taxes Receivable
		Amount	Percen- tage of Levy		Amount	Percen- tage of Levy		
2006 .....	\$ 719,230	\$ 630,666	87.69 %	\$ 59,896	\$ 690,562	96.01 %	\$ 28,668	\$ -
2007 .....	749,351	712,008	95.02	13,076	725,084	96.76	24,267	-
2008 .....	834,152	776,522	93.09	32,306	808,828	96.96	25,324	-
2009 .....	834,109	700,579	83.99	102,003	802,582	96.22	31,527	-
2010 .....	834,089	790,141	94.73	18,381	808,522	96.93	25,567	-
2011 .....	833,948	800,582	96.00	7,982	808,564	96.96	25,384	-
2012 .....	834,636	804,245	96.36	17,789	822,034	98.49	12,375	227
2013 .....	838,254	807,985	96.39	20,207	828,192	98.80	9,861	201
2014 .....	861,416	832,042	96.59	-	832,042	96.59	25,823	3,551
2015 .....	1,186,310 (4)	-	N/A	-	-	N/A	47,453	1,138,857
Total Net Outstanding Taxes Receivable .....								<u>\$ 1,142,836</u>

**NOTES:**

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2015 tax levy become due and payable in 2016.
- (2) Does not include levy for Special Service Areas and Tax Increment Projects.
- (3) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (4) Estimate; actual was not available from Cook County Clerk's Office at time of publication.

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

Property	2014 EAV	Rank	Percent- tage of Total EAV	2005 EAV	Rank	Percent- tage of Total EAV
Willis Tower (4) .....	\$ 364,454	1	0.56 %	\$ 517,080	1	0.87 %
AON Building (3) .....	241,080	2	0.37	341,767	2	0.58
Blue Cross Blue Shield Tower (5) .....	206,782	3	0.32			
Water Tower Place .....	195,486	4	0.30	183,187	9	0.31
Chase Plaza .....	194,963	5	0.30	210,013	6	0.35
Franklin Center (6) .....	187,460	6	0.29	268,519	4	0.45
Prudential Plaza .....	184,102	7	0.28	266,387	5	0.45
300 N. LaSalle .....	183,764	8	0.28			
Three First National Plaza .....	182,085	9	0.28	173,646	10	0.29
Citadel Center .....	181,211	10	0.28			
Chicago Mercantile Exchange .....				341,075	3	0.58
Leo Burnett Building .....				188,219	8	0.32
Citicorp Plaza .....				196,662	7	0.33
Totals .....	<u>\$ 2,121,387</u>		<u>3.26 %</u>	<u>\$ 2,686,555</u>		<u>4.53 %</u>

**NOTES:**

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2015 information not available at time of publication.
- (3) AON Building formerly known as AMOCO Building.
- (4) Willis Tower formerly known as Sears Tower.
- (5) Blue Cross Blue Shield formerly known as Health Care service Corporation Blue Cross.
- (6) Franklin Center formerly known as AT&T Corporate Center 1

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

Tax Year	Assessed Values (1)				
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)	Total
2005	13,420,538	1,842,613	10,502,698	462,099	26,227,948
2006	18,521,873	2,006,898	12,157,149	688,868	33,374,788
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,465
2008	19,339,574	1,602,768	12,359,537	693,239	33,995,118
2009	18,311,981	1,812,850	10,720,244	592,364	31,437,439
2010	18,074,177	1,416,863	10,467,682	606,941	30,565,663
2011	17,932,671	1,116,175	10,456,103	588,672	30,093,621
2012	15,529,678	1,208,620	10,233,051	498,310	27,469,659
2013	15,410,659	1,236,401	10,172,186	494,714	27,313,960
2014	15,390,835	1,298,776	10,124,569	512,390	27,326,570

**NOTES:**

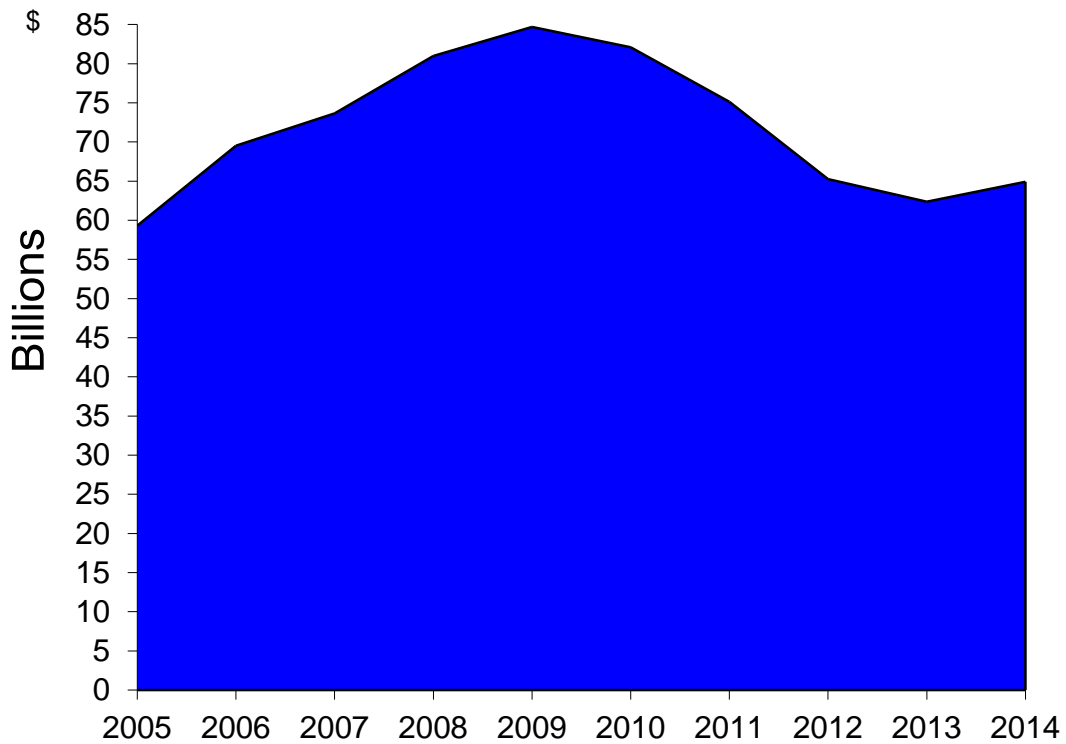
- (1) Source: Cook County Assessor's Office. Excludes portion of City in DuPage County.
- (2) Residential, 6 units and under.
- (3) Residential, 7 units and over and mixed use.
- (4) Industrial/Commercial.
- (5) Vacant, not-for-profit and industrial/commercial incentive classes. Includes railroad and farm property.
- (6) Source: Illinois Department of Revenue.
- (7) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and net of exemptions. Calculations also include assessment of pollution control facilities.
- (8) Source: The Civic Federation. Excludes railroad property and portion of City in DuPage County.
- (9) 2014 information not available at time of publication.

2015 information not available at time of publication.



State Equalization Factor (6)	Total Equalized Assessed Value (7)	Total Direct Tax Rate	Total Estimated Fair Market Value (8)	Ratio of Total Equalized Assessed to Total Estimated Fair Market Value (9)
2.7320	59,304,530	1.243	286,354,518	20.71
2.7080	69,517,264	1.062	329,770,733	21.08
2.8439	73,645,316	1.044	320,503,503	22.98
2.9786	80,977,543	1.030	310,888,609	26.05
3.3701	84,685,258	0.986	280,288,730	30.21
3.3000	82,087,170	1.020	231,986,397	35.38
2.9706	75,122,914	1.110	222,856,064	33.71
2.8056	65,250,387	1.279	206,915,723	31.53
2.6621	62,363,876	1.344	236,695,475	26.35
2.7253	64,908,057	1.327	N/A (9)	N/A (9)

### EQUALIZED ASSESSED VALUE



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

Tax Year	City	Chicago School Building and Improvement Fund	Chicago School Finance Authority	Board of Education	Community College District No. 508
2005	\$ 1.243	\$ -	\$ 0.127	\$ 3.026	\$ 0.234
2006	1.062	-	0.118	2.697	0.205
2007	1.044	-	0.091	2.583	0.159
2008	1.030	0.117	-	2.472	0.156
2009	0.986	0.112	-	2.366	0.150
2010	1.016	1.116	-	2.581	0.151
2011	1.110	0.119	-	2.875	0.165
2012	1.279	0.146	-	3.422	0.190
2013	1.344	0.152	-	3.671	0.199
2014 (1)	1.327	0.146	-	3.660	0.193

**NOTE:**

(1) 2015 information not available from the Cook County Clerk's Office at time of publication.

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

Tax Year	Total City Tax Extension (2)	Bond, Note Redemption and Interest	Chicago Public Library Bond, Note Redemption and Interest	Policemen's Annuity and Benefit
2005	\$ 718,071	\$ 0.606566	\$ 0.090041	\$ 0.231467
2006	719,230	0.519706	0.049968	0.194953
2007	749,351	0.550055	0.039514	0.191548
2008	834,152	0.508488	0.094354	0.172426
2009	834,109	0.478955	0.091851	0.167552
2010	834,089	0.494109	0.094665	0.170734
2011	833,948	0.542475	0.103443	0.191381
2012	834,636	0.623916	0.119254	0.220459
2013	838,254	0.653302	0.125978	0.221494
2014 (1)	861,416	0.659187	0.125228	0.210554

**NOTES:**

(1) 2015 information not available from the Cook County Clerk's Office at time of publication.

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

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Chicago Park District	Metropolitan Water Reclamation District	Forest Preserve District of Cook County	Cook County	Total
\$ 0.443	\$ 0.315	\$ 0.060	\$ 0.533	\$ 5.981
0.379	0.284	0.057	0.500	5.302
0.355	0.263	0.053	0.446	4.994
0.323	0.252	0.051	0.415	4.816
0.309	0.261	0.049	0.394	4.627
0.319	0.274	0.051	0.423	5.931
0.346	0.320	0.058	0.462	5.455
0.395	0.370	0.063	0.531	6.396
0.420	0.417	0.069	0.560	6.832
0.415	0.430	0.069	0.568	6.808

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Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Total
\$ 0.231683	\$ 0.083243	\$ -	\$ 1.243
0.197399	0.099974	-	1.062
0.174302	0.088581	-	1.044
0.162182	0.080787	0.011763	1.030
0.153704	0.078184	0.015754	0.986
0.161435	0.078352	0.016705	1.016
0.169036	0.088014	0.015651	1.110
0.197892	0.100313	0.017166	1.279
0.195713	0.130700	0.016813	1.344
0.189848	0.125339	0.016844	1.327

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

<u>Tax Year</u>	<u>Population (1)</u>	<u>Equalized Assessed Value (2)</u>	<u>G. O. Bonds</u>	<u>Other G. O. Debt</u>	<u>General Certificates Obligation and Other</u>	<u>Unamortized Premiums (3)</u>
2006	2,896,016	69,517,264	5,394,802	72,530	322,145	-
2007	2,896,016	73,651,158	5,759,573	77,998	458,654	-
2008	2,896,016	80,977,543	5,687,447	259,097	362,140	-
2009	2,896,016	84,685,258	6,051,947	230,263	439,670	-
2010	2,695,598	82,087,170	6,536,596	268,526	574,755	-
2011	2,695,598	75,122,914	6,997,975	198,132	554,015	-
2012	2,695,598	65,250,387	7,244,917	166,460	528,305	-
2013	2,695,598	62,363,876	7,159,396	270,188	501,490	-
2014	2,695,598	64,908,057	7,798,956	-	473,290	129,002
2015	2,695,598	N/A (6)	8,562,720	239,131	434,525	87,809

**NOTES:**

- (1) Source: U.S. Census Bureau.
- (2) Source: Cook County Clerk's Office.
- (3) Beginning in 2014, the City will present Unamortized Premiums and Capital Appreciation Bonds Accreted Interest amounts applicable to General Obligation Bonds, Commercial Paper and Other General Obligation Debt.
- (4) Gross Bonded Debt includes bonds, notes and capitalized lease obligations that are noncurrent.
- (5) Amounts are in dollars.
- (6) N/A means not available at time of publication.

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<u>Accreted Interest (3)</u>	<u>Total Gross -Net of Premiums &amp; Accretions- Bonded Debt (4)</u>	<u>Less Reserve for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Equalized Assessed Value</u>	<u>Net Bonded Debt Per Capita (5)</u>
-	5,789,477	102,951	5,686,526	8.18	1,963.57
-	6,296,225	70,543	6,225,682	8.45	2,149.74
-	6,308,684	10,080	6,298,604	7.78	2,174.92
-	6,721,880	50,431	6,671,449	7.88	2,303.66
-	7,379,877	58,822	7,321,055	8.92	2,715.93
-	7,750,122	249,355	7,500,767	9.98	2,782.60
-	7,939,682	105,582	7,834,100	12.01	2,906.26
-	7,931,074	16,298	7,914,776	12.69	2,936.19
290,179	8,691,427	99,725	8,591,702	13.24	3,187.31
297,645	9,621,830	232,442	9,389,388	N/A (6)	3,483.23

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

Year Ended December 31,	Principal (2)	Interest (3)	General Obligation Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Governmental Expenditures (1)
2006 .....	\$ 201,865	\$ 273,190	\$ 475,055	\$ 6,274,363	7.6 %
2007 .....	143,575	267,698	411,273	6,098,521	6.7
2008 .....	429,066	302,105	731,171	6,839,389	10.7
2009 .....	380,946	298,057	679,003	6,269,395	10.8
2010 .....	336,378	319,423	655,801	6,334,422	10.4
2011 .....	129,303	369,880	499,183	6,621,207	7.5
2012 .....	305,879	475,906	781,785	6,563,846	11.9
2013 .....	218,918	399,794	618,712	6,333,175	9.8
2014 .....	446,749	442,705	889,454	7,172,394	12.4
2015 .....	326,556	501,721	828,277	7,389,669	11.2

(1) The City issued bonds backed by a property tax levy on behalf of Community College District No. 508. The annual debt service related to the bonds is, as follows (in thousands): \$5,443 in 2005-2006, \$6,891 in 2007 and approximately \$35,170 since 2008.

(2) This includes G. O. Bonds, G. O. Notes, G. O. Certificates, G. O. Commercial Paper (CP), G. O. Line of Credit, (LOC), Other G. O. Debt, and City Colleges of Chicago Bonds. For FY 2015 the principal payments for LOC and CP were \$743.3 million and \$386.6 million, respectively.

(3) For FY 2015, interest payments exclude Michael Reese Loan, Orange Line Lease, and Swap termination fees.

**Table 18**  
**CITY OF CHICAGO, ILLINOIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

	<u>City of Chicago Direct Debt</u>	<u>Net Direct Long-term Debt (1)</u>	<u>Percentage of Overlapping Bonded Debt (2)</u>	<u>Net Debt Applicable</u>
City of Chicago G. O. Bonds (3) .....	\$ 9,041,892	\$ 9,041,892	100.00 %	\$ 9,041,892
Board of Education .....		6,152,448	100.00	6,152,448
Chicago Park District .....		840,460	100.00	840,460
City Colleges of Chicago .....		245,995	100.00	245,995
Cook County .....		3,362,052	50.63	1,702,207
Cook County Forest Preserve District .....		168,620	50.63	85,372
Metropolitan Water Reclamation District of Greater Chicago .....		<u>2,655,365</u>	51.62	<u>1,370,699</u>
Total Overlapping Debt .....		<u>13,424,940</u>		<u>10,397,181</u>
Net Direct and Overlapping Long-term Debt ....		<u>\$ 22,466,832</u>		<u>\$ 19,439,073</u>

**NOTES:**

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct Debt	\$ 5,422,232	\$ 5,805,921	\$ 6,126,295	\$ 6,866,270
Overlapping Debt	<u>7,750,883</u>	<u>7,904,184</u>	<u>7,529,359</u>	<u>8,539,070</u>
Total Debt	<u>\$ 13,173,115</u>	<u>\$ 13,710,105</u>	<u>\$ 13,655,654</u>	<u>\$ 15,405,340</u>
Equalized				
Assessed Valuation (1)	\$ 69,517,264	\$ 73,645,316	\$ 80,977,543	\$ 84,685,258
Direct Debt Burden (2)	9.14%	8.35%	8.32%	8.48%
Total Debt Burden (2)	22.21%	19.72%	18.54%	19.02%
Estimated Fair Market				
Value (FMV) (5)	\$ 329,770,733	\$ 320,503,503	\$ 310,888,609	\$ 280,288,730
% of Direct Debt to FMV	1.64%	1.81%	1.97%	2.45%
% of Total Direct Debt to FMV	3.99%	4.28%	4.39%	5.50%
Population (3)	2,896,016	2,896,016	2,896,016	2,896,016
Direct Debt Per Capita (4)	\$ 1,872.31	\$ 2,004.80	\$ 2,115.42	\$ 2,370.94
Total Debt Per Capita (4)	4,548.70	4,734.13	4,715.32	5,319.49

**NOTES:**

- (1) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and exemptions.
- (2) Due to the one-year lag in the Equalized Assessed Valuation, debt burden measures are computed utilizing the prior year's Assessed Valuation. The Assessed Valuation for 2005 is \$59,304,530.
- (3) Source: U.S. Census Bureau.
- (4) Amounts are in dollars.
- (5) Source: The Civic Federation.
- (6) N/A means not available at time of publication.



2010	2011	2012	2013	2014	2015
\$ 7,328,452	\$ 7,628,222	\$ 7,939,682	\$ 7,670,298	\$ 8,339,626	\$ 9,041,892
9,158,243	9,877,084	10,384,421	10,338,490	10,113,429	10,397,181
<u>\$ 16,486,695</u>	<u>\$ 17,505,306</u>	<u>\$ 18,324,103</u>	<u>\$ 18,008,788</u>	<u>\$ 18,453,055</u>	<u>\$ 19,439,073</u>
\$ 82,087,170	\$ 75,122,914	\$ 65,250,387	\$ 62,363,876	\$ 64,908,057	\$ N/A (6)
8.65%	9.29%	10.57%	11.76%	13.37%	13.93%
19.47%	21.33%	24.39%	27.60%	29.59%	29.95%
\$ 231,986,397	\$ 222,856,064	206,915,723	236,695,475	N/A (6)	N/A (6)
3.16%	3.42%	3.84%	3.24%	N/A (6)	N/A (6)
7.11%	7.85%	8.86%	7.61%	N/A (6)	N/A (6)
2,695,598	2,695,598	2,695,598	2,695,598	2,695,598	2,695,598
\$ 2,718.67	\$ 2,829.88	\$ 2,945.43	\$ 2,845.49	\$ 3,093.79	\$ 3,354.32
6,116.15	6,494.03	6,797.79	6,680.81	6,845.63	7,211.41

**Table 20**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Ten Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Proprietary Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	\$ 1,422,873	\$ 779,168	\$ 643,705	\$ 210,891 (3)	\$ 397,341	\$ 608,232	1.06
2007	1,550,299	856,550	693,749	168,712	416,810	585,522	1.18
2008	1,602,668	913,499	689,169	219,482	438,553	658,035	1.05
2009	1,516,939	887,676	629,263	216,841	369,379	586,220	1.07
2010	1,768,225	911,935	856,290	220,124	379,185	599,309	1.43
2011	1,767,722	937,233	830,489	166,825	306,916	473,741	1.75
2012	1,935,020	967,517	967,503	209,298	479,277	688,575	1.41
2013	2,020,371	969,551	1,050,820	277,225	494,226	771,451	1.36
2014 *	2,306,308	1,042,605	1,263,703	290,340	569,475	859,815	1.47
2015 *	1,297,862	621,647	676,215	244,789	375,322	620,111	1.09

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

Tax Increment Financing Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	\$ 400,404	\$ 124,905	\$ 275,499	\$ 75,248	\$ 31,553	\$ 106,801	2.58
2007	509,238	238,757	270,481	91,378	48,514	139,892	1.93
2008	557,596	296,469	261,127	176,221	58,292	234,513	1.11
2009	495,588	185,947	309,641	37,000	28,740	65,740	4.71
2010	474,390	229,266	245,124	36,535	28,431	64,966	3.77
2011	544,415	266,916	277,499	44,290	31,796	76,086	3.65
2012	487,495	361,783	125,712	43,025	29,136	72,161	1.74
2013	427,287	334,414	92,873	51,194	27,721	78,915	1.18
2014	410,018	567,079	(157,061)	69,912	30,963	100,875	(1.56)
2015	366,264	349,066	17,198	37,070	24,089	61,159	0.28

**Table 20 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Ten Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Sales Tax Funds						
Year	Net Revenue Available for Debt Service (4)	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2006 .....	\$ 551,642	\$ 1,955	\$ 17,901	\$ 19,856	27.78	
2007 .....	570,927	8,550	17,781	26,331	21.68	
2008 .....	548,571	9,135	16,385	25,520	21.50	
2009 .....	503,952	425	13,630	14,055	35.86	
2010 .....	527,004	445	6,300	6,745	78.13	
2011 .....	563,156	465	18,481	18,946	29.72	
2012 .....	594,290	11,300	29,509	40,809	14.56	
2013 .....	623,942	11,875	27,515	39,390	15.84	
2014 .....	658,798	12,485	27,292	39,777	16.56	
2015 .....	703,234	13,125	25,678	38,803	18.12	

Motor Fuel Tax Funds						
Year	Net Revenue Available for Debt Service (4)	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2006 .....	\$ 68,776	\$ 4,260	\$ 8,056	\$ 12,316	5.58	
2007 .....	61,467	4,480	7,835	12,315	4.99	
2008 .....	57,472	1,210	9,976	11,186	5.14	
2009 .....	55,625	5,000	10,618	15,618	3.56	
2010 .....	55,209	5,270	10,332	15,602	3.54	
2011 .....	52,567	5,550	9,996	15,546	3.38	
2012 .....	53,421	5,850	9,840	15,690	3.40	
2013 .....	52,405	6,165	9,453	15,618	3.36	
2014 .....	53,772	5,915	6,642	12,557	4.28	
2015 .....	49,048	5,045	9,356	14,401	3.41	

**NOTES:**

- (1) Total revenues include nonoperating revenues except for grants.
- (2) Total operating expenses excluding depreciation and amortization.
- (3) \$446.3 million of Skyway principal was included even though that requirement was met through lease proceeds
- (4) Net Revenue Available for Debt Service will not tie to the revenues from Exhibit 4 since not all revenue is available for debt service.

**Table 21**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years Ended December 31, 2015**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Governmental Funds							
Year	Net General Obligation Debt	Tax Increment Allocation Bonds and Notes	Motor Fuel and Sales Tax Revenue	Installment Purchase Agreement	Capital Leases	Water Revenue Bonds	Chicago O'Hare International Airport Customer Facility Charge Revenue Bonds
2006	\$ 5,789,477	\$ 351,776	\$ 512,585	\$ 9,200	\$ 278,861	\$ 1,169,224	\$ -
2007	6,296,225	285,363	499,555	7,500	245,685	1,195,803	-
2008	6,308,684	204,811	552,345	5,500	207,065	1,464,838	-
2009	6,721,880	179,871	559,417	3,500	169,282	1,424,319	-
2010	7,379,877	156,881	553,702	1,200	177,011	1,711,615	-
2011	7,750,122	125,201	770,312	-	166,787	1,677,851	-
2012	7,939,682	106,241	753,162	-	163,012	1,988,655	-
2013	7,931,074	80,127	735,122	-	171,673	1,954,020	248,750
2014	8,272,246	69,995	725,395	-	116,858	2,381,770	248,750
2015	9,236,376	60,660	735,882	-	-	2,391,395	248,750

**NOTES:**

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2015 information not available at time of publication.

Proprietary Fund Revenue Bonds

Chicago O'Hare International Airport Revenue Bonds	Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds	Chicago Midway Airport Revenue Bonds	Wastewater Transmission Revenue Bonds	Total Primary Government	Ratio of Bonded Debt to Estimated Fair Market Value (1)	Per Capita (2)
\$ 4,353,685	\$ 796,715	\$ 1,268,764	\$ 770,528	\$ 15,300,815	5.40	\$ 5,283.40
4,562,956	766,255	1,254,664	754,908	15,868,914	4.81	5,479.57
4,912,635	725,675	1,239,404	902,904	16,523,861	5.16	5,705.72
5,092,010	709,200	1,246,190	878,875	16,984,544	5.46	5,864.80
5,647,115	816,110	1,465,495	1,100,800	19,009,806	6.78	7,052.17
6,481,960	797,769	1,439,185	1,084,224	20,293,411	8.75	7,528.35
6,270,770	750,706	1,383,215	1,334,918	20,690,361	9.28	7,675.61
6,563,780	683,780	1,470,343	1,333,984	21,172,653	10.23	7,854.53
6,406,710	682,271	1,506,325	1,602,175	22,012,495	9.30	8,166.09
6,586,490	631,245	1,506,325	1,686,178	23,083,301	N/A (3)	8,563.33

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**Table 22**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)**  
**December 31, 2015**

Year Ended Dec. 31,	General Obligation Debt		Sales Tax and Motor Fuel Tax Revenue Bonds		Tax Increment and Special Service Area Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016 ..	\$ 248,801,761	\$ 513,801,063	\$ 17,880,000	\$ 35,171,339	\$ 10,640,000	\$ 1,795,133	\$ 277,321,761	\$ 550,767,535
2017 ..	272,291,947	502,586,429	18,250,000	34,274,439	11,795,000	1,566,376	302,336,947	538,427,244
2018 ..	294,921,972	490,141,036	19,150,000	33,384,864	16,010,000	1,294,711	330,081,972	524,820,611
2019 ..	306,743,700	476,199,190	20,334,654	32,445,039	6,020,000	959,730	333,098,354	509,603,959
2020 ..	322,008,918	463,749,325	21,440,292	31,443,902	4,135,000	706,375	347,584,210	495,899,602
2021 ..	325,772,240	448,582,341	22,567,526	30,424,017	4,375,000	493,625	352,714,766	479,499,983
2022 ..	330,443,400	438,847,610	23,737,119	29,306,932	7,685,000	192,125	361,865,519	468,346,667
2023 ..	322,818,319	423,842,612	25,039,882	28,133,993	-	-	347,858,201	451,976,605
2024 ..	312,662,012	408,763,903	26,401,683	26,898,758	-	-	339,063,695	435,662,661
2025 ..	307,208,971	394,783,743	27,843,447	25,598,506	-	-	335,052,418	420,382,249
2026 ..	320,966,163	381,001,088	29,361,159	24,229,666	-	-	350,327,322	405,230,754
2027 ..	342,104,720	359,856,152	28,708,425	25,126,142	-	-	370,813,145	384,982,294
2028 ..	351,684,806	350,276,483	32,523,716	21,438,475	-	-	384,208,522	371,714,958
2029 ..	374,594,515	330,945,272	22,679,282	31,359,338	-	-	397,273,797	362,304,610
2030 ..	387,797,520	315,030,503	25,039,348	29,170,834	-	-	412,836,868	344,201,337
2031 ..	502,118,596	293,127,612	24,327,530	30,067,997	-	-	526,446,126	323,195,609
2032 ..	453,513,762	248,490,217	25,253,712	29,322,918	-	-	478,767,474	277,813,135
2033 ..	479,086,194	222,919,494	26,759,422	28,504,592	-	-	505,845,616	251,424,086
2034 ..	507,382,377	194,690,621	42,955,951	14,855,559	-	-	550,338,328	209,546,180
2035 ..	322,322,607	162,364,914	45,359,513	12,742,989	-	-	367,682,120	175,107,903
2036 ..	268,101,559	144,489,958	47,932,886	10,474,295	-	-	316,034,445	154,964,253
2037 ..	267,567,925	128,876,917	50,648,085	8,080,578	-	-	318,216,010	136,957,495
2038 ..	278,021,380	112,997,953	36,629,151	5,555,080	-	-	314,650,531	118,553,033
2039 ..	290,235,000	66,214,977	36,615,000	3,753,000	-	-	326,850,000	69,967,977
2040 ..	290,555,000	48,415,307	38,445,000	1,922,250	-	-	329,000,000	50,337,557
2041 ..	307,605,000	31,341,080	-	-	-	-	307,605,000	31,341,080
2042 ..	101,745,000	13,254,033	-	-	-	-	101,745,000	13,254,033
2043 ..	108,170,000	6,829,854	-	-	-	-	108,170,000	6,829,854
	<u>\$ 8,997,245,364</u>	<u>\$ 7,972,419,687</u>	<u>\$ 735,882,783</u>	<u>\$ 583,685,502</u>	<u>\$ 60,660,000</u>	<u>\$ 7,008,075</u>	<u>\$ 9,793,788,147</u>	<u>\$ 8,563,113,264</u>

**NOTE:**

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2016, have been excluded from this schedule because funds for their payment have been provided in the debt service funds.

**Table 23**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)**  
**December 31, 2015**

Year Ended Dec. 31,	General Obligation Bonds		Alternative Revenue Bonds (2)		Other General Obligation Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2016 ...	\$ 191,446,761	\$ 484,833,881	\$ 46,220,000	\$ 24,032,431	\$ 11,135,000	\$ 4,934,751
2017 ...	208,381,947	476,578,364	52,665,000	21,712,085	11,245,000	4,295,980
2018 ...	227,616,972	467,383,811	55,955,000	19,118,525	11,350,000	3,638,700
2019 ...	238,428,700	456,964,665	59,215,000	16,258,775	9,100,000	2,975,750
2020 ...	246,568,918	448,098,541	66,340,000	13,223,135	9,100,000	2,427,649
2021 ...	257,802,240	436,836,765	58,870,000	9,852,726	9,100,000	1,892,850
2022 ...	263,938,400	430,696,444	57,405,000	6,799,766	9,100,000	1,351,400
2023 ...	275,423,319	419,217,514	38,295,000	3,815,148	9,100,000	809,950
2024 ...	282,802,012	406,588,686	20,760,000	1,907,451	9,100,000	267,766
2025 ...	300,263,971	393,919,556	6,945,000	864,187	-	-
2026 ...	313,301,163	380,489,176	7,665,000	511,912	-	-
2027 ...	341,429,720	359,735,998	675,000	120,154	-	-
2028 ...	350,969,806	350,192,536	715,000	83,947	-	-
2029 ...	373,744,515	330,899,678	850,000	45,594	-	-
2030 ...	387,797,520	315,030,503	-	-	-	-
2031 ...	502,118,596	293,127,612	-	-	-	-
2032 ...	453,513,762	248,490,217	-	-	-	-
2033 ...	479,086,194	222,919,494	-	-	-	-
2034 ...	507,382,377	194,690,621	-	-	-	-
2035 ...	322,322,607	162,364,914	-	-	-	-
2036 ...	268,101,559	144,489,958	-	-	-	-
2037 ...	267,567,925	128,876,917	-	-	-	-
2038 ...	278,021,380	112,997,953	-	-	-	-
2039 ...	290,235,000	66,214,977	-	-	-	-
2040 ...	290,555,000	48,415,307	-	-	-	-
2041 ...	307,605,000	31,341,080	-	-	-	-
2042 ...	101,745,000	13,254,033	-	-	-	-
2043 ...	108,170,000	6,829,854	-	-	-	-
	<u>\$ 8,436,340,364</u>	<u>\$ 7,831,479,055</u>	<u>\$ 472,575,000</u>	<u>\$ 118,345,836</u>	<u>\$ 88,330,000</u>	<u>\$ 22,594,796</u>

**NOTE:**

- (1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2016, have been excluded from this schedule because funds for their payment have been provided in the debt service funds.
- (2) Alternative Revenue Bonds include General Obligation Bonds (Emergency Telephone System), Series 1999 and Series 2004, and General Obligation Bonds (Modern Schools Across Chicago Program) Series 2007A-K and 2010A/B.



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Totals		
Principal	Interest	Total
\$ 248,801,761	\$ 513,801,063	\$ 762,602,824
272,291,947	502,586,429	774,878,376
294,921,972	490,141,036	785,063,008
306,743,700	476,199,190	782,942,890
322,008,918	463,749,325	785,758,243
325,772,240	448,582,341	774,354,581
330,443,400	438,847,610	769,291,010
322,818,319	423,842,612	746,660,931
312,662,012	408,763,903	721,425,915
307,208,971	394,783,743	701,992,714
320,966,163	381,001,088	701,967,251
342,104,720	359,856,152	701,960,872
351,684,806	350,276,483	701,961,289
374,594,515	330,945,272	705,539,787
387,797,520	315,030,503	702,828,023
502,118,596	293,127,612	795,246,208
453,513,762	248,490,217	702,003,979
479,086,194	222,919,494	702,005,688
507,382,377	194,690,621	702,072,998
322,322,607	162,364,914	484,687,521
268,101,559	144,489,958	412,591,517
267,567,925	128,876,917	396,444,842
278,021,380	112,997,953	391,019,333
290,235,000	66,214,977	356,449,977
290,555,000	48,415,307	338,970,307
307,605,000	31,341,080	338,946,080
101,745,000	13,254,033	114,999,033
108,170,000	6,829,854	114,999,854
<u>\$ 8,997,245,364</u>	<u>\$ 7,972,419,687</u>	<u>\$ 16,969,665,051</u>

**Table 24**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)**  
**December 31, 2015**

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2016 .....	\$ 65,758,137	\$ 122,692,145	\$ 46,426,585	\$ 77,342,420
2017 .....	67,985,820	120,482,058	46,988,418	81,653,583
2018 .....	70,380,924	118,136,633	51,445,886	79,479,834
2019 .....	78,435,983	110,083,202	53,903,999	77,058,900
2020 .....	81,590,644	107,049,713	49,529,406	81,861,936
2021 .....	90,130,509	98,324,425	49,299,758	82,134,031
2022 .....	94,029,068	94,522,507	51,181,743	80,302,725
2023 .....	97,895,684	90,498,494	53,318,720	78,214,140
2024 .....	102,657,501	86,181,179	55,547,132	76,023,949
2025 .....	104,226,902	82,028,651	68,242,407	63,431,463
2026 .....	94,922,625	77,400,809	52,412,225	79,179,256
2027 .....	98,797,786	72,848,502	54,437,167	77,157,628
2028 .....	112,265,571	68,049,226	56,506,962	74,995,862
2029 .....	116,911,030	62,999,689	63,749,289	52,573,387
2030 .....	118,519,216	57,660,758	66,977,761	49,238,445
2031 .....	89,900,182	52,422,617	69,819,457	45,682,633
2032 .....	83,267,023	48,001,853	73,106,911	41,888,468
2033 .....	86,464,219	43,830,577	75,068,471	37,894,597
2034 .....	90,280,586	39,508,408	78,390,624	33,714,141
2035 .....	88,836,109	35,005,908	81,310,000	29,331,158
2036 .....	90,945,000	30,405,689	85,330,000	24,678,771
2037 .....	85,650,000	25,609,597	80,485,000	19,954,343
2038 .....	89,620,000	20,988,588	84,585,000	15,245,506
2039 .....	77,395,000	15,946,126	77,130,000	10,645,474
2040 .....	81,035,000	11,415,896	59,225,000	6,716,893
2041 .....	43,530,000	6,674,750	31,955,000	4,214,125
2042 .....	45,705,000	4,498,250	33,525,000	2,627,125
2043 .....	21,590,000	2,213,000	17,685,000	1,371,875
2044 .....	22,670,000	1,133,500	18,595,000	464,875
2045 .....	-	-	-	-
2046 .....	-	-	-	-
	<u>\$ 2,391,395,519</u>	<u>\$ 1,706,612,750</u>	<u>\$ 1,686,177,921</u>	<u>\$ 1,385,077,543</u>

**NOTE:**

1) For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2015. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Chicago-O'Hare International Airport and Chicago Midway International Airport Bonds		Totals		Total	Year Ended December 31,
Principal	Interest	Principal	Interest		
\$ 244,690,000	\$ 410,609,410	\$ 356,874,722	\$ 610,643,975	\$ 967,518,697	..... 2016
280,990,000	426,013,549	395,964,238	628,149,190	1,024,113,428	..... 2017
329,200,000	411,239,819	451,026,810	608,856,286	1,059,883,096	..... 2018
331,855,000	395,474,389	464,194,982	582,616,491	1,046,811,473	..... 2019
312,315,000	380,119,233	443,435,050	569,030,882	1,012,465,932	..... 2020
274,785,000	365,701,121	414,215,267	546,159,577	960,374,844	..... 2021
292,145,000	351,559,341	437,355,811	526,384,573	963,740,384	..... 2022
289,205,000	336,989,910	440,419,404	505,702,544	946,121,948	..... 2023
301,250,000	322,177,854	459,454,633	484,382,982	943,837,615	..... 2024
319,065,000	306,646,324	491,534,309	452,106,438	943,640,747	..... 2025
329,675,000	290,384,314	477,009,850	446,964,379	923,974,229	..... 2026
346,010,000	273,464,438	499,244,953	423,470,568	922,715,521	..... 2027
362,150,000	255,957,020	530,922,533	399,002,108	929,924,641	..... 2028
374,315,000	237,677,322	554,975,319	353,250,398	908,225,717	..... 2029
394,145,000	218,381,021	579,641,977	325,280,224	904,922,201	..... 2030
412,860,000	198,023,683	572,579,639	296,128,933	868,708,572	..... 2031
428,580,000	176,783,856	584,953,934	266,674,177	851,628,111	..... 2032
454,195,000	155,271,978	615,727,690	236,997,152	852,724,842	..... 2033
469,430,000	133,860,314	638,101,210	207,082,863	845,184,073	..... 2034
509,650,000	112,619,867	679,796,109	176,956,933	856,753,042	..... 2035
273,980,000	94,362,267	450,255,000	149,446,727	599,701,727	..... 2036
292,410,000	78,061,877	458,545,000	123,625,817	582,170,817	..... 2037
307,050,000	60,960,607	481,255,000	97,194,701	578,449,701	..... 2038
321,380,000	42,957,731	475,905,000	69,549,331	545,454,331	..... 2039
226,130,000	27,063,598	366,390,000	45,196,387	411,586,387	..... 2040
181,235,000	15,514,555	256,720,000	26,403,430	283,123,430	..... 2041
92,350,000	9,040,217	171,580,000	16,165,592	187,745,592	..... 2042
96,980,000	5,947,510	136,255,000	9,532,385	145,787,385	..... 2043
83,545,000	3,210,077	124,810,000	4,808,452	129,618,452	..... 2044
20,115,000	1,559,125	20,115,000	1,559,125	21,674,125	..... 2045
21,125,000	528,125	21,125,000	528,125	21,653,125	..... 2046
<u>\$ 8,972,810,000</u>	<u>\$ 6,098,160,452</u>	<u>\$ 13,050,383,440</u>	<u>\$ 9,189,850,745</u>	<u>\$ 22,240,234,185</u>	

**Table 25**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2015**

Long-term debt is comprised of the following issues at December 31, 2015 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2015
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds (1):		
Refunding Series of 1993 B - 4.25% to 5.125% .....	\$ 153,280	\$ 36,120
Project and Refunding Series 1995 A-2 - 5.0% to 6.25% .....	220,390	35,435
Project and Refunding Series 1998 - 3.85% to 5.5% .....	426,600	18,930
* Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5% .....	213,110	93,560
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0% .....	308,964	147,117
Project Series 2000 A - 4.85% to 6.75% .....	254,293	7,403
Project and Refunding Series 2001 A - 4.0% to 5.65% .....	580,338	67,735
Project and Refunding Series 2002 A - 4.0% to 5.65% .....	169,765	2,305
Neighborhoods Alive 21 Program Series 2002 B - 5.0% to 5.5% .....	206,700	170,845
Neighborhoods Alive 21 Program Series 2003 - 2.0% to 5.25% .....	103,140	9,650
Project and Refunding Series 2003 A - 4.625% to 5.25% .....	157,990	35,350
Project and Refunding Series 2003 B - 5.0% to 5.5% .....	202,500	162,360
Project Series 2003 C and D - 2.0% to 5.25% .....	198,265	33,780
* Emergency Telephone System Series 2004 - 3.0% to 6.9% .....	64,665	32,820
Project and Refunding Series 2004 - 1.92% to 5.5% .....	489,455	81,975
Refunding Series 2005 A - 2.5% to 5.0% .....	441,090	181,775
Project and Refunding Series 2005 B and C - 3.5% to 5.0% .....	339,275	281,470
Variable Rate Demand Bonds Series 2005 D - 5.5% .....	222,790	174,005
Direct Access Bonds, Series 2005 - 2.876% to 4.5% .....	114,695	70,055
Direct Access Bonds, Series 2006 - 3.5% to 4.4% .....	35,753	30,608
Project and Refunding Series 2006 A and B - 3.5% to 5.375% .....	649,995	538,550
Project and Refunding Series 2007 A and B - 3.75% to 5.462% .....	589,590	530,660
City Colleges of Chicago Capital Improvement Project Series 2007 - 4.0% to 5.0% .....	39,110	33,690
Project and Refunding Series 2007 C and D - 4.0% to 5.44% .....	330,890	282,690
Project and Refunding Series 2007 E through G - 5.5% .....	200,000	153,700
Project and Refunding Series 2008 A and B - 3.0% to 5.765% .....	473,705	459,445
Project and Refunding Series 2008 C through E - 1.0% to 6.05% .....	611,017	601,512
Project and Refunding Series 2009 A through D - 4.0% to 6.257% .....	793,275	793,275
Project Series 2010 B - 7.517% .....	213,555	213,555
Project Series 2010 C-1 - 7.781% .....	299,340	299,340
Project Series 2011 A and B - 4.625% to 6.034% .....	416,345	416,345
Project Series 2012 A and C - 4.0% to 5.432% .....	594,850	594,850
Project and Refunding Series 2014 A and B - 4.0% to 6.314% .....	883,420	883,420
General Obligation Series 2015 A and B - 5.0% to 7.75% .....	1,088,390	1,088,390
Total General Obligation Bonds .....	<u>\$ 12,086,540</u>	<u>\$ 8,562,720</u>

\* Secured by alternate revenues.

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2015**

	Original Principal	Outstanding at December 31, 2015
Line of Credit:		
Line of Credit - Variable Rate (5.43% at December 31, 2015) .....	\$ 239,131	\$ 239,131
Total Line of Credit .....	<u>239,131</u>	<u>239,131</u>
 Total General Obligation Bonds and Notes .....	 <u>12,325,671</u>	 <u>8,801,851</u>
General Obligation Certificates and Other Obligations (1):		
** Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4% .....	\$ 28,800	\$ 6,430
* Modern Schools Across Chicago Program - Series 2007 A through K - 3.6% to 5.0% .....	356,005	220,185
* Modern Schools Across Chicago Program - Series 2010 A and B - 3.0% to 5.364% .....	150,115	126,010
** MRL Financing LLC Promissory Note - 5.0% to 7.5% .....	91,000	81,900
Total General Obligation Certificates and Other Obligations .....	<u>625,920</u>	<u>434,525</u>
 Total General Obligation Debt .....	 <u>12,951,591</u>	 <u>9,236,376</u>
Tax Increment Allocation Bonds and Notes (1):		
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89% .....	55,000	22,300
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45% .....	16,800	8,075
Pilsen Redevelopment Project - Series 2014 A and B - 0.95% to 5.0% .....	33,410	30,285
Total Tax Increment Allocation Bonds and Notes .....	<u>105,210</u>	<u>60,660</u>
Motor Fuel Tax and Sales Tax Revenue Bonds (1):		
Motor Fuel Tax Revenue Bonds - Series 2008 A and B - 4.0% to 5.0% .....	66,635	62,445
Motor Fuel Tax Revenue Bonds - Series 2013 - 2.0% to 5.0% .....	105,895	99,125
Motor Fuel Tax Revenue Bonds - Riverwalk TIFIA Loan - 3.33% .....	45,825	45,825
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5% .....	125,000	4,560
Sales Tax Revenue Bonds - Series 2002 - 4.23% .....	116,595	111,160
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0% .....	142,825	88,970
Sales Tax Revenue Refunding Bonds - Series 2009 - 4.25% to 6.0% .....	90,892	90,892
Sales Tax Revenue Refunding Bonds - Series 2011 - 4.375% to 5.504% .....	232,905	232,905
Total Motor Fuel Tax and Sales Tax Revenue Bonds .....	<u>926,572</u>	<u>735,882</u>
 Total General Long-term Debt .....	 <u>\$ 13,983,373</u>	 <u>\$ 10,032,918</u>

\* Secured by alternate revenues.

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

NOTE: (1) The balance outstanding at December 31, 2015 listed above for each bond series excluded amounts payable January 1, 2016, if applicable.

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2015**

	Original Principal	Outstanding at December 31, 2015
Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5% .....	\$ 49,880	\$ 5,565
Series 1997 - 3.9% to 5.25% .....	277,911	7,876
Series 2000 - 2nd Lien - 3.867% .....	100,000	100,000
Series 2000 - 4.375% to 5.875% .....	156,819	12,766
Series 2001 - 3.0% to 5.75% .....	353,905	80,800
Series 2004 - 2nd Lien - 3.867% .....	500,000	344,575
Series 2006A - 2nd Lien - 4.5% to 5.0% .....	215,400	179,635
Series 2008 - 2nd Lien - 4.0% to 5.25% .....	549,915	453,540
Series 2010 - 2nd Lien - 2.0% to 6.742% .....	313,580	300,355
Series 2012 - 2nd Lien - 4.0% to 5.0% .....	399,445	399,445
Series 2014 - 2nd Lien - 3.0% to 5.0% .....	367,925	363,905
Illinois Environmental Protection Agency Loan - 2.905% .....	3,605	1,528
Illinois Environmental Protection Agency Loan - 2.57% .....	2,642	1,536
Illinois Environmental Protection Agency Loan - 1.25% .....	6,000	4,917
Illinois Environmental Protection Agency Loan - 0.00% .....	9,077	7,294
Illinois Environmental Protection Agency Loan - 1.25% .....	1,528	1,352
Illinois Environmental Protection Agency Loan - 1.25% .....	1,502	1,330
Illinois Environmental Protection Agency Loan - 1.25% .....	6,092	5,391
Illinois Environmental Protection Agency Loan - 2.29% .....	6,542	6,149
Illinois Environmental Protection Agency Loan - 1.93% .....	39,421	37,849
Illinois Environmental Protection Agency Loan - 1.93% .....	15,000	14,428
Illinois Environmental Protection Agency Loan - 1.93% .....	47,000	46,101
Illinois Environmental Protection Agency Loan - 1.995% .....	15,058	15,058
Total Water Revenue Bonds .....	<u>3,438,247</u>	<u>2,391,395</u>
Chicago-O'Hare International Airport Bonds:		
Chicago-O'Hare International Airport Revenue Bonds:		
Series of 2004 A through H - 3rd Lien - 3.49% to 5.35% .....	385,045	29,360
Series of 2005 A and B - 3rd Lien - 5.0% to 5.25% .....	1,200,000	143,215
Series of 2005 C and D - 3rd Lien - Variable Rate (.04% at December 31, 2014) .....	300,000	240,600
Series of 2006 A through D - 3rd Lien - 4.55% to 5.5% .....	156,150	30,280
Series of 2008 A through D - 3rd Lien - 4.0% to 5.0% .....	779,915	774,165
Series of 2010 A through F - 3rd Lien - 1.75% to 6.845% .....	1,039,985	953,015
Series of 2011 A through C - 3rd Lien - 3.0% to 6.5% .....	1,000,000	983,120
Refunding Series of 2012 A through C - Senior Lien - 1.0% to 5.0% .....	728,895	605,675
Refunding Series of 2013 A and B - Senior Lien - 2.0% to 5.25% .....	501,785	483,560
Series of 2013 C and D - Senior Lien - 3.0% to 5.5% .....	396,120	396,120
Refunding Series of 2015 A and B - Senior Lien - 2.0% to 5.0% .....	1,620,180	1,620,180
Series of 2015 C and D - Senior Lien - 3.625% to 5.0% .....	327,200	327,200
Total Chicago-O'Hare International Airport Revenue Bonds .....	<u>8,435,275</u>	<u>6,586,490</u>

**Table 25 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2015**

	Original Principal	Outstanding at December 31, 2015
Proprietary Fund Revenue Bonds - Concluded:		
Chicago-O'Hare International Airport Customer Facility Charge Revenue Bonds:		
Series of 2013 A Senior Lien - 4.125% to 5.75% .....	\$ 248,750	\$ 248,750
Total Chicago-O'Hare International Airport Customer Facility Charge Revenue Bonds .....	<u>248,750</u>	<u>248,750</u>
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Refunding Series of 2008 A - 4.0% to 5.0% .....	111,425	24,465
Refunding Series of 2010 A through D - 2.0% to 6.322% .....	137,665	132,465
Refunding Series of 2011 A and B - 5.0% to 6.0% .....	46,005	46,005
Refunding Series of 2012 A and B - 2.5% to 5.0% .....	452,095	428,310
Total Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds .....	<u>747,190</u>	<u>631,245</u>
Chicago Midway International Airport Revenue Bonds:		
Series 1998 A, B and C - 4.3% to 5.5% .....	397,715	31,530
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5% .....	77,565	49,350
Series 2004 C and D - 2nd Lien - 4.174% to 4.274% .....	152,150	136,475
Series 2010 B through D - 2nd Lien - 3.532% to 7.168% .....	246,540	63,470
Refunding Series 2013 A through C - 2nd Lien - .74% to 5.5% .....	333,960	328,980
Series 2014 A through B - 2nd Lien - 5.0% .....	771,810	771,810
Refunding Series 2014C - Variable Rate (.07% at December 31, 2014) .....	124,710	124,710
Total Chicago Midway International Airport Revenue Bonds .....	<u>2,104,450</u>	<u>1,506,325</u>
Wastewater Transmission Revenue Bonds:		
Refunding Series 1998 A - 4.55% to 5.0% .....	62,423	35,168
Series 2001 - 2nd Lien - 3.5% to 5.5% .....	187,685	58,575
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25% .....	61,925	16,185
Series 2006 A and B - 2nd Lien - 4.5% to 5.0% .....	155,030	122,240
Series 2008 A - 2nd Lien - 4.0% to 5.5% .....	167,635	150,485
Series 2008 C1 through C3 - 2nd Lien - 3.886% .....	332,230	332,230
Series 2010 - 2nd Lien - 2.0% to 6.9% .....	275,865	266,105
Series 2012 - 2nd Lien - 3.0% to 5.0% .....	276,470	266,705
Series 2014 - 2nd Lien - 3.0% to 5.0% .....	292,405	292,405
Series 2015 - 2nd Lien - 2.591% to 6.042% .....	87,080	87,080
Illinois Environmental Protection Agency Loan - 2.5% .....	1,546	1,027
Illinois Environmental Protection Agency Loan - 0.00% .....	15,000	11,858
Illinois Environmental Protection Agency Loan - 1.25% .....	17,564	15,952
Illinois Environmental Protection Agency Loan - 1.25% .....	17,812	15,763
Illinois Environmental Protection Agency Loan - 1.25% .....	15,000	14,400
Total Wastewater Transmission Revenue Bonds .....	<u>1,965,670</u>	<u>1,686,178</u>
Total Proprietary Fund Revenue Bonds .....	<u>\$ 16,939,582</u>	<u>\$ 13,050,383</u>

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

<u>Year</u>	<u>Population(1)</u>	<u>Median Age (2)</u>	<u>Number of Households (2)</u>	<u>City Employment</u>	<u>Unemployment Rate (3)</u>	<u>Per Capita Income (4)</u>	<u>Total Income</u>
2006 ....	2,896,016	33.5	1,040,000	1,228,075	5.2 %	\$ 41,887	\$ 121,305,422,192
2007 ....	2,896,016	33.7	1,033,328	1,249,238	5.7	43,714	126,596,443,424
2008 ....	2,896,016	34.1	1,032,746	1,237,856	6.4	45,328	131,270,613,248
2009 ....	2,896,016	34.5	1,037,069	1,171,841	10.0	43,727	126,634,091,632
2010 ....	2,695,598	34.8	1,045,666	1,116,830	10.1	45,957	123,881,597,286
2011 ....	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012 ....	2,695,598	33.2	1,054,488	1,144,896	8.9	48,305	130,210,861,390
2013 ....	2,695,598	33.5	1,062,029	1,153,725	8.3	49,071	132,275,689,458
2014 ....	2,695,598	33.9	1,031,672	1,264,234	5.7	50,690	136,639,862,620
2015 ....	2,695,598	N/A	N/A	1,273,727 *	5.7	N/A (5)	N/A (5)

**NOTES:**

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

(2) Source: American Fact Finder - United States Census Bureau data estimates.

Data not available for 2015

(3) Source: Bureau of Labor Statistics 2015, 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.

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

\* December 2015 data.



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

Employer	2015 (1)			2006 (4)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Advocate Health Care .....	18,308	1	1.44 %			
University of Chicago .....	16,197	2	1.27			
Northwestern Memorial Healthcare .....	15,317	3	1.20			
JPMorgan Chase & Co. (2) .....	14,158	4	1.11	8,979	1	0.82 %
United Continental Holdings Inc. ....	14,000	5	1.10	5,944	2	0.55
Health Care Service Corporation .....	13,006	6	1.02			
Walgreens Boots Alliance Inc. ....	13,006	7	1.02			
Presence Health .....	10,500	8	0.82			
Abbott Laboratories .....	10,000	9	0.79			
Northwestern University .....	9,708	10	0.76			
Jewel Food Stores, Inc. ....				5,453	3	0.50
Northern Trust Corporation .....				4,610	4	0.42
Accenture LLP .....				4,470	5	0.41
SBC/AT&T (3) .....				3,834	6	0.35
American Airlines .....				3,750	7	0.34
Ford Motor Company .....				3,480	8	0.32
Bonded Maintenance Company .....				3,298	9	0.30
Bank of America .....				3,108	10	0.29

**NOTES:**

- (1) Source: Reprinted with permission, Crain's Chicago Business [January 18, 2016], Crain Communications, Inc.
- (2) J. P. Morgan Chase formerly known as Banc One.
- (3) AT&T Inc. formerly known as SBC Ameritech.
- (4) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.  
 Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue-Tax Division report, which is no longer available.

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

Function	Budgeted Full Time Equivalent Positions									
	2015	2014 (2)	2013 (2)	2012 (2)	2011	2010	2009	2008	2007	2006
General Government ...	3,764	3,760	3,725	3,857	4,363	4,401	4,419	5,112	5,195	5,214
Public Safety .....	21,182	21,138	21,067	21,040	22,716	22,912	22,954	23,313	23,397	23,345
Streets and Sanitation .....	2,341	2,341	2,351	2,302	2,576	2,605	3,087	3,648	3,609	3,578
Transportation ...	1,297	1,171	932	929	980	1,022	718	819	829	862
Health .....	656	713	738	904	991	1,117	1,257	1,535	1,554	1,570
Cultural and Recreational ...	1,253	1,244	1,214	1,153	1,207	1,213	1,318	1,596	1,608	1,620
Business-type Activities .....	3,636	3,679	3,528	3,559	3,615	3,619	3,666	3,898	4,015	4,108
<b>Total .....</b>	<b>34,129</b>	<b>34,046</b>	<b>33,555</b>	<b>33,744</b>	<b>36,448</b>	<b>36,889</b>	<b>37,419</b>	<b>39,921</b>	<b>40,207</b>	<b>40,297</b>

**NOTES:**

- (1) Source: City of Chicago 2015 Budget Overview, 2014 figures.  
Includes full time equivalent positions in grant related programs.
- (2) Per Office of Budget Management restated figures.

**Table 29**  
**CITY OF CHICAGO, ILLINOIS**  
**OPERATING INDICATORS BY FUNCTION/DEPARTMENT**  
**Last Ten Years**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police Physical										
Arrests .....	112,996	129,166	143,618	145,390	152,740	167,355	181,254	196,621	221,915	227,576
Fire Emergency										
Responses (1) .....	685,525	685,588	675,570	472,752	343,749	343,214	363,519	377,808	402,403	300,971
Refuse Collection										
Refuse Collected (Tons per Day) .....	3,403	3,265	3,562	3,763	3,983	3,931	3,974	4,240	4,320	4,451
Cultural Volumes in Library (2) .....	11,469	11,527	11,452	5,691	5,790	5,770	5,743	5,721	5,891	5,700
Water Average Daily Consumption (Thousands of Gallons) .....	719,467	752,362	756,486	793,274	770,925	773,612	808,551	827,156	860,285	884,970

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

**Table 30**  
**CITY OF CHICAGO, ILLINOIS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Years**

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police Stations .....	25	25	25	25	26	25	25	25	25	25
Fire Stations .....	104	104	104	104	104	103	103	101	102	102
Other Public Works										
Streets ( Miles) .....	4,116	4,116	4,116	4,116	4,091	3,775	3,775	3,775	3,775	3,775
Streetlights .....	327,613	327,613	327,613	279,668	278,788	261,019	259,699	285,989	192,511	190,000
Traffic Signals .....	3,037	3,035	3,035	3,035	2,960	2,960	2,960	2,960	2,727	2,795
Water										
Mains (Miles) .....	4,311	4,322	4,321	4,349	4,360	4,300	4,300	4,375	4,236	4,230
Sewers										
Mains (Miles) .....	4,428	4,428	4,428	4,450	4,400	4,400	4,400	4,500	4,500	4,500

**Table 31**  
**CITY OF CHICAGO, ILLINOIS**  
**INTEREST RATE SWAP COUNTERPARTY ENTITIES**  
**December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

Associated Bond Issue	Current Notional Amounts	Counterparty Credit Rating Moody's/S&P	Counterparty Entity	City ATE Level (1)
Chicago Midway Airport Revenue Bonds (Series 2004C&D ).....	81,885 54,590	A3/A Aa1/AA-	Goldman Sachs Wells Fargo	Baa1/BBB+ Baa2/BBB
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	166,745	A1/A-	Barclays (2)	Baa3/BBB- (2)
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	177,830	Aa2/AA-	RBC	BBB+/BBB+ (3)
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	A1/A-	Barclays (2)	Baa3/BBB- (2)
Total.....	<u>\$ 581,050</u>			

Source: Survey of Derivative Instruments.

- (1) A counterparty may terminate its related interest rate swap if the City rating for the respective credit falls below the rating listed in the column City ATE Level by Moody's or Standard and Poor's.
- (2) In May 2015, the interest rate swaps for Water Variable Rate Revenue Refunding Bonds (Series 2004) and Second Lien Water Revenue Refunding Bonds (Series 2000) with UBS were transferred to Barclays and the ATE levels were lowered.
- (3) The ATE level for the Water Variable Rate Revenue Refunding Bonds (Series 2004) for the RBC swap was changed to BBB+ by Standard & Poor's or Fitch.

Certain swaps and swap overlays were terminated in 2015 and are no longer included in the chart above, see Note 10, for additional information.

**Table 32**  
**CITY OF CHICAGO, ILLINOIS**  
**BANK FACILITIES**  
**As of December 31, 2015**  
**(Amounts are in Thousands of Dollars)**

Bond Liquidity, Letters of Credit and Direct Purchase Facilities						Ratings Thresholds <sup>(1)</sup>		
Issue	Series	Principal Outstanding	Expiration or Termination	Bond Maturity Date	Bank	Fitch	Moody's	S&P
Midway 2nd Lien	2004 C-1	\$ 56,490	11/25/2016	01/01/2035	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 C-2	\$ 66,510	11/25/2016	01/01/2035	Wells Fargo	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 D	\$ 13,475	11/25/2016	01/01/2035	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2014 C	\$ 124,710	11/25/2017	01/01/2044	JPMorgan	BBB-	Baa3	BBB-
O'Hare 3rd Lien	2005 C	\$ 140,600	08/15/2017	01/01/2035	Citibank	BBB	Baa2	BBB
O'Hare 3rd Lien	2005 D	\$ 100,000	08/15/2017	01/01/2035	Barclays	(2)	(2)	(2)
TIF Near North	1999 A	\$ 27,000	08/15/2016	01/01/2019	Bank of New York	N/A	N/A	N/A
Water 2nd Lien	2000	\$ 100,000	10/30/2017	11/01/2030	JPMorgan	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-1	\$ 152,690	11/05/2018	11/01/2031	Bank of Tokyo	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-2	\$ 152,690	11/05/2018	11/01/2031	State Street	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-3	\$ 39,195	11/05/2018	11/01/2031	State Street	BBB-	Baa3	BBB-

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

						Ratings Thresholds <sup>(1)</sup>			
Issue	Series	Borrowing Authority	Amount Outstanding (Dec. 31, 2015)	Expiration or Termination	Bank	Fitch	Moody's	S&P	Kroll
G. O. Line of Credit	2015	\$ 250,000	79,710	09/23/2017	JPMorgan	BBB- (3)	N/A	BBB- (3)	BBB- (3)
G. O. Line of Credit	2015	\$ 250,000	79,710	09/23/2017	Bank of Montreal	BBB- (3)	N/A	BBB- (3)	BBB- (3)
G. O. Line of Credit	2015	\$ 250,000	79,710	09/23/2017	Bank of China	BBB- (3)	N/A	BBB- (3)	BBB- (3)
Midway CP	2003A-D	\$ 85,000	-	07/12/2017	JPMorgan	BBB-	Baa3	BBB-	N/A
O'Hare CP	2005-A	\$ 75,000	-	09/30/2016	JPMorgan	BBB-	Baa3	BBB-	N/A
O'Hare CP	2005-B	\$ 50,000	-	09/30/2016	Wells Fargo	N/A	Baa3	BBB-	N/A
O'Hare CP	2005-C	\$ 50,000	-	09/30/2016	PNC	N/A	Baa3	BBB-	N/A
O'Hare CP	2005-D	\$ 50,000	-	09/30/2016	BMO/Harris	N/A	Baa3	BBB-	N/A
O'Hare CP	2005-E	\$ 50,000	-	09/30/2016	BAML	N/A	Baa3	BBB-	N/A
Water	2015	\$ 125,000	-	10/15/2016	Morgan Stanley	BBB-	N/A	BBB-	N/A

**Notes:**

- (1) An underlying rating by any rating agency for the related debt (or lowest rated lien of the related credit) below what is shown in the chart in the "Ratings Threshold" column would constitute an event of default under the agreements with the related banks.
- (2) The agreement with Barclays provides that it is an event of default if (A) any two Rating Agencies then rating the Debt of the City payable from or secured by Pledged Revenues which is senior to or on parity with the Bonds shall have downgraded their rating on such Debt to or below "Baa2" (or its equivalent) or "BBB" (or its equivalent), respectively, or (B) any Rating Agency shall have downgraded its rating of any Debt of the City payable from or secured by the Pledged Revenues which is senior to or on a parity with the Bonds to below "Baa3" (or its equivalent) or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same and such downgrade, suspension or withdrawal shall remain for a period of 180 days.
- (3) An underlying rating by two of the three rating agencies, S&P, Fitch or Kroll, would constitute an event of default under the agreements with the banks.

Certain series of bonds were converted to fixed rate and are no longer included in the chart above. See Note 10 for additional information.

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