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# CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2009



Richard M. Daley, Mayor

Gene R. Saffold, Chief Financial Officer

Steven J. Lux, City Comptroller

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OFFICE OF THE MAYOR  
CITY OF CHICAGO

RICHARD M. DALEY  
MAYOR

Dear Friends:

Thank you for your interest in the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the fiscal year 2009.

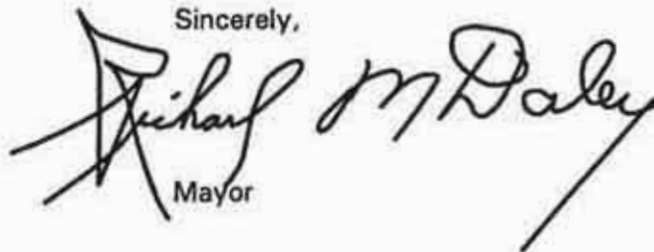
As you know, the past few years have presented very difficult financial challenges for individuals, families, our city, and our nation. We continue to work hard to overcome serious shortfalls in revenues while striving to maintain city services at a level our citizens deserve and expect.

Although we do see some signs of recovery on the horizon, city government must operate on a balanced budget, and we have instituted strong management initiatives to ensure that we match our responsibilities to available revenues. This will continue to be our overriding theme: a smaller, more flexible, streamlined city government that lives within its means and can quickly respond to the needs of our citizens.

During 2009, we continued our capital spending program, which has created jobs and opportunities for our residents. Through various labor agreements and with the cooperation of our management and senior staff, we continued to achieve savings from the use of furlough days, which allowed us to maintain high-quality services through more efficient use of staff time.

Working together, we can ensure the continued growth and prosperity of our city for future generations of Chicagoans. Thank you for all that you do to make our city a better place to live and raise families.

Sincerely,

  
Mayor

**CITY OF CHICAGO  
THE CITY COUNCIL  
As of December 31, 2009  
RICHARD M. DALEY, Mayor**

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1st Ward .....	MANUEL FLORES
2nd Ward .....	ROBERT FIORETTI
3rd Ward .....	PAT DOWELL
4th Ward .....	TONI PRECKWINKLE
5th Ward .....	LESLIE A. HAIRSTON
6th Ward .....	FREDDRENN M. LYLE
7th Ward .....	SANDI JACKSON
8th Ward .....	MICHELLE A. HARRIS
9th Ward .....	ANTHONY BEALE
10th Ward .....	JOHN A. POPE
11th Ward .....	JAMES A. BALCER
12th Ward .....	GEORGE A. CARDENAS
13th Ward .....	FRANK J. OLIVO
14th Ward .....	EDWARD M. BURKE
15th Ward .....	TONI FOULKES
16th Ward .....	JOANN THOMPSON
17th Ward .....	LATASHA R. THOMAS
18th Ward .....	LONA LANE
19th Ward .....	VIRGINIA A. RUGAI
20th Ward .....	WILLIE COCHRAN
21st Ward .....	HOWARD BROOKINS, JR.
22nd Ward .....	RICARDO MUÑOZ
23rd Ward .....	MICHAEL R. ZALEWSKI
24th Ward .....	SHARON DENISE DIXON
25th Ward .....	DANIEL S. SOLIS
26th Ward .....	ROBERTO MALDONADO
27th Ward .....	WALTER BURNETT, JR.
28th Ward .....	ED H. SMITH
29th Ward .....	ISAAC S. CAROTHERS
30th Ward .....	ARIEL E. REBOYRAS
31st Ward .....	REGNER "RAY" SUAREZ
32nd Ward .....	SCOTT WAGUESPACK
33rd Ward .....	RICHARD F. MELL
34th Ward .....	CARRIE M. AUSTIN
35th Ward .....	REY COLON
36th Ward .....	JOHN A. RICE
37th Ward .....	EMMA MITTS
38th Ward .....	THOMAS R. ALLEN
39th Ward .....	MARGARET LAURINO
40th Ward .....	PATRICK J. O'CONNOR
41st Ward .....	BRIAN G. DOHERTY
42nd Ward .....	BRENDAN REILLY
43rd Ward .....	VI DALEY
44th Ward .....	THOMAS M. TUNNEY
45th Ward .....	PATRICK J. LEVAR
46th Ward .....	HELEN SHILLER
47th Ward .....	EUGENE C. SCHULTER
48th Ward .....	MARY ANN SMITH
49th Ward .....	JOSEPH A. MOORE
50th Ward .....	BERNARD L. STONE

# 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF CHICAGO

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# **PART I**

## **INTRODUCTORY SECTION**





City of Chicago  
Richard M. Daley, Mayor

Department of Finance

Steven J. Lux  
City Comptroller

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<http://www.cityofchicago.org>

June 29, 2010

To the Honorable Mayor Richard M. Daley,  
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 (City) for the year ended December 31, 2009. 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. An evaluation of the internal control structure during the City's annual independent audit disclosed no material weaknesses.

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

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of 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, incorporated in 1837, currently occupies a land area of approximately 228 square miles and serves a population of approximately 2,896,000. The City of Chicago is a "home rule" unit of local government under State of Illinois law. The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of 50 members, each representing one of the City's 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

The City provides public safety, street maintenance and sanitation, transportation infrastructure, water, sewer, health, cultural, aviation and human services. In addition to general government activities, the City has certain entities which are fiscally dependent on the City and perform services primarily for City employees such as 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 by the following related organizations: the Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago and the Chicago Housing Authority.

Annual budgets are adopted for the general fund and certain special revenue funds. Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year. 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. Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance. Additional information on the budgetary process can be found in Note 3 in the notes to financial statements.

**Factors Affecting Financial Condition.** The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy.** Chicago continues to enjoy one of the most diverse economies in the nation with over four million employees and a gross regional product of more than \$475 billion. Chicago's economy is a combination of mature and emerging industries including, business and financial services, manufacturing, biotech, infotech, transportation and distribution and healthcare as primary sectors. Chicago has a significant financial presence with such institutions as the CME Group, (formerly the financial exchanges of the Board of Trade and the Chicago Mercantile Exchange) and the Chicago Climate Exchange. In 2009, the Global Financial Centre Index named Chicago as a top ten global financial center. Chicago consistently leads the nation in business investment and expansion, and 2009 was no exception. The City garnered direct investment and welcomed many new additions to its diverse economy. In August 2009, United Airlines announced it will relocate its operational center, including 2,800 jobs, to downtown Chicago in 2010. Additionally in August 2009, MillerCoors located its headquarters in downtown Chicago, bringing between 300 and 400 executive and management jobs to the City. The City continues to be a destination for both business and leisure travelers as tourism and convention activity continue to be a significant part of the economy.



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There are many local attractions, museums, festivals and professional sports teams that help to strengthen the area economy and provide jobs. The Tax Increment Financing (TIF) program continues to be a valuable job creation and economic development program in the City.

**Long-term Financial Planning.** The City continues to look at innovative ways to finance improvements through private and public partnerships. In addition, the City has realized savings through advance refundings as interest rates have changed. The City is also evaluating other revenues to assist in financing capital assets.

**Major Initiatives.** TIF is an effective investment tool for the City to create jobs, promote economic development, and make infrastructure improvements across the City.

The City uses TIF to stimulate public and private investment; create and retain jobs and businesses, support affordable housing and schools, parks, libraries, new transit stations and other critical capital projects to improve Chicago's neighborhood quality of life.

Since TIFs were established in Chicago, they have provided more than \$1.5 billion in TIF assistance to reimburse private developers for eligible costs, such as rehabilitation of existing buildings, land acquisition, site preparation, and environmental remediation.

In return, the private sector has invested more than \$7.0 billion in neighborhood development projects.

Further, TIF helps grow the City's overall tax base and keeps taxes lower, by bringing new properties and new businesses onto the tax rolls that would otherwise not exist.

**Relevant Financial Policies.** The 2009 budget reduced personnel by approximately 2,100 positions across all departments (including approximately 430 layoffs and more than 1,670 reductions through voluntary severance and vacancy eliminations), combined nine separate departments into four new departments, and cut non-personnel spending across the board. The City also utilized asset concession proceeds, increased parking and amusement taxes, refunded debt, implemented mandatory furlough days for non-union employees, negotiated unpaid days and other costs savings with most of the City's unions, and ordered the temporary shutdown of non-critical services for three days during the holiday season.

Due to expected reduced receipts in economically sensitive revenues in 2009, the City continued to monitor its financial position and made budgetary adjustments as necessary.

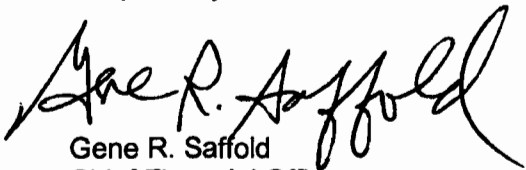
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**Awards and Acknowledgments.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chicago for its comprehensive annual financial report for the fiscal year ended December 31, 2008. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

  
Gene R. Saffold  
Chief Financial Officer

  
Steven J. Lux  
City Comptroller

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



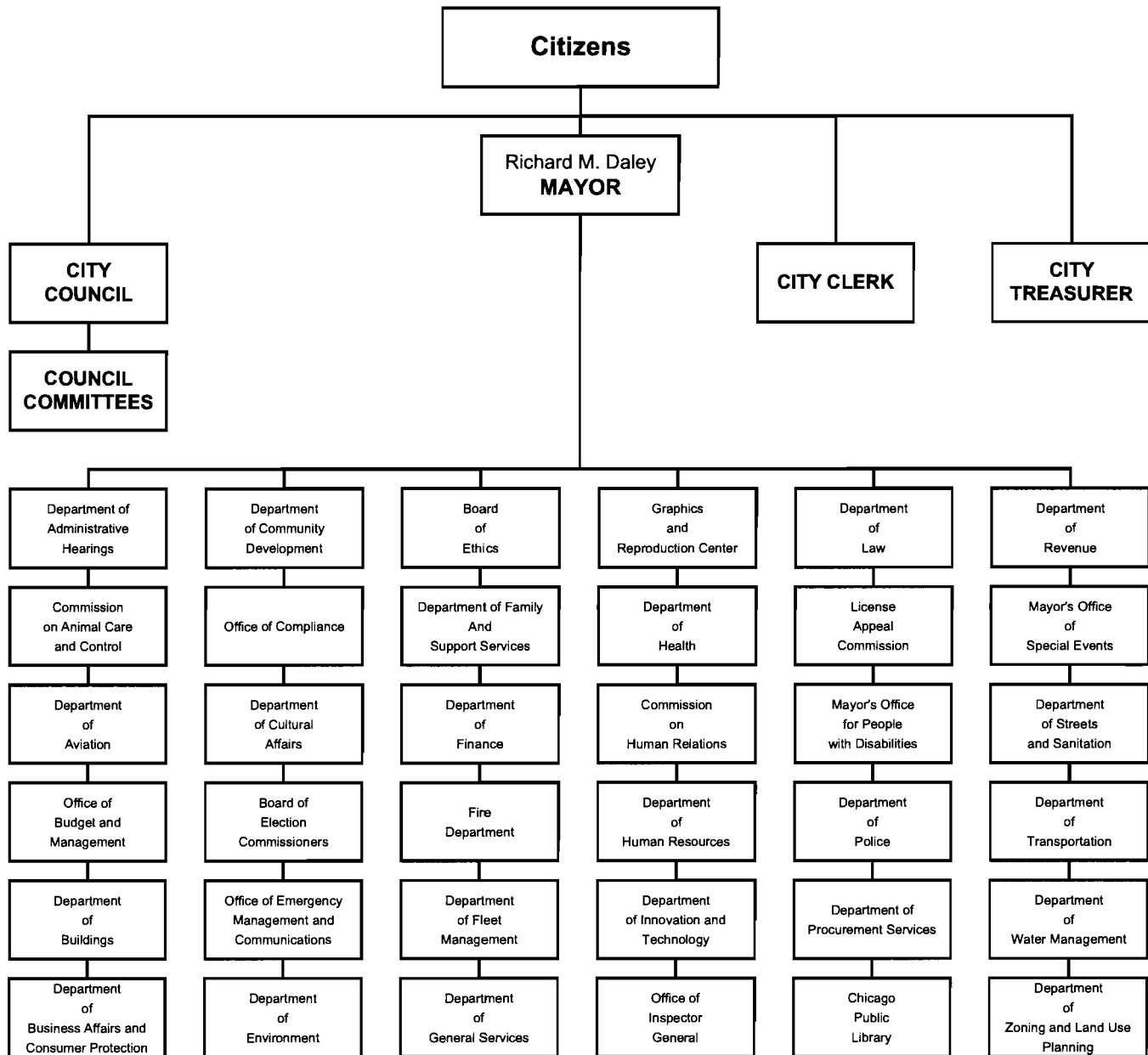
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen".

Executive Director

**CITY OF CHICAGO  
ORGANIZATION CHART  
AS OF 12/31/2009**





**PART II**

**FINANCIAL SECTION**

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



## INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor  
and Members of the City Council  
City of Chicago, Illinois

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, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, in so far 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 respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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 net assets or financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Schedule of Other Postemployment Benefits Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the City's management. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the City's respective financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City's management. The combining and individual fund statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Deloitte & Touche LLP

June 29, 2010

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009**

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**Management's Discussion and Analysis**

As management of the City of Chicago, Illinois (City) we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009. 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.

**Fiscal 2009 Financial Highlights**

- Liabilities and Deferred Inflows of the City, in the government-wide financial statements, exceeded its assets at the close of the most recent fiscal year by \$264.5 million (*net deficit*). Of this amount, \$7,359.3 million is an unrestricted deficit, while \$2,537.8 million is invested in capital assets, net of related debt and \$4,557.0 million is restricted for specific purposes.
- The City's total assets increased by \$1,242.6 million. The increase relates to \$808.6 million increase in capital assets as a result of the City's capital improvement program and \$345.9 million increase in unrestricted and restricted cash and cash equivalents and investments primarily as a result of the City's Meter Parking System Services Concession Agreement.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2009 were \$8,590.7 million, an increase of \$1,917.0 million (28.7 percent) from 2008.
- The General Fund, also in the fund financial statements, ended 2009 with a total Fund Balance of \$54.7 million. Total Fund Balance increased from 2008 primarily because Revenues and Other Financing Sources were more than Expenditures and Other Financing Uses by \$4.7 million. Fund Balance at December 31, 2009 of \$32.4 million was reserved for commitments. Unreserved Fund Balance was \$2.7 million at December 31, 2009, compared to a balance of \$.2 million at the end of 2008.
- The City's general obligation bonds and notes outstanding increased by \$407.4 million during the current fiscal year. The proceeds from the increase in bonds were used to finance the City's capital plan.

**Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during each fiscal year. All changes in net assets 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



**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

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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 and the City related funds of the Public Building Commission. 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 20 individual governmental funds. Information for the seven 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 seven major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, Service Concession Agreement Fund, the Reserve Fund, the Bond, Note Redemption and Interest Fund, and the Community Development and Improvement Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

**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 assets and a statement of changes in fiduciary net assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund 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 to 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 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 financial statements

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

**Net assets (deficit).** As noted earlier, net assets 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 \$264.5 million at December 31, 2009.

A large portion of the City's net deficit, \$2,537.8 million reflects its investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows.

**City of Chicago, Illinois  
Summary Statement of Net Assets  
(In millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Current and other assets	\$ 6,106.2	\$ 5,112.5	\$ 2,772.6	\$ 3,332.3	\$ 8,878.8	\$ 8,444.8
Capital assets	7,311.5	7,208.5	10,917.5	10,211.9	18,229.0	17,420.4
Total assets	13,417.7	12,321.0	13,690.1	13,544.2	27,107.8	25,865.2
Long-term liabilities						
outstanding	12,122.8	11,732.3	9,600.3	11,284.1	21,723.1	23,016.4
Other liabilities	1,448.0	1,344.0	782.1	674.7	2,230.1	2,018.7
Total Liabilities	13,570.8	13,076.3	10,382.4	11,958.8	23,953.2	25,035.1
Deferred Inflows	1,681.5	-	1,737.6	-	3,419.1	-
Net assets:						
Invested in capital assets,						
net of related debt	251.1	494.9	2,286.7	2,323.4	2,537.8	2,818.3
Restricted	3,735.1	2,842.2	821.9	779.9	4,557.0	3,622.1
Unrestricted	(5,820.8)	(4,092.4)	(1,538.5)	(1,517.9)	(7,359.3)	(5,610.3)
Total net assets (deficit)	\$ (1,834.6)	\$ (755.3)	\$ 1,570.1	\$ 1,585.4	\$ (264.5)	\$ 830.1

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

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An additional portion of the City's net assets (\$4,557.0 million) represent resources that are subject to external restrictions on how they may be used.

**Governmental Activities.** Net assets of the City's governmental activities decreased \$1,079.3 million to a deficit of \$1,834.6 million. However, a significant portion of those net assets are either restricted as to the purpose they can be used for or they are invested in capital assets (buildings, roads, bridges, etc.) net of related debt. Consequently, unrestricted net assets showed a \$5,820.8 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 (\$664.7 million), Municipal employees, Policemen's and Firemen's net pension obligation (\$3,453.4 million) and post-employment benefits (\$329.0 million). The City will include these amounts in future years' budgets as they come due. In addition, the remaining deferred inflow of \$1,681.5 million will be amortized into income over the life of the concession service agreements.

Over half of the City's revenue comes from taxes. Total taxes decreased by 5.7 percent. Total taxes include a decrease in property taxes of \$2.9 million (.4 percent). Other taxes decreased by \$172.5 million (7.5 percent) as a result of decreases in sales, income and transaction taxes. Federal/State grants vary from year to year depending primarily on the level of spending for programs, construction and other projects.

Expenses for governmental activities in 2009 were \$6,217.2 million. This reflects a decrease of \$46.8 million (.8 percent) over 2008. Public Safety was the largest component of current expenses, accounting for 40.6 percent of total expenses. Expenses remained consistent with 2008 expenses.

The cost of all governmental activities was \$6,217.2 million.

- The amount that taxpayers paid for these activities through City taxes was only \$2,918.6 million.
  - ♦ Some of the cost was paid by those who directly benefited from the programs (\$621.9 million), or
  - ♦ By other governments and organizations that subsidized certain programs with grants and contributions (\$726.6 million).

The City paid for the "public benefit" portion with \$870.8 million with other revenues such as state aid, interest and miscellaneous income.

Although total net assets of business-types activities were \$1,570.1 million, these resources cannot be used to make up for the net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, sewer, tollway, and airports activities.

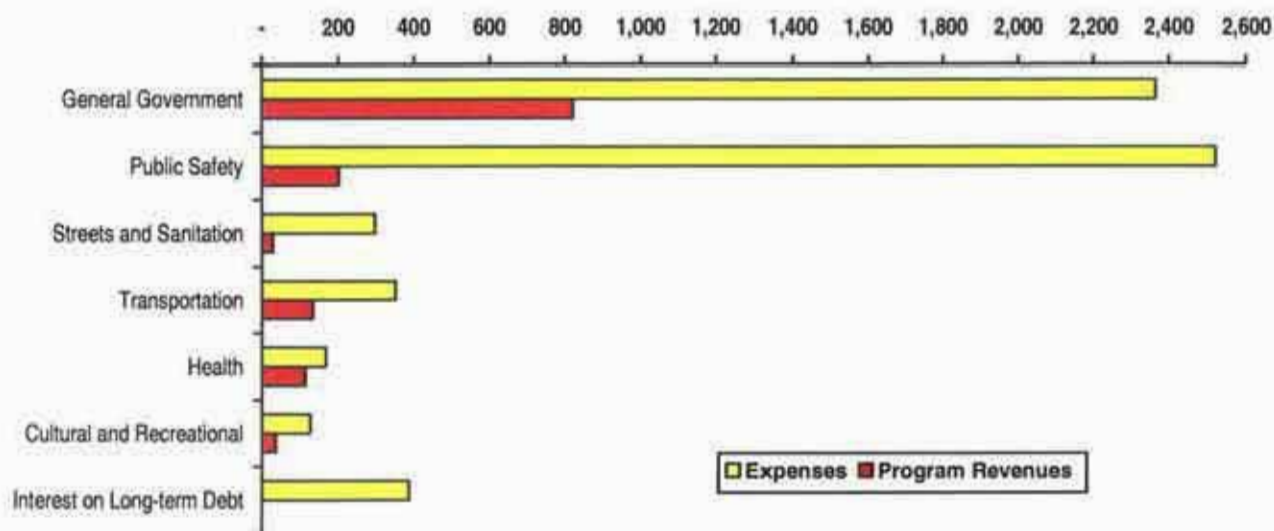
**CITY OF CHICAGO, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2009 - Continued**

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

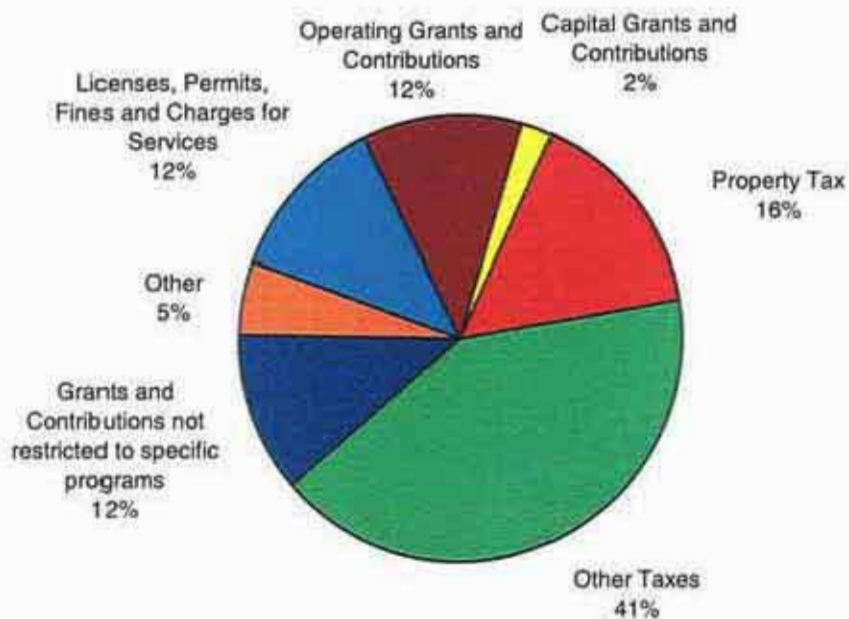
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>						
Program Revenues:						
Licenses, Permits, Fines and						
Charges for Services	\$ 621.9	\$ 653.1	\$ 1,332.1	\$ 1,339.5	\$ 1,954.0	\$ 1,992.6
Operating Grants and Contributions	611.3	624.4	-	-	611.3	624.4
Capital Grants and Contributions	115.3	139.9	211.2	224.8	326.5	364.7
General Revenues:						
Property Taxes	797.0	799.9	-	-	797.0	799.9
Other Taxes	2,121.6	2,294.1	-	-	2,121.6	2,294.1
Grants and Contributions not						
Restricted to Specific Programs	601.2	712.4	-	-	601.2	712.4
Other	269.6	169.5	24.0	95.1	293.6	264.6
Total Revenues	<u>5,137.9</u>	<u>5,393.3</u>	<u>1,567.3</u>	<u>1,659.4</u>	<u>6,705.2</u>	<u>7,052.7</u>
<b>Expenses:</b>						
General Government	2,364.8	2,384.6	-	-	2,364.8	2,384.6
Public Safety	2,521.1	2,434.8	-	-	2,521.1	2,434.8
Streets and Sanitation	297.2	371.1	-	-	297.2	371.1
Transportation	351.1	381.1	-	-	351.1	381.1
Health	166.9	170.8	-	-	166.9	170.8
Cultural and Recreational	130.0	140.1	-	-	130.0	140.1
Interest on Long-term Debt	386.1	381.5	-	-	386.1	381.5
Water	-	-	382.5	371.4	382.5	371.4
Sewer	-	-	170.0	158.3	170.0	158.3
Midway International Airport	-	-	206.6	217.6	206.6	217.6
Chicago-O'Hare International Airport	-	-	811.7	803.4	811.7	803.4
Chicago Skyway	-	-	11.8	12.4	11.8	12.4
Total Expenses	<u>6,217.2</u>	<u>6,264.0</u>	<u>1,582.6</u>	<u>1,563.1</u>	<u>7,799.8</u>	<u>7,827.1</u>
Change in Net Assets Before Transfers	(1,079.3)	(870.7)	(15.3)	96.3	(1,094.6)	(774.4)
Transfers	-	-	-	-	-	-
Change in Net Assets	(1,079.3)	(870.7)	(15.3)	96.3	(1,094.6)	(774.4)
Net Assets, Beginning of Year	(755.3)	115.4	1,585.4	1,489.1	830.1	1,604.5
Net Assets, End of Year	<u>\$ (1,834.6)</u>	<u>\$ (755.3)</u>	<u>\$ 1,570.1</u>	<u>\$ 1,585.4</u>	<u>\$ (264.5)</u>	<u>\$ 830.1</u>



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



**Revenues by Source - Governmental Activities**



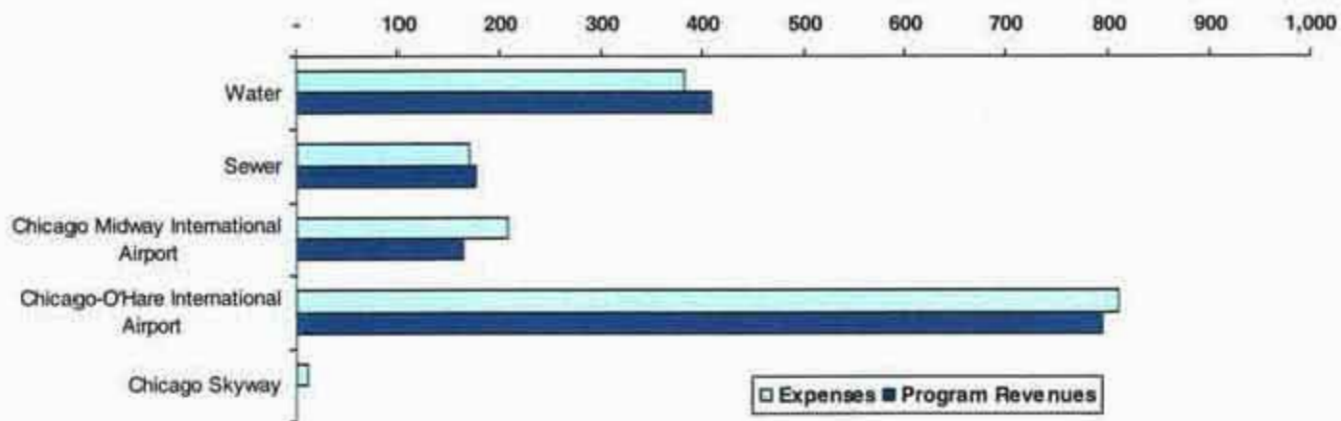
**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

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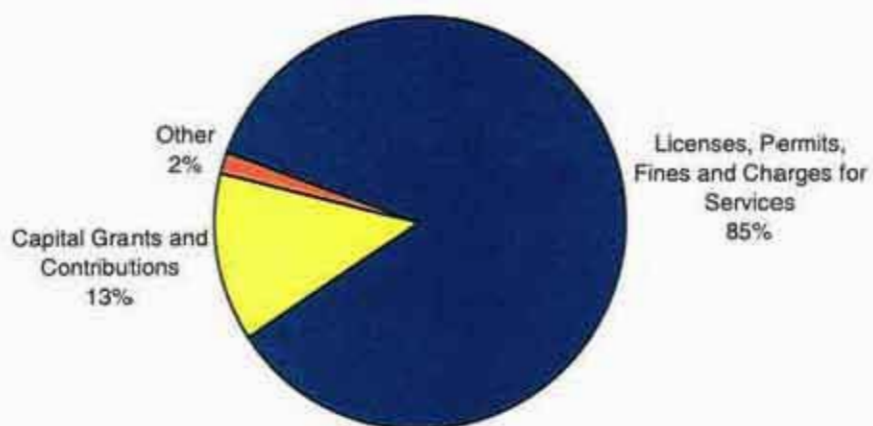
**Business-type Activities.** Revenues of the City's business-type activities decreased by \$92.1 million in 2009 due primarily to decreases in rent and investment earnings. All Funds met debt service coverage ratios set forth in the applicable bond indentures.

- The Water Fund's operating revenues for 2009 increased by 10.8 percent from 2008 due to an increase in water rates. Operating expenses in 2009 decreased by .5 percent primarily due to a decrease in personnel services.
- The Sewer Fund's operating revenues increased 9.5 percent during fiscal year 2009, as the result of an increase in water and sewer rates. Operating expenses increased 10.1% as a result of increased repairs and maintenance.
- Chicago Midway International Airport Fund's operating revenues for 2009 decreased by \$2.7 million compared to prior year operating revenues. Operating expenses decreased by \$8.3 million primarily due to a decrease in contractual services.
- Chicago-O'Hare International Airport Fund's operating revenues for 2009 decreased by \$59.8 million (8.7 percent) compared to prior year operating revenues as a result of decreased fund deposit requirements. Operating expenses increased by \$3.7 million as a result of an increase in depreciation and amortization of \$27.9 million.
- The Chicago Skyway was leased for 99 years to a private company. The agreement granted the company to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into non-operating revenue over the period of the lease (\$18.5 million annually).

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



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



**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

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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, *unreserved 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, 2009, the City's governmental funds reported combined ending fund balances of \$1,806.9 million, a decrease of \$144.1 million in comparison with the prior year. Of this total amount (\$85.9 million) constitutes *undesignated fund deficit*. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$147.3 million), 2) to pay debt service (\$406.1 million), 3) to provide a long-term reserve (\$880.0 million), 4) for future appropriations (\$422.3 million), and 5) for a variety of other restricted purposes (\$37.1 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2.7 million with a total fund balance of \$54.7 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 1.8 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$6.3 million during the current fiscal year. Revenues and Other Financing Sources exceeded Expenditures and Other Financing Uses by \$4.7 million.

The Federal, State and Local Grants Fund has a total fund balance of \$13.1 million, \$17.4 million of which is reserved for the resale of property, while there is an unreserved, undesignated deficit of \$4.3 million.

The Special Taxing Areas Fund has a total fund balance of \$1,232.8 million, of which \$37.1 million is reserved for encumbrances, and the remaining \$1,197.7 million is unreserved, undesignated.

The Bond, Note Redemption and Interest Fund have a total fund balance of \$256.5 million. The net increase in fund balance during the current year in the Bond, Note Redemption and Interest Fund was \$624.5 million primarily from the transfer of the underground parking garage system deferred inflow to the Concession Service Agreement Fund that also includes the Meter Parking System Service Agreement transaction.

The Service Concession Agreement Fund accounts for deferred inflows from non business type long-term concession and lease transactions and has an unreserved, undesignated fund deficit of \$1,681.5 million.

The Community Development and Improvement Projects Fund has a total fund balance of \$340.9 million, of which \$48.7 million is reserved for encumbrances and the remaining \$292.2 million is unreserved, undesignated. The decrease in fund balance during the current year in the Community Development and Improvement Projects Fund was \$59.2 million.

The Reserve Fund has a total fund balance of \$1,302.3 million, of which \$880.0 million is reserved as a long-term trust. The remaining is designated for future appropriations.

**Changes in fund balance.** The City's governmental fund revenues (excluding other financing sources) decreased by 4.5 percent or \$248.9 million.

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



**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

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Unrestricted net assets of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Chicago Midway International Airport Funds at the end of the year amounted to a deficit of \$1,538.5 million. The total decrease in unrestricted net assets related to changes in the \$2,286.7 million of net assets invested in capital assets, net of related debt and the \$821.8 million of net assets restricted is primarily due to assets being reserved for debt service, construction, and rehabilitation. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

The City's 2009 Original General Fund Budget is \$3,186.5 million. This budget reflects a decrease of \$32.0 million (1.0 percent) over the 2008 Budget. The City's 2009 General Fund Budget was approved by the City Council on November 9, 2008.

The General Fund revenues and expenditures in 2009 ended the current fiscal year with an available unreserved fund balance of \$2.7 million, which is a \$2.5 million increase over 2008.

The General Fund revenues on a budgetary basis were \$148.7 million less than the final budget as a result of lower than expected taxes. In addition, unfavorable results occurred in internal services revenue, licenses and permits, and leases, rentals and sales. Expenditures were \$146.3 million less than budgeted as a result of favorable variances in general government, primarily as a result of certain labor contracts not being finalized during 2009 as was budgeted. Additional information on the City's budget can be found in Note #3 under Stewardship, Compliance and Accountability within this report.

**Capital Asset and Debt Administration**

**Capital assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2009 amount to \$18,229.0 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 continued its LEED Strategy with new libraries, police stations and fire engine company construction projects totaling \$54.0 million in 2009.
- The City also continued its commitment to libraries with the addition of \$7.0 million of books and equipment in 2009.
- The City also completed \$30.3 million in street lighting and transit improvement projects. An additional \$60.9 million in bridge and viaduct reconstruction projects were also completed. The City completed street construction and resurfacing projects totaling \$160.5 million in 2009.
- The City purchased the Michael Reese Hospital Campus for \$91.0 million.
- During 2009 the Water Fund expended \$186.7 million for capital activities. This included \$11.5 million for structures and improvements, \$95.4 million for distribution plant, \$11.0 million for equipment and \$68.8 million for construction in progress. The 2009 Water Main Replacement Program completed 31.6 miles of water mains. During 2009, net completed projects amounted to \$73.0 million.
- The 2009 Sewer Main Replacement Program completed 8.1 miles of sewer mains and 43.0 miles of relining of existing sewer mains at a cost of \$112.0 million.
- Chicago Midway International Airport had capital asset additions in 2009 of \$38.6 million principally due to land acquisition, terminal improvements, security enhancements, parking, and runway improvements.
- Chicago-O'Hare International Airport had capital asset additions in 2009 of \$621.6 million principally due to land acquisition, terminal improvements, security enhancements, snow dump improvements, water drainage and sewer, heating and refrigeration, runway, roadway and parking improvements.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 1,372.7	\$ 1,271.6	\$ 839.5	\$ 791.3	\$ 2,212.2	\$ 2,062.9
Works of Art and Historical Collections	13.1	11.6	-	-	13.1	11.6
Construction in Progress	225.3	345.5	1,502.5	1,135.0	1,727.8	1,480.5
Buildings and Other Improvements	1,589.8	1,512.0	8,286.6	8,005.8	9,876.4	9,517.8
Machinery and Equipment	335.9	344.2	288.9	279.7	624.8	623.9
Infrastructure	<u>3,774.7</u>	<u>3,723.6</u>	<u>-</u>	<u>-</u>	<u>3,774.7</u>	<u>3,723.6</u>
Total	<u>\$ 7,311.5</u>	<u>\$ 7,208.5</u>	<u>\$ 10,917.5</u>	<u>\$ 10,211.8</u>	<u>\$ 18,229.0</u>	<u>\$ 17,420.3</u>

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

**Debt.** At the end of the current fiscal year, the City had \$6,192.1 million in General Obligation Bonds and Notes and \$671.3 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$208.9 million in Motor Fuel Tax Revenue Bonds; \$355.9 million of Sales Tax Revenue Bonds; \$186.2 million in Tax Increment Financing Bonds; \$3.5 million in Installment Purchase Agreements; and \$9,532.3 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to the Long-term Obligations note in the Basic Financial Statements.

**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>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General Obligation	\$ 6,863.4	\$ 6,456.0	\$ -	\$ -	\$ 6,863.4	\$ 6,456.0
Installment Purchase Agreement	3.5	5.5	-	-	3.5	5.5
Tax Increment	186.2	210.2	-	-	186.2	210.2
Revenue Bonds	<u>564.8</u>	<u>562.7</u>	<u>9,532.3</u>	<u>9,467.7</u>	<u>10,097.1</u>	<u>10,030.4</u>
Total	<u>\$ 7,617.9</u>	<u>\$ 7,234.4</u>	<u>\$ 9,532.3</u>	<u>\$ 9,467.7</u>	<u>\$ 17,150.2</u>	<u>\$ 16,702.1</u>

During 2009, the City issued the following:

**General Obligation Bonds and Notes:**

- General Obligation Bonds, Project and Refunding Series 2008C, Library Series 2008D and Taxable Project and Refunding Series 2008E (\$611 million)
- General Obligation Tender Notes Series 2009 (\$70.4 million)
- General Obligation Commercial Paper Notes (\$135.7 million)

**Revenue Bonds:**

- Sales Tax Revenue Refunding Bonds Series 2009A-C (\$90.9 million)

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Continued**

Enterprise Fund Revenue Bonds and Notes:

- Chicago-O'Hare International Airport General Commercial Paper Notes (\$259.8 million)
- Chicago Midway International Airport General Commercial Paper Notes (\$61.4 million)

At December 31, 2009 the City had credit ratings with each of the three major rating agencies as follows:

<b>Rating Agency</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
General Obligation:			
City	Aa3	AA-	AA
Revenue Bonds:			
O'Hare Airport:			
First Lien General Airport Revenue Bonds	Aa3	AA	AA+
Second Lien General Airport Revenue Bonds	A1	AA-	AA
Third Lien General Airport Revenue Bonds	A1	A-	A
First Lien Passenger Facility Charge (PFC)	A1	A	A+
Midway Airport:			
First Lien	A2	A	A+
Second Lien	A3	A-	A
Water:			
First Lien	Aa3	AA	AA+
Second Lien	A1	AA-	AA
Wastewater:			
First Lien	n/a	AA-	n/a
Junior Lien	A2	A+	AA-
Sales Tax	Aa3	AAA	AA
Motor Fuel Tax	A1	AA+	A-

In 2007, the City closed and extinguished the First Lien Passenger Facility Charge (PFC) bonds. All outstanding PFC bonds exist within the same lien status.

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

The City's finances are closely tied with the global and national economies. As a result, the City's economically sensitive taxes and tax collections decreased. Nationally, in 2009 new housing unit starts were 28 percent below 2008 levels. Additionally, in Illinois year to date home sales decreased 1.4 percent in 2009 and the average home price decreased 15.5 percent. Therefore, real estate transaction tax collections decreased by 48.0 percent from 2008 collections. Additionally, 2009 sales tax collections decreased by 7.6 percent. An increase in the amusement tax resulted in an increase in the recreation tax of 4.1 percent over 2008 collections.

Chicago is a center of tourism and conventions. Chicago's business district includes more than 30,000 hotel rooms within a five-mile range of McCormick Place, the convention facility that contains 2.6 million square feet of exhibit halls. A combination of economic factors and an increase in supply resulted in hotel occupancy declining to 67 percent in 2009 while the average daily room rate decreased by 18.4 percent. Hotel projects completed in 2009 included the Wit with 298 rooms and Hotel Felix with 230 rooms. Additionally, the 661 room Swissotel completed the \$120 million upgrade of all guest rooms and the expansion of its meeting and ballroom space totaling 55,000 square feet.

The 2009 national unemployment rate reached 9.275 percent up from 5.82 percent in 2008. The City saw a similar trend as its unemployment rate increased to 10.0 percent in 2009 up from 6.4 percent in 2008.

**CITY OF CHICAGO, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009 - Concluded**

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On December 2, 2009, the City Council approved the City's 2010 General Fund Budget in the amount of \$3,179.7 million. This budget reflects a decrease over the 2009 General Fund budget of \$6.8 million or under 1.0 percent over the 2009 General Fund budget. The City's 2010 budget includes \$114.0 million in expense reductions, some of which are extensions of those implemented in 2009. Reductions include the elimination of 220 vacant positions across all departments and the elimination of cost-of-living increases for non-union employees. Additional cost saving measures include fuel cost savings, equipment rental savings, real estate lease renegotiations, debt refunding and the closure of TIF districts. The City will also temporarily leverage some of its existing asset concession proceeds to manage the revenue decline brought on by the national economic recession.

**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 Comptroller's Office.

**Exhibit 1**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

		Primary Government	
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 1,606,394	\$ 95,177	\$ 1,701,571
Investments .....	801,904	114,417	916,321
Cash and Investments with Escrow Agent .....	491,626	-	491,626
Receivables (Net of Allowances):			
Property Tax .....	1,323,772	-	1,323,772
Accounts .....	702,258	256,827	959,085
Internal Balances .....	(9,134)	9,134	-
Inventories .....	19,658	15,112	34,770
Restricted Assets:			
Cash and Cash Equivalents .....	122,075	790,250	912,325
Investments .....	757,147	988,282	1,745,429
Other Assets .....	290,472	503,473	793,945
Capital Assets:			
Land, Improvements, Art, and Construction in Progress .....	1,611,197	2,341,993	3,953,190
Other Capital Assets, Net of Accumulated Depreciation .....	5,700,333	8,575,482	14,275,815
Total Capital Assets .....	7,311,530	10,917,475	18,229,005
Total Assets .....	<u>\$ 13,417,702</u>	<u>\$ 13,690,147</u>	<u>\$ 27,107,849</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Voucher Warrants Payable .....	\$ 427,573	\$ 319,382	\$ 746,955
Short-term Debt .....	672	-	672
Accrued Interest .....	138,294	181,405	319,699
Accrued and Other Liabilities .....	786,128	128,952	915,080
Unearned Revenue .....	95,343	152,482	247,825
Long-term Liabilities:			
Due Within One Year .....	274,506	220,125	494,631
Long-term Purchase Obligation .....	-	14,291	14,291
Due in More Than One Year .....	11,848,298	9,365,860	21,214,158
Total Liabilities .....	13,570,814	10,382,497	23,953,311
Deferred Inflows .....	1,681,459	1,737,576	3,419,035
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt .....	251,103	2,286,658	2,537,761
Restricted for:			
Capital Projects .....	13,725	178,462	192,187
Long-term Reserve .....	1,302,319	-	1,302,319
Debt Service .....	1,099,797	40,032	1,139,829
Federal, State and Local Grants .....	13,050	-	13,050
Special Taxing Areas .....	1,306,237	-	1,306,237
Passenger Facility Charges .....	-	203,752	203,752
Noise Mitigation Program .....	-	207,850	207,850
Other Purposes .....	-	191,813	191,813
Unrestricted (Deficit) .....	(5,820,802)	(1,538,493)	(7,359,295)
Total Net Assets .....	<u>\$ (1,834,571)</u>	<u>\$ 1,570,074</u>	<u>\$ (264,497)</u>

See notes to basic financial statements.

**Exhibit 2**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Licenses, Permits, Fines and Charges for Services</u>
Primary Government		
Governmental Activities:		
General Government .....	\$ 2,364,754	\$ 382,617
Public Safety .....	2,521,151	158,490
Streets and Sanitation .....	297,156	30,990
Transportation .....	351,101	24,895
Health .....	166,914	2,504
Cultural and Recreational .....	129,996	22,375
Interest on Long-term Debt .....	386,125	-
Total Governmental Activities .....	<u>6,217,197</u>	<u>621,871</u>
Business-type Activities:		
Water .....	382,502	410,213
Sewer .....	169,982	175,163
Chicago Midway International Airport .....	206,613	122,301
Chicago-O'Hare International Airport .....	811,710	624,443
Chicago Skyway .....	11,775	-
Total Business-type Activities .....	<u>1,582,582</u>	<u>1,332,120</u>
Total Primary Government .....	<u>\$ 7,799,779</u>	<u>\$ 1,953,991</u>

See notes to basic financial statements.



# Program Revenues

# Net (Expense) Revenue and Changes in Net Assets Primary Government

Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 435,503	\$ 3,357	\$ (1,543,277)	\$ -	\$ (1,543,277)
44,400	-	(2,318,261)	-	(2,318,261)
-	-	(266,166)	-	(266,166)
-	111,904	(214,302)	-	(214,302)
115,204	-	(49,206)	-	(49,206)
16,194	-	(91,427)	-	(91,427)
-	-	(386,125)	-	(386,125)
<u>611,301</u>	<u>115,261</u>	<u>(4,868,764)</u>	<u>-</u>	<u>(4,868,764)</u>
-	-	-	27,711	27,711
-	-	-	5,181	5,181
-	39,862	-	(44,450)	(44,450)
-	171,312	-	(15,955)	(15,955)
-	-	-	(11,775)	(11,775)
<u>-</u>	<u>211,174</u>	<u>-</u>	<u>(39,288)</u>	<u>(39,288)</u>
<u>\$ 611,301</u>	<u>\$ 326,435</u>	<u>(4,868,764)</u>	<u>(39,288)</u>	<u>(4,908,052)</u>

## General Revenues

### Taxes:

Property Tax .....	797,026	-	797,026
Utility Tax .....	579,101	-	579,101
Sales Tax .....	252,282	-	252,282
Transportation Tax .....	333,199	-	333,199
Transaction Tax .....	205,026	-	205,026
Special Area Tax .....	501,042	-	501,042
Recreation Tax .....	154,038	-	154,038
Other Taxes .....	96,944	-	96,944
Grants and Contributions not Restricted to			
Specific Programs .....	601,198	-	601,198
Unrestricted Investment Earnings .....	31,520	15,024	46,544
Miscellaneous .....	238,126	8,941	247,067
Total General Revenues .....	<u>3,789,502</u>	<u>23,965</u>	<u>3,813,467</u>
Transfers .....	-	-	-
Change in Net Assets .....	<u>(1,079,262)</u>	<u>(15,323)</u>	<u>(1,094,585)</u>
Net Assets - Beginning .....	<u>(755,309)</u>	<u>1,585,397</u>	<u>830,088</u>
Net Assets - Ending .....	<u>\$ (1,834,571)</u>	<u>\$ 1,570,074</u>	<u>\$ (264,497)</u>

**Exhibit 3**  
**CITY OF CHICAGO, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 2,477	\$ 46,666	\$ 1,088,549
Investments .....	10	9,083	134,848
Cash and Investments with Escrow Agent .....	-	-	-
Receivables (Net of Allowances):			
Property Tax .....	-	-	380,257
Accounts .....	205,635	24,558	1,538
Due From Other Funds .....	293,587	45,513	5,212
Due From Other Governments .....	181,302	152,148	-
Inventories .....	19,658	-	-
Restricted Cash and Cash Equivalents .....	-	-	-
Restricted Investments .....	-	-	-
Other Assets .....	-	17,397	-
<b>Total Assets .....</b>	<b>\$ 702,669</b>	<b>\$ 295,365</b>	<b>\$ 1,610,404</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 128,551	\$ 133,141	\$ 20,689
Bonds, Notes and Other Obligations Payable - Current .....	-	-	-
Accrued Interest .....	-	-	-
Due To Other Funds .....	256,721	54,967	9,382
Accrued and Other Liabilities .....	247,849	3,224	2,313
Claims Payable .....	10,482	-	-
Deferred Revenue .....	4,360	90,983	345,256
<b>Total Liabilities .....</b>	<b>647,963</b>	<b>282,315</b>	<b>377,640</b>
Deferred Inflows .....			
<b>Fund Balance:</b>			
Reserved for Encumbrances .....	32,390	-	37,087
Reserved for Resale Property .....	-	17,397	-
Reserved for Inventory .....	19,658	-	-
Reserved for Debt Service .....	-	-	-
Reserved for Long-term Trust Fund .....	-	-	-
Unreserved, Designated for Future Appropriations .....	-	-	-
Unreserved, Undesignated - Major Funds .....	2,658	(4,347)	1,195,677
Unreserved, Undesignated - Special Revenue Funds .....	-	-	-
Unreserved, Undesignated - Capital Projects Funds .....	-	-	-
<b>Total Fund Balance .....</b>	<b>54,706</b>	<b>13,050</b>	<b>1,232,764</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance .....</b>	<b>\$ 702,669</b>	<b>\$ 295,365</b>	<b>\$ 1,610,404</b>

See notes to basic financial statements.

Service Concession Agreements	Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 291,120	\$ 653	\$ 10,488	\$ 166,441	\$ 1,606,394
-	127,138	89,220	408,198	33,407	801,904
-	-	361,946	-	129,680	491,626
-	-	482,059	-	461,456	1,323,772
-	6,979	56,314	1,691	22,147	318,862
-	-	25,068	34,938	98,066	502,384
-	-	1,510	-	48,436	383,396
-	-	-	-	-	19,658
-	122,075	-	-	-	122,075
-	757,147	-	-	-	757,147
-	-	-	-	-	17,397
<u>\$ -</u>	<u>\$ 1,304,459</u>	<u>\$ 1,016,770</u>	<u>\$ 455,315</u>	<u>\$ 959,633</u>	<u>\$ 6,344,615</u>
\$ -	\$ -	\$ -	\$ 53,565	\$ 74,874	\$ 410,820
-	-	147,644	-	6,285	153,929
-	-	133,605	-	3,074	136,679
-	2,140	35,293	40,672	139,021	538,196
-	-	-	20,200	37,321	310,907
-	-	-	-	-	10,482
-	-	443,757	-	410,908	1,295,264
-	2,140	760,299	114,437	671,483	2,856,277
<u>1,681,459</u>					<u>1,681,459</u>
-	-	-	48,677	29,120	147,274
-	-	-	-	-	17,397
-	-	-	-	-	19,658
-	-	256,471	-	149,647	406,118
-	880,000	-	-	-	880,000
-	422,319	-	-	-	422,319
(1,681,459)	-	-	292,201	-	(195,270)
-	-	-	-	80,333	80,333
-	-	-	-	29,050	29,050
<u>(1,681,459)</u>	<u>1,302,319</u>	<u>256,471</u>	<u>340,878</u>	<u>288,150</u>	<u>1,806,879</u>
<u>\$ -</u>	<u>\$ 1,304,459</u>	<u>\$ 1,016,770</u>	<u>\$ 455,315</u>	<u>\$ 959,633</u>	<u>\$ 6,344,615</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds .....	7,311,530
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds ...	1,389,531
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(12,342,511)
Net assets of governmental activities	<u>\$ (1,834,571)</u>

**Exhibit 4**

**CITY OF CHICAGO, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**Year Ended December 31, 2009**

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

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax .....	\$ -	\$ -	\$ -
Utility Tax .....	481,275	-	-
Sales Tax .....	476,557	-	-
Transportation Tax .....	155,851	-	-
State Income Tax .....	251,820	-	-
Transaction Tax .....	179,641	-	-
Special Area Tax .....	-	-	371,548
Recreation Tax .....	154,038	-	-
Other Taxes .....	82,942	-	-
Federal/State Grants .....	1,714	751,555	-
Internal Service .....	289,100	-	-
Licenses and Permits .....	100,458	-	-
Fines .....	252,483	-	-
Investment Income (Loss) .....	3,011	-	2,967
Charges for Services .....	96,705	-	878
Miscellaneous .....	36,031	-	16,788
Total Revenues .....	2,561,626	751,555	392,181
Expenditures:			
Current:			
General Government .....	857,626	431,938	149,157
Health .....	41,044	128,999	204
Public Safety .....	1,862,914	47,741	559
Streets and Sanitation .....	219,485	-	3,861
Transportation .....	26,976	115,833	45,223
Cultural and Recreational .....	700	17,146	53
Employee Pensions .....	-	-	-
Other .....	354	6,541	404
Capital Outlay .....	-	3,357	-
Debt Service:			
Principal Retirement .....	3,410	-	-
Interest and Other Fiscal Charges .....	1,568	-	-
Total Expenditures .....	3,014,077	751,555	199,461
Revenues Over (Under) Expenditures ...	(452,451)	-	192,720

Continued on following pages.

Service Concession Agreements	Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 471,218	\$ -	\$ 334,792	\$ 806,010
-	-	22,138	-	75,688	579,101
-	-	25,990	-	1,405	503,952
-	-	15,612	-	161,736	333,199
-	-	-	-	95,994	347,814
-	-	-	-	25,385	205,026
-	-	-	-	116,361	487,909
-	-	-	-	-	154,038
-	-	-	-	14,002	96,944
-	-	-	-	-	753,269
-	-	-	-	16,995	306,095
-	-	-	-	-	100,458
-	-	-	-	15,408	267,891
-	22,604	(8,682)	6,012	5,608	31,520
-	-	-	-	26,974	124,557
21,033	80,000	47,366	9,798	27,110	238,126
21,033	102,604	573,642	15,810	917,458	5,335,909
-	7,128	-	-	218,141	1,663,990
-	-	-	-	7,565	177,812
-	-	-	-	2,497	1,913,711
-	-	-	-	76,785	300,131
-	-	-	-	73,916	261,948
-	-	-	-	89,705	107,604
-	-	-	-	430,915	430,915
-	-	-	-	377	7,676
-	-	-	527,916	88,000	619,273
-	-	394,495	-	37,000	434,905
-	-	317,490	-	32,372	351,430
-	7,128	711,985	527,916	1,057,273	6,269,395
21,033	95,476	(138,343)	(512,106)	(139,815)	(933,486)

**Exhibit 4 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt .....	\$ 58,500	\$ -	\$ -
Premium .....	-	-	-
Payment to Refunded Bond Escrow Agent ...	-	-	-
Transfers In .....	416,135	-	68,182
Transfers Out .....	(17,463)	-	(32,344)
Total Other Financing Sources (Uses) .....	457,172	-	35,838
Net Changes in Fund Balance .....	4,721	-	228,558
Fund Balance, Beginning of Year .....	48,443	13,050	1,004,206
Change in Inventory .....	1,542	-	-
Fund Balance, End of Year .....	<u>\$ 54,706</u>	<u>\$ 13,050</u>	<u>\$ 1,232,764</u>

See notes to basic financial statements.



<u>Service Concession Agreements</u>	<u>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>
\$ -	\$ -	\$ 340,324	\$ 438,094	\$ 162,125	\$ 999,043
-	-	-	2,259	-	2,259
-	-	(213,435)	-	-	(213,435)
-	951,355	651,137	16,334	150,316	2,253,459
<u>(1,702,492)</u>	<u>(404,845)</u>	<u>(15,194)</u>	<u>(3,734)</u>	<u>(77,387)</u>	<u>(2,253,459)</u>
<u>(1,702,492)</u>	<u>546,510</u>	<u>762,832</u>	<u>452,953</u>	<u>235,054</u>	<u>787,867</u>
(1,681,459)	641,986	624,489	(59,153)	95,239	(145,619)
-	660,333	(368,018)	400,031	192,911	1,950,956
-	-	-	-	-	1,542
<u>\$ (1,681,459)</u>	<u>\$ 1,302,319</u>	<u>\$ 256,471</u>	<u>\$ 340,878</u>	<u>\$ 288,150</u>	<u>\$ 1,806,879</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, 2009**  
**(Amounts are in Thousands of Dollars)**

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

Net change in fund balances - total governmental funds .....	\$ (145,619)
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 .....	101,786
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	4,149
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 .....	(370,549)
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 .....	(669,029)
Change in the net assets of governmental activities .....	<u>\$ (1,079,262)</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, 2009**

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues:</b>				
Utility Tax .....	\$ 523,266	\$ 523,266	\$ 481,275	\$ (41,991)
Sales Tax .....	262,715	262,715	224,887	(37,828)
Transportation Tax .....	161,568	161,568	155,851	(5,717)
Transaction Tax .....	257,250	257,250	179,641	(77,609)
Recreation Tax .....	162,551	162,551	154,038	(8,513)
Business Tax .....	93,991	93,991	79,557	(14,434)
State Income Tax .....	362,045	362,045	251,820	(110,225)
State Sales Tax .....	284,820	284,820	251,670	(33,150)
State Auto Rental .....	3,800	3,800	3,385	(415)
Federal/State Grants .....	2,500	2,500	1,714	(786)
Internal Service .....	315,546	315,546	289,100	(26,446)
Licenses and Permits .....	125,990	125,990	100,458	(25,532)
Fines .....	293,546	293,546	252,483	(41,063)
Investment Income .....	10,960	10,960	3,011	(7,949)
Charges for Services .....	93,686	93,686	87,520	(6,166)
Municipal Utilities .....	5,900	5,900	9,120	3,220
Leases, Rentals and Sales .....	24,061	24,061	10,683	(13,378)
Miscellaneous .....	19,214	19,214	25,413	6,199
Issuance of Debt, Net of				
Original Discount .....	-	-	58,500	58,500
Budgeted Prior Years' Surplus				
and Reappropriations .....	1,473	1,473	1,473	-
Transfers In/Out .....	181,590	181,590	416,135	234,545
<b>Total Revenues</b> .....	<b>3,186,472</b>	<b>3,186,472</b>	<b>3,037,734</b>	<b>(148,738)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government .....	1,058,261	1,058,261	885,049	173,212
Health .....	42,694	42,694	41,169	1,525
Public Safety .....	1,823,197	1,823,197	1,862,429	(39,232)
Streets and Sanitation .....	223,904	223,904	219,618	4,286
Transportation .....	32,925	32,925	26,487	6,438
Cultural and Recreational .....	700	700	700	-
<b>Debt Service:</b>				
Principal Retirement .....	3,410	3,410	3,410	-
Interest and Other Fiscal Charges .....	1,381	1,381	1,354	27
<b>Total Expenditures</b> .....	<b>3,186,472</b>	<b>3,186,472</b>	<b>3,040,216</b>	<b>146,256</b>
<b>Revenues Over (Under) Expenditures</b> ....	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,482)</b>	<b>\$ (2,482)</b>

See notes to basic financial statements.

**Exhibit 7**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2009**  
**(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</b>						
<b>CURRENT ASSETS:</b>						
Unrestricted Assets:						
Cash and Cash Equivalents .....	\$ 20,012	\$ 4,505	\$ 7,049	\$ 61,398	\$ 2,213	\$ 95,177
Investments .....	1,532	3,439	43,432	65,956	58	114,417
Accounts Receivable (Net of Allowances) .....	99,970	58,521	12,056	82,375	57	252,979
Due from Other Funds .....	17,541	35,440	3,564	20,820	-	77,365
Due from Other Governments .....	-	-	5	3,843	-	3,848
Inventories .....	13,817	1,295	-	-	-	15,112
<b>Total Unrestricted Assets .....</b>	<b>152,872</b>	<b>103,200</b>	<b>66,106</b>	<b>234,392</b>	<b>2,328</b>	<b>558,898</b>
Restricted Assets:						
Cash and Cash Equivalents .....	34,639	57,478	135,383	562,750	-	790,250
Investments .....	86,384	28,834	94,584	778,480	-	988,282
<b>Total Restricted Assets .....</b>	<b>121,023</b>	<b>86,312</b>	<b>229,967</b>	<b>1,341,230</b>	<b>-</b>	<b>1,778,532</b>
<b>Total Current Assets .....</b>	<b>273,895</b>	<b>189,512</b>	<b>296,073</b>	<b>1,575,622</b>	<b>2,328</b>	<b>2,337,430</b>
<b>NONCURRENT ASSETS:</b>						
OTHER ASSETS .....	14,175	10,896	117,073	350,806	10,523	503,473
<b>PROPERTY, PLANT AND EQUIPMENT:</b>						
Land .....	5,083	560	106,918	714,373	12,609	839,543
Structures, Equipment and Improvements .....	2,957,374	1,604,229	1,318,793	5,937,981	490,755	12,309,132
Accumulated Depreciation .....	(736,433)	(364,782)	(293,557)	(2,158,534)	(180,344)	(3,733,650)
Construction Work in Progress .....	172,718	29,490	36,042	1,264,200	-	1,502,450
<b>Total Property, Plant and Equipment ...</b>	<b>2,398,742</b>	<b>1,269,497</b>	<b>1,168,196</b>	<b>5,758,020</b>	<b>323,020</b>	<b>10,917,475</b>
<b>Total Noncurrent Assets .....</b>	<b>2,412,917</b>	<b>1,280,393</b>	<b>1,285,269</b>	<b>6,108,826</b>	<b>333,543</b>	<b>11,420,948</b>
<b>Total Assets .....</b>	<b>\$ 2,686,812</b>	<b>\$ 1,469,905</b>	<b>\$ 1,581,342</b>	<b>\$ 7,684,448</b>	<b>\$ 335,871</b>	<b>\$ 13,758,378</b>

See notes to basic financial statements.

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
LIABILITIES						
CURRENT LIABILITIES:						
Unrestricted Liabilities:						
Voucher Warrants Payable .....	\$ 21,912	\$ 16,802	\$ 17,085	\$ 59,528	\$ 267	\$ 115,594
Due to Other Funds .....	45,345	10,017	7,808	5,046	15	68,231
Accrued and Other Liabilities .....	60,648	36,437	4,404	11,908	147	113,544
Deferred Revenue .....	21,164	35,373	31,433	64,512	-	152,482
Total Unrestricted Liabilities .....	149,069	98,629	60,730	140,994	429	449,851
Restricted Liabilities:						
Current Liabilities Payable From						
Restricted Assets .....	73,884	37,844	116,800	392,198	-	620,726
Total Current Liabilities .....	222,953	136,473	177,530	533,192	429	1,070,577
NONCURRENT LIABILITIES:						
Revenue Bonds Payable .....	1,452,061	879,731	1,196,154	5,837,914	-	9,365,860
Long-term Purchase Obligation .....	14,291	-	-	-	-	14,291
Total Noncurrent Liabilities .....	1,466,352	879,731	1,196,154	5,837,914	-	9,380,151
Total Liabilities .....	1,689,305	1,016,204	1,373,684	6,371,106	429	10,450,728
DEFERRED INFLOWS .....	-	-	-	-	1,737,576	1,737,576
NET ASSETS:						
Invested in Capital Assets, Net of						
Related Debt .....	958,723	391,248	708	612,920	323,059	2,286,658
Restricted Net Assets:						
Debt Service .....	-	-	-	40,032	-	40,032
Capital Projects .....	350	9,533	10,408	158,171	-	178,462
Passenger Facility Charges .....	-	-	9,620	194,132	-	203,752
Contractual Use Agreement .....	-	-	30,565	108,811	-	139,376
Noise Mitigation Program .....	-	-	105,540	102,310	-	207,850
Other .....	-	-	45,025	7,412	-	52,437
Unrestricted Net Assets .....	38,434	52,920	5,792	89,554	(1,725,193)	(1,538,493)
Total Net Assets .....	\$ 997,507	\$ 453,701	\$ 207,658	\$ 1,313,342	\$ (1,402,134)	\$ 1,570,074

See notes to basic financial statements.

**Exhibit 8**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Operating Revenues:						
Charges for Services .....	\$ 396,954	\$ 173,906	\$ 52,640	\$ 394,279	\$ -	\$ 1,017,779
Rent .....	-	-	69,661	230,164	-	299,825
Other .....	13,259	1,257	-	-	-	14,516
Total Operating Revenues .....	410,213	175,163	122,301	624,443	-	1,332,120
Operating Expenses:						
Personal Services .....	104,549	14,403	39,521	150,338	-	308,811
Contractual Services .....	52,780	3,319	6,727	54,767	-	117,593
Repairs and Maintenance .....	1,808	66,490	37,967	82,518	-	188,783
Commodities and Materials .....	24,534	-	-	-	-	24,534
Depreciation and Amortization .....	38,748	21,878	47,667	178,717	11,775	298,785
General Fund Reimbursements .....	60,714	25,431	-	-	-	86,145
Other .....	29,722	-	15,426	116,662	-	161,810
Total Operating Expenses .....	312,855	131,521	147,308	583,002	11,775	1,186,461
Operating Income (Loss) .....	97,358	43,642	(25,007)	41,441	(11,775)	145,659
Nonoperating Revenues (Expenses):						
Investment Income .....	961	234	1,051	12,775	3	15,024
Interest Expense .....	(69,647)	(38,461)	(59,305)	(228,708)	-	(396,121)
Passenger Facility Charges .....	-	-	39,862	120,992	-	160,854
Other .....	2,584	(19,528)	7,072	314	18,499	8,941
Total Nonoperating Revenues (Expenses) .....	(66,102)	(57,755)	(11,320)	(94,627)	18,502	(211,302)
Transfers Out .....	-	-	-	-	-	-
Capital Grants .....	-	-	-	50,320	-	50,320
Net Income (Loss) .....	31,256	(14,113)	(36,327)	(2,866)	6,727	(15,323)
Net Assets (Deficit) - Beginning of Year .....	966,251	467,814	243,985	1,316,208	(1,408,861)	1,585,397
Net Assets (Deficit) - End of Year .....	\$ 997,507	\$ 453,701	\$ 207,658	\$ 1,313,342	\$ (1,402,134)	\$ 1,570,074

See notes to basic financial statements.



**Exhibit 9**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2009**  
**(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	
Cash Flows from Operating Activities:						
Received from Customers .....	\$ 383,102	\$ 158,741	\$ 137,846	\$ 666,030	\$ -	\$ 1,345,719
Payments to Vendors .....	(85,965)	(26,447)	(57,685)	(233,800)	-	(403,897)
Payments to Employees .....	(104,550)	(44,039)	(32,175)	(135,096)	-	(315,860)
Transactions with Other City Funds .....	(47,752)	(28,615)	(4,321)	(50,461)	-	(131,149)
Cash Flows from Operating Activities .....	144,835	59,640	43,665	246,673	-	494,813
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Bonds .....	-	-	50,686	259,790	-	310,476
Acquisition and Construction of Capital Assets .....	(185,508)	(113,324)	(27,787)	(564,350)	(96)	(891,065)
Capital Grant Receipts .....	-	-	3,344	59,908	-	63,252
Bond Issuance Costs .....	-	-	-	(184)	-	(184)
Payment to Refund Bonds .....	-	-	-	-	-	-
Principal Paid on Bonds .....	(42,853)	(21,208)	(38,835)	(146,795)	-	(249,691)
Interest Paid .....	(72,479)	(37,267)	(59,713)	(285,247)	-	(454,706)
Passenger Facility Charges .....	-	-	37,944	127,583	-	165,527
Noise Mitigation Program .....	-	-	(23,791)	(20,564)	-	(44,355)
Deposit .....	-	-	6,295	-	-	6,295
Cash Flows from Capital and Related Financing Activities .....	(300,840)	(171,799)	(51,857)	(569,859)	(96)	(1,094,451)
Cash Flows from Investing Activities:						
Sale (Purchases) of Investments, Net ....	130,706	89,115	(91,773)	180,803	(34)	308,817
Investment Interest .....	4,629	2,201	1,040	26,737	3	34,610
Cash Flows from Investing Activities .....	135,335	91,316	(90,733)	207,540	(31)	343,427
Net Increase (Decrease) in Cash and Cash Equivalents .....	(20,670)	(20,843)	(98,925)	(115,646)	(127)	(256,211)
Cash and Cash Equivalents, Beginning of Year .....	75,321	82,826	241,357	739,794	2,340	1,141,638
Cash and Cash Equivalents, End of Year .....	\$ 54,651	\$ 61,983	\$ 142,432	\$ 624,148	\$ 2,213	\$ 885,427

See notes to basic financial statements.

**Exhibit 9 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2009**  
**(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	
Reconciliation of Operating Income to						
Cash Flows from Operating Activities:						
Operating Income (Loss) .....	\$ 97,358	\$ 43,642	\$ (25,007)	\$ 41,441	\$ (11,775)	\$ 145,659
Adjustments to Reconcile:						
Depreciation and Amortization .....	38,748	21,878	47,667	178,717	11,775	298,785
Provision for Uncollectible Accounts .....	10,396	5,803	(968)	2,153	-	17,384
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables .....	(25,655)	(15,210)	(3,850)	(5,685)	-	(50,400)
(Increase) Decrease in Due From Other Funds ....	2,771	(7,569)	(388)	(3,449)	-	(8,635)
Increase (Decrease) in Voucher Warrants						
Payable and Due to Other Funds .....	15,518	4,264	5,507	(13,842)	-	11,447
Increase (Decrease) in Deferred Revenue						
and Other Liabilities .....	5,121	6,826	20,704	47,338	-	79,989
(Increase) Decrease in Inventories and						
Other Assets .....	578	6	-	-	-	584
Cash Flows from						
Operating Activities .....	<u>\$ 144,835</u>	<u>\$ 59,640</u>	<u>\$ 43,665</u>	<u>\$ 246,673</u>	<u>\$ -</u>	<u>\$ 494,813</u>
<b>Supplemental Disclosure of</b>						
<b>Noncash Items:</b>						
Capital asset additions in 2009						
included in accounts payable						
and accrued and other liabilities .....	<u>\$ 21,942</u>	<u>\$ 41,168</u>	<u>\$ 20,484</u>	<u>\$ 133,808</u>	<u>\$ -</u>	<u>\$ 217,402</u>

See notes to basic financial statements.

**Exhibit 10**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents .....	\$ 232,167	\$ 5,322
Investments .....	-	55,100
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations .....	2,031,978	-
Stocks .....	6,233,313	-
Mortgages and Real Estate .....	360,355	-
Other .....	1,625,841	-
Cash and Investments with		
Escrow Agent .....	-	14,119
Property Tax Receivable .....	-	94,756
Accounts Receivable, Net .....	665,065	212,580
Due From City .....	26,678	-
Invested Securities Lending Collateral .....	1,352,612	-
Total Assets .....	<u>\$ 12,528,009</u>	<u>\$ 381,877</u>
<b>LIABILITIES</b>		
Voucher Warrants Payable .....	\$ 298,549	\$ 18,987
Accrued and Other Liabilities .....	-	362,890
Securities Lending Collateral .....	1,352,612	-
Total Liabilities .....	<u>1,651,161</u>	<u>381,877</u>
<b>NET ASSETS</b>		
Reserved for Employee		
Benefit Plans .....	<u>10,876,848</u>	<u>-</u>
Total Net Assets .....	<u>\$ 10,876,848</u>	<u>\$ -</u>

See notes to basic financial statements.

**Exhibit 11**  
**CITY OF CHICAGO, ILLINOIS**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	<u>Total</u>
<b>ADDITIONS</b>	
Contributions:	
Employees .....	\$ 285,738
City .....	<u>447,255</u>
Total Contributions .....	<u>732,993</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments .....	1,568,421
Interest, Dividends and Other .....	230,888
Investment Expense .....	<u>(42,713)</u>
Net Investment Income .....	<u>1,756,596</u>
Securities Lending Transactions:	
Securities Lending Income .....	44,215
Securities Lending Expense .....	<u>(8,457)</u>
Net Securities Lending Transactions .....	<u>35,758</u>
Total Additions .....	<u>2,525,347</u>
<b>DEDUCTIONS</b>	
Benefits and Refunds of Deductions .....	1,472,537
Administrative and General .....	<u>19,347</u>
Total Deductions .....	<u>1,491,884</u>
Net Increase in Net Assets .....	1,033,463
Net Assets Held in Trust for	
Pension Benefits:	
Beginning of Year .....	<u>9,843,385</u>
End of Year .....	<u><u>\$ 10,876,848</u></u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**

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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 Government Accounting Standards Board (GASB).

- a) **Reporting Entity** - The City includes the Chicago Public Library and the City-related funds of the Public Building Commission. 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 blend the following legally separate component units because they are fiscally dependent on the City and perform services primarily for City employees:

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

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

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

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

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

**Related Organizations** - City officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making appointments and no fiscal dependency exists between the City and these organizations. Therefore, the Chicago Park District, 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services.

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

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

The City reports the following major governmental funds:

**The General Fund** is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for 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 Agreement Fund** accounts for deferred inflows from long-term concession and lease transactions whose proceeds are restricted to expenditure for specified purposes.

**Reserve Fund** accounts for a Mid-term and Long-term Reserve. The Mid-term is subject to appropriation; whereas the Long-term's principal is legally restricted. These reserves were created as a result of the Skyway Lease and Meter Parking System transactions.

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

**Community Development and Improvement Projects Funds** account for proceeds of debt used to acquire property and finance construction and supporting services for various redevelopment projects.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

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

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

**Chicago Midway International Airport Fund** records operations of Chicago Midway International Airport (Midway) that provides regional travelers with access to airlines that generally specialize in low-cost, point-to-point, origin and destination passenger service. Midway Airport is conveniently located 10 miles from downtown Chicago. The Chicago Department of Aviation celebrated the completion of the historic Midway Airport Terminal Development Program in 2004, an eight year program that transformed Chicago's southwest side airport. Throughout the redevelopment of Midway, the airport experienced record-breaking growth, and today remains one of the fastest growing airports in the nation.

**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 157 gates, serve domestic flights and certain international departures. The International Terminal, having a total of 21 gates and five remote aircraft parking positions, serves the remaining international departures and all international arrivals requiring customs clearance.

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

Additionally, the City reports the following fiduciary fund types:

**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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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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 nonoperating 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, sewer and skyway 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 nonoperating 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, and net assets or equity**

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

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

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

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

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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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 market value equal to the cost of the repurchase agreements plus accrued interest.

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

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

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

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

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

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

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as capital assets when used (consumption method). Governmental fund inventories are accounted for using the purchases method and are offset by a reservation of fund balance to indicate that they do not represent expendable available financial resources.
- iv) **Assets Held for Resale** includes land and buildings of \$17.4 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 in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

The Skyway Lease Transaction legally requires the Long-term reserve's principal to be restricted.

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.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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- 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 \$809.5 million, of which \$64.7 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.....	5 - 40 years
Airport runways, aprons, tunnels, taxiways, and paved roads.....	5 - 40 years
Bridge infrastructure.....	10 - 50 years
Lighting infrastructure.....	25 years
Street infrastructure.....	10 - 25 years
Transit infrastructure.....	10 - 40 years
Equipment (vehicle, office, and computer) .....	4 - 33 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) Employee Benefits** are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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.

**viii) Judgments and claims** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. 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.

**ix) 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 assets. 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 on outstanding debt. Other than the net interest expenditures resulting from these arrangements, no amounts are recorded in the financial statements. All interest rate swaps and swaptions are approved by City Council.

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.

Long-term purchase obligation represents an agreement with DuPage Water Commission to construct electrical generation facilities not to exceed \$15.0 million. The payment of the obligation will be in the form of credits against the charges for water supplied.

**x) 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.

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

(1) Invested in capital assets, net of related debt - 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 assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) are legally restricted through constitutional provisions or enabling legislation. Restricted net assets for governmental activities represent restrictions associated with the nonmajor special revenue funds. Restricted net assets for business activities are provided in Exhibit #7, Statement of Net Assets, Proprietary Funds.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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- (3) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**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 assets.**

- i) The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 \$1,389.5 million are as follows (dollars in thousands):

Deferred revenue - property tax .....	\$ 1,199,921
Other assets - pension excess .....	206,362
Accounts payable - infrastructure retainage .....	<u>(16,752)</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net assets - governmental activities .....	<u>\$ 1,389,531</u>

- ii) Another element of that reconciliation explains that "Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$12,342.5 million are as follows (dollars in thousands):

Long-term liabilities:	
Total bonds, notes and certificates payable .....	\$ 7,835,419
Pension obligation .....	3,453,365
Lease obligation .....	169,282
Pollution remediation.....	37,368
Claims and judgments .....	<u>627,370</u>
Total Long-term liabilities .....	12,122,804
Bonds, notes and other obligations payable current .....	(153,257)
Other assets - issuance costs .....	(70,267)
Accrued interest .....	5,170
Accrued and other liabilities - pension accrual .....	-
Accrued and other liabilities - other post employment benefits .....	329,040
Accrued and other liabilities - compensated absences .....	<u>109,021</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net assets - governmental activities .....	<u>\$ 12,342,511</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

**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 assets - 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 \$101.8 million are as follows (dollars in thousands):

Capitalized asset expenditures .....	\$ 482,741
Depreciation expense .....	(374,180)
Loss - disposal of equipment .....	<u>(6,775)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities .....	<u>\$ 101,786</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 assets." The details of this \$370.5 million are as follows (dollars in thousands):

Proceeds of debt .....	\$ (999,043)
Premium .....	(2,259)
Payment of refunded bond escrow agent .....	213,435
Principal retirement .....	434,905
Payment of cost of issuance .....	11,607
Interest expense .....	<u>(29,194)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities .....	<u>\$ (370,549)</u>

- iii) A third element of that reconciliation states that "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$669.0 million are as follows (dollars in thousands):

Claims and judgments .....	\$ (22,309)
Pension benefit liability .....	(577,247)
Other post employment benefits .....	(59,765)
Vacation .....	(2,195)
Lease obligations .....	(9,055)
Inventory .....	<u>1,542</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities .....	<u>\$ (669,029)</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

**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 and Health and Welfare nonmajor Special Revenue Funds, on a non-GAAP budgetary basis:
- i) Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
  - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
  - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
  - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose except for the Motor Fuel Tax Fund, which is subsequently re-appropriated by project. A separate Motor Fuel Tax Fund Report demonstrates compliance with annual and project-length budgets required by the State. The separately issued Supplement to the Comprehensive Annual Financial Report provides budgetary information for all other budgeted funds. Copies of this report are available upon request.
  - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.
- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are reflected as reservations of fund balances 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, 2009 is as follows (dollars in thousands):

	<b>General Fund</b>
Revenues, GAAP Basis .....	\$ 2,561,626
Add:	
Proceeds of Debt .....	58,500
Transfers In .....	416,135
Prior Year's Surplus Utilized .....	1,473
Revenues, Budgetary Basis .....	<u>\$ 3,037,734</u>
Expenditures, GAAP Basis .....	\$ 3,014,077
Add:	
Transfers Out .....	17,463
Encumbered in 2009 .....	26,189
Deduct:	
Payments on Prior Years' Encumbrances .....	(17,159)
Provision for Doubtful Accounts.....	<u>(354)</u>
Expenditures, Budgetary Basis .....	<u><u>\$ 3,040,216</u></u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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c) **Individual Funds over Budget** includes the Motor Fuel Tax Fund (\$8.6 million).

d) **Individual Fund Deficits** include the Vehicle Tax Fund, Motor Fuel Tax Fund, the Special Events, Tourism, Festivals Fund, and Service Concession Agreements Fund, which are Special Revenue Funds, and the Chicago Skyway Fund, an Enterprise Fund, have fund deficits of \$5.3 million, \$26.2 million, \$6.7 million, \$1,681.5 million, and \$1,402.1 million, respectively, which management anticipates will be funded through operations.

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

a) **Investments** As of December 31, 2009, the City had the following Investments (dollars in thousands):

Investment Type	Investment Maturities (in Years)				
	Less Than 1	1-5	6-10	More Than 10	Fair Value
City Funds					
U.S. Treasuries.....	\$ 112,480	\$ 1,063	\$ -	\$ 29,282	\$ 142,825
U.S. Agencies.....	341,977	1,567,191	236,806	490,305	2,636,279
Commercial Paper.....	-	-	-	-	-
Corporate Bonds.....	259	-	-	78,058	78,317
Corporate Equities.....	336	-	-	-	336
Certificates of Deposit and Other Short-term .....	2,725,911	-	-	-	2,725,911
Total City Funds.....	\$ 3,180,963	\$ 1,568,254	\$ 236,806	\$ 597,645	\$ 5,583,668
Pension Trust Funds					
U.S. and Foreign					
Government Agencies.....	\$ 83,616	\$ 208,716	\$ 163,273	\$ 401,414	\$ 857,019
Commercial Paper.....	-	-	-	-	-
Corporate Bonds.....	166,057	387,241	275,288	370,746	1,199,332
Corporate Equities.....	5,989,836	-	-	-	5,989,836
Pooled Funds.....	1,024,293	-	-	-	1,024,293
Real Estate.....	365,995	-	-	-	365,995
Investments Held by Master					
Custodian under Securities Loans.....	-	-	-	-	-
Securities Received from					
Securities Lending.....	1,352,612	-	-	-	1,352,612
Venture Capital.....	380,490	-	-	-	380,490
Certificates of Deposit and					
Other Short-term .....	554,959	-	-	-	554,959
Other .....	105,848	-	-	-	105,848
Total Pension Trust Funds.....	\$ 10,023,706	\$ 595,957	\$ 438,561	\$ 772,160	\$ 11,830,384
Total.....	\$ 13,204,669	\$ 2,164,211	\$ 675,367	\$ 1,369,805	\$ 17,414,052

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



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

<b>Quality Rating</b>	<b>City</b>	<b>Pension Trust Funds</b>
Aaa/AAA.....	\$ 5,371,845	\$ 426,664
Aa/AA.....	73,508	82,475
A/A.....	-	243,809
Baa/BBB.....	-	277,286
Ba/BB.....	-	87,265
B/B.....	-	88,755
Caa/CCC.....	-	44,572
Ca.....	-	3,366
CC/C.....	-	1,101
D/D.....	-	452
Not Rated.....	-	373,630
Not Applicable.....	138,315	477,912
<b>Total Funds.....</b>	<b>\$ 5,583,668</b>	<b>\$ 2,107,287</b>

- iii) Custodial Credit Risk – Cash and Certificates of Deposit* This is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy states that in order to protect the City's deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 105 percent of marketable U.S. government, or approved securities or surety bonds, issued by top-rated insurers. Collateral is required as security whenever deposits exceed the insured limits of the FDIC. The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$301.9 million. Of the bank balance, 100 percent was either insured or collateralized with securities held by City agents in the City's name. The remainder was uninsured and uncollateralized.
- 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. Of the investment in corporate bonds of \$78.3 million the City has no custodial credit risk exposure because the related securities are insured, registered and held by the City.

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

<b>Foreign Currency Risk</b>	
Australian dollar.....	\$ 81,709
Brazilian real.....	59,123
British pound.....	304,118
Canadian dollar.....	79,323
Chilean peso.....	2,918
Columbian peso.....	1,245
Czech Republic koruny.....	766
Danish krone.....	18,432
Egyptian pound.....	2,229
European euro.....	457,702
Hong Kong dollar.....	129,675
Hungarian forint.....	1,231
Indian rupee.....	27,958
Indonesian rupiah.....	11,595
Japanese yen.....	309,898
Malaysian ringgit.....	6,915
Mexican peso.....	19,733
Moroccan dirham.....	177
New Israeli shekel.....	5,151
New Taiwan dollar.....	38,292
New Zealand dollar.....	2,212
Norwegian krone.....	18,111
Pakistan rupees.....	213
Philippines peso.....	512
Polish zloty.....	2,253
Singapore dollar.....	35,224
South African rand.....	28,083
South Korean won.....	39,056
Swedish krona.....	37,789
Swiss franc.....	119,192
Thailand baht.....	4,211
Turkish lira.....	7,599
United Arab Emirates dirham.....	564
Total Pension Trust Funds.....	<u>\$ 1,853,209</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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.....	\$ 5,583,668
Investments - Pension Trust Funds.....	11,830,384
	<u>\$ 17,414,052</u>
Per Financial Statements:	
Restricted Investments.....	\$ 1,745,429
Unrestricted Investments.....	916,321
Investments with Fiduciary Funds.....	10,306,587
Investments with Escrow Agent.....	505,745
Invested Securities Lending Collateral.....	1,352,612
Investments included as cash and cash equivalents on the Statements of Net Assets.....	2,587,358
	<u>\$ 17,414,052</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 nine classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (Assessed Valuation) for that parcel. These percentages range from 16.0 percent for certain residential, commercial, and industrial property to 38.0 percent for other commercial and industrial property.

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

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

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The City Council has adopted an ordinance beginning in 1994, limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index, all as defined in the ordinance. The ordinance provides a safe harbor for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy, all as provided by the ordinance. Increases in the debt service portion of each levy may, however, reduce amounts available within such levy to finance operations.

**6) Interfund Balances and Transfers**

- a) The following balances at December 31, 2009 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 activities:		
General.....	\$ 293,587	\$ 256,721
Federal, State and Local Grants.....	45,513	54,967
Special Taxing Areas.....	5,212	9,382
Reserve.....	-	2,140
Bond, Note Redemption and Interest.....	25,068	35,293
Community Development and Improvement Projects....	34,938	40,672
Nonmajor governmental funds.....	98,066	139,021
Total Governmental activities.....	502,384	538,196
Business-type activities:		
Water.....	17,541	45,345
Sewer.....	35,440	10,017
Chicago Midway International Airport.....	3,564	7,808
Chicago-O'Hare International Airport.....	20,820	5,046
Chicago Skyway.....	-	15
Total Business-type activities.....	77,365	68,231
Fiduciary activities:		
Pension Trust.....	26,678	-
Total Fiduciary activities.....	26,678	-
Total.....	<u>\$ 606,427</u>	<u>\$ 606,427</u>

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

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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- b) The following balances at December 31, 2009 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental activities:		
General.....	\$ 416,135	\$ 17,463
Federal, State and Local Grants.....	-	-
Special Taxing Areas.....	68,182	32,344
Service Concession Agreements.....	-	1,702,492
Reserve.....	951,355	404,845
Bond, Note Redemption and Interest.....	651,137	15,194
Community Development and Improvement Projects....	16,334	3,734
Nonmajor governmental funds.....	150,316	77,387
Total Governmental activities.....	<u>2,253,459</u>	<u>2,253,459</u>

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

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

**7) Capital Assets**

a) **Capital Assets** activity for the year ended December 31, 2009 was as follows (dollars in thousands):

	<b>Balance January 1, 2009</b>	<b>Additions</b>	<b>Disposals and Transfers</b>	<b>Balance December 31, 2009</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,271,593	\$ 101,149	\$ -	\$ 1,372,742
Works of Art and Historical Collections.....	11,632	1,500	-	13,132
Construction in Progress.....	345,457	261,380	(381,514)	225,323
Total capital assets, not being depreciated.....	1,628,682	364,029	(381,514)	1,611,197
Capital assets, being depreciated:				
Buildings and Other Improvements.....	2,115,543	136,571	-	2,252,114
Machinery and Equipment.....	1,146,951	89,553	(23,619)	1,212,885
Infrastructure.....	6,333,755	275,357	-	6,609,112
Total capital assets, being depreciated.....	9,596,249	501,481	(23,619)	10,074,111
Less accumulated depreciation for:				
Buildings and Other Improvements.....	603,545	58,781	-	662,326
Machinery and Equipment.....	802,804	91,069	(16,844)	877,029
Infrastructure.....	2,610,093	224,330	-	2,834,423
Total accumulated depreciation.....	4,016,442	374,180	(16,844)	4,373,778
Total capital assets, being depreciated, net.....	5,579,807	127,301	(6,775)	5,700,333
Total governmental activities.....	\$ 7,208,489	\$ 491,330	\$ (388,289)	\$ 7,311,530
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 791,345	\$ 48,198	\$ -	\$ 839,543
Construction in Progress.....	1,134,996	710,291	(342,837)	1,502,450
Total capital assets, not being depreciated.....	1,926,341	758,489	(342,837)	2,341,993
Capital assets, being depreciated:				
Buildings and Other Improvements.....	11,213,067	564,488	(35,759)	11,741,796
Machinery and Equipment.....	543,232	26,561	(2,457)	567,336
Total capital assets, being depreciated.....	11,756,299	591,049	(38,216)	12,309,132
Less accumulated depreciation for:				
Buildings and Other Improvements.....	3,205,576	250,240	(632)	3,455,184
Machinery and Equipment.....	265,194	14,661	(1,389)	278,466
Total accumulated depreciation.....	3,470,770	264,901	(2,021)	3,733,650
Total capital assets, being depreciated, net.....	8,285,529	326,148	(36,195)	8,575,482
Total business-type activities.....	\$ 10,211,870	\$ 1,084,637	\$ (379,032)	\$ 10,917,475
Total Capital Assets.....	\$ 17,420,359	\$ 1,575,967	\$ (767,321)	\$ 18,229,005

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

Governmental activities:	
General government.....	\$ 70,553
Public safety.....	37,268
Streets and sanitation.....	13,115
Transportation.....	227,169
Health.....	2,829
Cultural and recreational.....	23,246
	<hr/>
Total depreciation expense - governmental activities.....	<u>\$ 374,180</u>
Business-type activities:	
Water.....	\$ 39,119
Sewer.....	21,336
Chicago Midway International Airport.....	39,872
Chicago-O'Hare International Airport.....	152,911
Chicago Skyway.....	11,663
	<hr/>
Total depreciation expense - business-type activities.....	<u>\$ 264,901</u>

**8) Leases**

**a) Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$17.3 million for the year ended December 31, 2009. The future minimum lease payments for these leases are as follows (dollars in thousands):

2010.....	\$ 17,517
2011.....	16,926
2012.....	15,949
2013.....	15,575
2014.....	10,559
2015 - 2019.....	6,460
	<hr/>
Total Future Rental Expense.....	<u>\$ 82,986</u>

**b) Capital Leases**

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

**CITY OF CHICAGO, ILLINOIS**  
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**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

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

Year Ending December 31,	<u>Total</u>
2010.....	\$ 1,303
2011.....	10,216
2012.....	12,731
2013.....	9,104
2014.....	9,000
2015 - 2019.....	48,980
2020 - 2024.....	90,021
2025 - 2029.....	2,000
2030 - 2032.....	<u>165,164</u>
Total Minimum Future Lease Payments.....	348,519
Less Interest.....	<u>179,237</u>
Present Value of Minimum Future Lease Payments.....	<u>\$ 169,282</u>

**c) Lease Receivables**

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancellable operating leases as of December 31, 2009 (dollars in thousands):

2010.....	\$ 86,331
2011.....	69,798
2012.....	69,720
2013.....	69,086
2014.....	20,104
2015 - 2019.....	66,939
2020 - 2024.....	8,144
2025 - 2029.....	9,433
2030 - 2034.....	<u>7,651</u>
Total Minimum Future Rental Income.....	<u>\$ 407,206</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 \$348.7 million, including contingent rentals of \$71.9 million.



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancellable operating leases as of December 31, 2009 (dollars in thousands):

2010.....	\$	18,524
2011.....		18,543
2012.....		15,412
2013.....		15,420
2014.....		<u>14,654</u>
Total Minimum Future Rental Income.....	\$	<u>82,553</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 ramp rentals and automobile parking, amounted to \$89.3 million, including contingent rentals of \$34.6 million.

**9) Short-term Debt**

**Matured bonds** represent principal due on coupon bonds in which the coupons have not been presented for payment. For the year ended December 31, 2009, there was minor activity; the balance remained at \$0.7 million.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

**10) Long-term Obligations**

a) **Long-term Debt** activity for the year ended December 31, 2009 was as follows (dollars in thousands):

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Amounts Due within One Year
Governmental activities:					
Bonds, notes and certificates payable:					
General obligation debt.....	\$ 6,455,979	\$ 908,151	\$ 500,703	\$ 6,863,427	\$ 155,092
Installment purchase agreement.....	5,500	-	2,000	3,500	2,300
Tax increment.....	210,213	-	24,055	186,158	21,350
Revenue.....	562,690	90,892	88,740	564,842	5,425
	<u>7,234,382</u>	<u>999,043</u>	<u>615,498</u>	<u>7,617,927</u>	<u>184,167</u>
Less unamortized debt refunding transactions.....	134,773	33,090	8,053	159,810	-
Add unamortized premium.....	179,514	2,259	8,426	173,347	-
Add accretion of capital appreciation bonds.....	185,454	29,049	6,625	207,878	1,522
Less converted portion of conversion bonds.....	7,637	-	3,714	3,923	-
Total bonds, notes and certificates payable.....	<u>7,456,940</u>	<u>997,261</u>	<u>618,782</u>	<u>7,835,419</u>	<u>185,689</u>
Other liabilities:					
Pension obligations.....	2,874,722	578,643	-	3,453,365	-
Lease obligations.....	207,065	9,055	46,838	169,282	1,303
Pollution Remediation.....	33,200	4,168	-	37,368	-
Claims and judgments.....	609,230	18,140	-	627,370	87,514
Total other liabilities.....	<u>3,724,217</u>	<u>610,006</u>	<u>46,838</u>	<u>4,287,385</u>	<u>88,817</u>
Total governmental activities.....	<u>\$ 11,181,157</u>	<u>\$ 1,607,267</u>	<u>\$ 665,620</u>	<u>\$ 12,122,804</u>	<u>\$ 274,506</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water.....	\$ 1,503,924	\$ -	\$ 39,085	\$ 1,464,839	\$ 40,521
Sewer.....	924,049	-	21,209	902,840	24,030
Chicago-O'Hare International Airport.....	5,785,105	259,790	146,795	5,898,100	96,890
Chicago Midway International Airport.....	1,254,664	61,360	49,509	1,266,515	54,650
	<u>9,467,742</u>	<u>321,150</u>	<u>256,598</u>	<u>9,532,294</u>	<u>216,091</u>
Less unamortized debt refunding transactions.....	148,883	-	12,128	136,755	-
Less unamortized discount (premium).....	(125,342)	10,257	867	(115,952)	-
Add accretion of capital appreciation bonds.....	69,358	8,904	3,768	74,494	4,034
Total business-type activities.....	<u>\$ 9,513,559</u>	<u>\$ 319,797</u>	<u>\$ 247,371</u>	<u>\$ 9,585,985</u>	<u>\$ 220,125</u>
Total long-term obligations.....	<u>\$ 20,694,716</u>	<u>\$ 1,927,064</u>	<u>\$ 912,991</u>	<u>\$ 21,708,789</u>	<u>\$ 494,631</u>

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

**CITY OF CHICAGO, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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**b) Issuance of New Debt**

**i) General Obligation Notes**

The General Obligation Tender Notes, Series 2009 (\$70.4 million) were sold in July 2009 at an initial short-term intermediate rate of 1.34 percent through July 8, 2010. The notes mature no later than May 31, 2011. The Series 2009 notes were issued to meet cash flow requirements of the City's Library Funds; the notes are payable from tax collections in the following year or from any other resources legally available to the City. Principal payments for the notes do not require the current appropriation and expenditure of Governmental Fund financial resources.

At the discretion of the City, the notes may bear interest at a weekly, short-term intermediate or fixed rate. Interest on notes in the short-term intermediate mode is payable on the first business day immediately following the short-term intermediate rate period. Interest on the notes in the weekly mode is payable on the first business day of each month. Interest on notes in the fixed mode is payable on each January 31 and July 31.

The City has appointed a remarketing agent for the notes in the weekly and short-term intermediate modes. The remarketing agent will use its best efforts to resell the notes at favorable rates following either an optional or mandatory tender. In the event the remarketing agent is unable to resell the notes, the City has obtained an unconditional, irrevocable letter of credit which may be drawn upon for the purchase of the notes until the remarketing agent is able to resell the Series 2009 notes.

The letter of credit securing the Series 2009 notes totals \$71.8 million and terminates on the earliest of June 6, 2011 or upon redemption of the notes. Advances under the letter of credit (none at December 31, 2009) are due on two years from the date of the advance. Advances bear interest from the date of advance through the 60<sup>th</sup> day at the greater of the prime rate or the sum of the one-month LIBOR rate plus two percent per annum (Base Rate) plus .75 percent. For the period from the date 61 days after any advance through the date 180 days after the date of any advance, the Base Rate plus 1.75 percent. Thereafter until due and payable, advances bear interest at the Base Rate plus two percent. Upon the occurrence of an event of default, the interest rate per annum shall equal the Base Rate plus 3.5 percent and interest shall be payable upon demand. The maximum rate of interest cannot exceed 18.0 percent. The letter of credit was issued by a third-party financial institution that is expected to be financially capable of honoring its agreements.

During 2009, the City issued \$135.7 million in commercial paper notes for certain capital and operating uses.

In 2009, the City entered into a promissory note for \$91.0 million for the Michael Reese Hospital Site. The promissory note has an interest rate of 5.0 percent through June 29, 2014 and a rate of 7.5 percent thereafter until maturity which is June 30, 2024.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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**ii) General Obligation Bonds**

General Obligation Bonds, Project and Refunding Series 2008C-E (\$611.0 million) were sold at a discount in January 2009. The bonds have interest rates ranging from 1.0 percent to 6.05 percent and maturity dates from January 1, 2010 to January 1, 2040. Net proceeds of \$603.0 million will be used to finance infrastructure improvements; transportation improvements; grants or loans to assist not-for-profit organizations or educational or cultural institutions; or to assist other municipal corporations or units of local government, or school districts; cash flow needs of the City; acquisition of personal property; acquisition, demolition, remediation or improvement of real property for industrial, commercial or residential purposes; constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; enhancement of economic development within the City by making grants or deposits to secure obligations of not-for-profit or for-profit organizations doing or seeking to do business in the City; the funding of litigation judgments or settlement agreements involving the City, including escrow accounts or other reserves needed for such purposes; payment of certain pension contributions; providing for facilities, services, and equipment to protect and enhance public safety; and other uses permitted by the Ordinance (\$405.4 million); and to advance refund certain maturities of general obligation bonds outstanding (\$116.9 million; and to fund capitalized interest (\$80.7 million). The advance refunding of the bonds increased the City's total debt service payments by \$133.0 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$20.5 million.

**iii) Sales Tax Revenue Bonds**

Sales Tax Revenue Refunding Bonds, Series 2009A-C (\$90.9 million) were sold at a premium in October 2009. The bonds have interest rates ranging from 3.75 percent to 6.0 percent and maturity dates from January 1, 2018 to January 1, 2034. Net proceeds of \$96.7 million will be used to advance refund certain maturities of the outstanding Sales Tax Revenue Bonds. The advance refunding of the bonds increased the City's total debt service payments by \$66.4 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$11.7 million.

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

During 2009, \$259.8 million of Chicago-O'Hare International Airport Commercial Paper Notes, Series A, B and C were issued. The proceeds were used to finance portions of the costs of authorized airport projects, to repay the expenses of issuing the notes and refund a portion of certain outstanding bonds.

During 2009, \$61.4 million of Chicago Midway International Airport Commercial Paper Notes, Series A, B and D were issued. The proceeds were used to repay debt obligations that were in bank mode, finance portions of the cost of authorized airport projects and refund a portion of certain outstanding bonds.

During 2009, the City terminated the interest rate swap agreement with Lehman Brothers for the Series 2008C Wastewater Transmission Revenue Bonds. The City paid \$38.1 million to terminate the swap and received an up-front payment to execute a new swap of \$38.7 million. The termination fee and the 2009 portion of the upfront payment are recorded within other non-operating expense, net within the statements of revenues, expenses, and changes in net assets.

**v) Financial Market Related Conversions**

The global economic downturn has adversely impacted the City's variable rate debt. The credit crisis and the effect on monoline insurers' credit ratings, as a result of their exposure to subprime mortgages, have resulted in downgrades by the major rating agencies. As a result in 2008 and 2009, credit spreads increased on the City's variable rate debt, especially with insured bonds; therefore the City refinanced or converted many of its variable rate debt issues. In 2009, the City utilized liquidity facilities to convert two variable rate issues in the amount of \$409.2 million and thereby removing the monoline insurers or

**CITY OF CHICAGO, ILLINOIS**  
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impaired banks providing credit support. The remaining bond series that were unable to be remarketed and are still in bank bond mode have the annual debt service requirements disclosed based on the repayment terms in effect at December 31, 2009.

- c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2010 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2009 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Installment Purchase		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest
2010.....	\$ 165,785	\$ 303,484	\$ 2,300	\$ 229	\$ 22,990	\$ 10,082
2011.....	244,391	313,265	1,200	47	25,040	8,793
2012.....	174,765	307,884	-	-	20,815	7,389
2013.....	223,362	299,205	-	-	30,264	6,212
2014.....	231,179	294,291	-	-	15,237	11,853
2015 - 2019.....	1,364,901	1,314,628	-	-	51,775	13,093
2020 - 2024.....	1,431,340	1,007,008	-	-	13,750	1,661
2025 - 2029.....	1,199,797	701,664	-	-	-	-
2030 - 2034.....	972,938	421,922	-	-	-	-
2035 - 2039.....	503,314	187,913	-	-	-	-
2040 - 2044.....	50,270	3,137	-	-	-	-
	<u>\$ 6,562,042</u>	<u>\$ 5,154,401</u>	<u>\$ 3,500</u>	<u>\$ 276</u>	<u>\$ 179,871</u>	<u>\$ 59,083</u>

Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2010.....	\$ 5,715	\$ 19,303	\$ 281,301	\$ 432,969
2011.....	16,295	25,971	270,793	420,210
2012.....	17,150	25,121	257,927	408,021
2013.....	18,040	24,227	302,336	400,821
2014.....	18,980	23,286	294,926	387,919
2015 - 2019.....	94,935	102,206	1,631,410	1,728,654
2020 - 2024.....	117,455	77,288	1,714,124	1,310,875
2025 - 2029.....	134,638	60,420	2,009,098	866,008
2030 - 2034.....	101,484	67,342	1,936,300	292,686
2035 - 2039.....	34,725	3,529	336,185	34,934
	<u>\$ 559,417</u>	<u>\$ 428,693</u>	<u>\$ 9,034,400</u>	<u>\$ 6,283,097</u>

Debt service requirements above exclude commercial paper issues as the timing of payments is not certain. For the requirements calculated above, interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2009. Standby bond purchase agreements were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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**d) Derivatives**

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

- (1) *Objective of the swaps.* In order to protect against the potential of rising interest rates, the City has entered into various separate pay-fixed, receive-variable interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt.
- (2) *Terms, fair values, and credit risk.* The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2009, 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, 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 (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS**  
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<b>Associated Bond Issue</b>	<b>Notional Amounts</b>	<b>Effective Date</b>	<b>Rate Paid</b>	<b>Rate Received</b>	<b>Fair Values</b>	<b>Swap Termi- nation Date</b>	<b>Counter- party Credit Rating</b>
GO VRDB (Series 2007EFG).....	\$ 200,000	11/08/2007	3.998%	SIFMA	\$ (15,029)	01/01/2042	Aa1/AA- A2/A****
GO VRDB (Series 2005D).....	222,790	08/17/2005	4.104	SIFMA	(20,095)	01/01/2040	A1/A Aa1/AA-*
Chicago Midway International Airport Revenue Bonds (Series 2004C&D ).....	152,150	12/14/2004	4.174	SIFMA Plus .05%	(12,963)	01/01/2035	A1/A Aa1/AA-**
Wastewater Transmission Variable Rate Revenue Bonds (Series 2008C)*****.....	332,230	07/29/2004	3.886	SIFMA	(36,085)	01/01/2039	Aa1/AA- A2/A Aa1/AA-***
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	196,890	08/05/2004	3.8669	SIFMA	(22,501)	11/01/2031	Aaa/AA-
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	195,335	04/16/2008	3.8694	SIFMA	(21,938)	11/01/2025	Aa3/A+
Second Lien Water Revenue Refunding Bonds (Series 2000).....	100,000	04/16/2008	3.8694	SIFMA	(13,443)	11/01/2030	Aa3/A+
GO VRDB (Series 2003B).....	202,500	08/07/2003	4.052	66.91% of 10 Yr LIBOR	(8,308)	01/01/2034	WR/NR Aa1/AA-****
GO VRDB (Series 2003B).....		03/02/2008	66.91% of 10 Yr LIBOR	75% of 1 Mo. LIBOR	(5,373)	03/01/2011	Aa1/AA-
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	206,700	10/03/2002	3.575	70% of 1 Mo. LIBOR	(15,422)	01/01/2037	Aa1/AA- A2/A****
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	114,575	06/27/2002	4.230	SIFMA Plus .13%	(17,272)	01/01/2034	Aa1/AA-
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	44,900	09/01/1999	5.084	67% 1 Mo. LIBOR	(7,045)	01/01/2019	A2/A
Tax Increment Allocation Bonds (Near North TIF, Series 1999B).....	3,000	09/01/1999	6.890	67% 1 Mo. LIBOR	-	01/01/2010	A1/AA-
Tax Increment Allocation Bonds (Stockyards TIF, Series 1996A&B)...	6,015	02/10/1997	5.375	SIFMA	(526)	12/01/2014	A2/A
<b>Total.....</b>	<b><u>\$ 1,977,085</u></b>				<b><u>\$ (196,000)</u></b>		

\* Two counterparties hold 70 and 30 percent respectively.

\*\* Two counterparties hold 60 and 40 percent respectively.

\*\*\* Three counterparties hold 70, 15 and 15 percent respectively.

\*\*\*\* Two counterparties hold 75 and 25 percent respectively.

\*\*\*\*\* Wastewater Transmission Variable Rate Revenue Bonds Series 2004A were refunded and the swap transferred to Wastewater Transmission Variable Rate Revenue Bonds Series 2008C.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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- (3) *Fair Value.* As of December 31, 2009, the swaps had a negative fair value of \$196.0 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values.
- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Swap payments and associated debt.* Bonds maturing and interest payable January 1, 2010 have been excluded because funds for their payment have been provided for. As of December 31, 2009, 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):



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2010.....	\$ 8,720	\$ 5,219	\$ 73,323	\$ 87,262
2011.....	15,310	5,193	72,944	93,447
2012.....	21,395	5,144	72,310	98,849
2013.....	22,645	5,077	71,482	99,204
2014.....	36,955	5,005	70,596	112,556
2015 - 2019.....	287,255	23,170	326,670	637,095
2020 - 2024.....	452,360	18,550	260,564	731,474
2025 - 2029.....	347,725	13,034	184,754	545,513
2030 - 2034.....	475,760	7,599	109,664	593,023
2035 - 2039.....	262,000	2,418	35,726	300,144
2040 - 2044.....	43,535	143	2,485	46,163
	<u>\$ 1,973,660</u>	<u>\$ 90,552</u>	<u>\$ 1,280,518</u>	<u>\$ 3,344,730</u>

**ii) Swaptions**

(1) *Objective of the swaptions.* The City entered into several swaption contracts that provided the City upfront payments totaling \$42.1 million. The term swaption refers to the City selling an option to a counterparty to execute a swap at a certain date in the future if certain conditions exist. If the conditions do not exist, the counterparty will not execute the option, no swaptions have been exercised. In the event the options are executed and the City enters into a fixed to floating rate swap, the City would be exposed to the risks as described under Swaps.

(2) *Terms.* The terms, including fair values of the swaptions as of December 31, 2009, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Trade Date	Variable Rate Paid	Fixed Rate Received	Fair Values	Swap Termi- nation Date	Up-Front Payment
GO Bonds (GO, Series 2001A; GO Series 2002A; GO, Series 2003A; and GO, Series 2004A).....	\$ 318,670	12/18/2003	SIFMA+ 30bps	5.000%	\$ (12,764)	01/01/2024	\$ 13,384
Chicago Midway Airport Revenue Bonds (Series 1998A(AMT); Series 1998B(Non-AMT); and Refunding Series 1998C(Non-AMT)).....	383,445	10/27/1999	SIFMA+ 25bps	5.100	(18,052)	01/01/2030	23,500
Sales Tax Revenue Bonds (Series 1999).....	23,285	06/21/2002	SIFMA+ 30bps	4.984	(314)	01/01/2019	728
Sales Tax Revenue Bonds (Series 1998).....	69,275	06/21/2002	SIFMA+ 30bps	5.250	(2,470)	01/01/2028	2,562
Sales Tax Revenue Bonds (Series 1997).....	60,645	06/21/2002	SIFMA+ 30bps	5.375	(1,952)	01/01/2027	1,964
Total.....	<u>\$ 855,320</u>				<u>\$ (35,552)</u>		<u>\$ 42,138</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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- (3) *Fair value.* As of December 31, 2009, the swaptions had a negative fair value of \$35.6 million. As per industry convention, the fair values of the City's outstanding swaptions were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Received, the City's swaptions had negative values. The negative value is also driven by the upfront payment received by the City upon execution of the swaption agreement.
- (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 swaptions is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaptions 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 swaptions except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaptions, 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 swaption 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.

**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, 2009. The Water Rate Stabilization account had a balance in restricted assets of \$51.4 million at December 31, 2009.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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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, 2009.

- 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, 2009. The Sewer Rate Stabilization account had a balance in restricted assets of \$14.6 million at December 31, 2009.

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, 2009.

- iii) **Chicago Midway International Airport Fund** - The master indenture securing the issuance of Chicago Midway International Airport Revenue Bonds requires that the City set rates and charges for the use and operation of Midway so that revenues, together with any other available monies and the cash balance held in the Revenue Fund on the first day of such year not required to be deposited in any fund or account, will be at least sufficient (a) to provide for the operation and maintenance expenses for the year and (b) to provide for the greater of (i) the amounts needed to be deposited into the First and Junior Lien Debt Service Fund, the Operations & Maintenance Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate First Lien Debt Service for such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on First Lien Bonds. These requirements were met at December 31, 2009.

- iv) **Chicago-O'Hare International Airport Fund** - In 1983, the City Council adopted the General Airport Revenue Bond ordinance authorizing the issuance and sale of Chicago-O'Hare International Airport General Airport Revenue Bonds in unlimited series for the purpose of financing the cost of improvements and expansion of O'Hare and to redeem its existing outstanding bond obligations. The ordinance further permits the issuance of second lien notes, bonds and other obligations which are payable from, and secured by, a pledge of amounts deposited in the junior lien obligation debt service account created under the ordinance. The ordinance requires that net revenues in each year equal not less than the sum of (i) the amount required to be deposited for such year in the debt service reserve fund, the maintenance reserve fund, the special capital projects fund and the junior lien debt service fund, and (ii) 110 percent of the aggregate first lien and second lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on bonds. This requirement was met at December 31, 2009. The ordinance provides for the creation of separate accounts that are to be credited with revenues in a specified priority. At the end of each year, any excess funds over amounts required in accounts other than Special Capital Projects, Emergency Reserve and Airport Development accounts are reallocated with the following year's revenues.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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The Master Indenture of Trust securing Chicago-O'Hare International Airport Third Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding First Lien Bonds, Second Lien Obligations, Third Lien Obligations or other Airport Obligations are issued and secured, and (b) 110 percent the Aggregate First, Second and Third Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on First Lien Bonds, Second Lien obligations or Third Lien obligations. This requirement was met at December 31, 2009.

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

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

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

- g) **Defeased Bonds** have been removed from the Statement of Net Assets 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, 2009, not including principal payments due January 1, 2010, are as follows (dollars in thousands):

	<b>Amount Defeased</b>	<b>Outstanding</b>
Emergency Telephone System - Series 1993 .....	\$ 213,730	\$ 148,620
General Obligation Refunding Bonds - Series 1993B .....	17,535	17,535
General Obligation Refunding Bonds - Series 1995A-2 .....	17,875	13,625
General Obligation Project and Refunding Bonds - Series 1998 .....	271,050	4,975
General Obligation Project and Refunding Bonds - Series 1999A .....	214,415	21,475
General Obligation Bonds - Series 2000A .....	233,490	205,850
General Obligation Bonds - Series 2000C .....	112,965	112,965
General Obligation Bonds - Series 2001A .....	346,385	320,020
General Obligation Project and Refunding Bonds - Series 2002A .....	135,690	122,270
General Obligation Project and Refunding Bonds - Series 2003A .....	89,760	88,635
General Obligation Project Bonds - Series 2003C .....	75,375	65,125
General Obligation Project Bonds - Series 2004A .....	166,645	166,645
General Obligation Project and Refunding Bonds - Series 2006A .....	7,420	5,765
Neighborhoods Alive 21 Program - Series 2000A .....	175,255	175,255
Neighborhoods Alive 21 Program - Series 2001A .....	209,150	205,010
Neighborhoods Alive 21 Program - Series 2002A .....	36,820	20,665
Neighborhoods Alive 21 Program - Series 2003 .....	59,925	56,580
Lake Millenium Project Parking Facilities Bonds - Series 1998 .....	149,880	43,880
Lake Millenium Project Parking Facilities Bonds - Series 1999 .....	44,495	44,495
Sales Tax Revenue Bonds - Series 1998 .....	65,740	3,315
Sales Tax Revenue Refunding Bonds - Series 2005 .....	12,655	6,465
Near South Redevelopment Project Tax Increment - Series 1994A .....	23,000	12,325
Water Revenue Senior Lien Bonds - Series 2000 .....	100,445	100,445
Water Revenue Senior Lien Bonds - Series 2001 .....	235,905	222,430
Wastewater Transmission Revenue Bonds - Series 2001 .....	101,650	98,615
Chicago Skyway Tollbridge Revenue Bonds - Series 2000 .....	125,120	125,120
Special Transportation Revenue Bonds - Series 2001 .....	118,715	106,340
<b>Total .....</b>	<b>\$ 3,361,090</b>	<b>\$ 2,514,445</b>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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**11) Pension Trust Funds**

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

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

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

The Plans have a securities lending program. At year-end, the Plans have no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the Plans. The contract with the Plans' master custodian requires it to indemnify the Plans if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the fund for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand by either the Plans or the borrower, although the average term of the loans has not exceeded 87 days. The Plans' custodian lends securities for collateral in the form of cash, irrevocable letters of credit and/or U.S. government obligations equal to at least 102 percent of the fair value of securities or international securities for collateral of 105 percent. Cash collateral is invested in the lending agents' short-term investment pool, which at year-end has a weighted average maturity that did not exceed 81 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2009 are as follows: market value of securities loaned \$1,312.3 million, market value of cash collateral from borrowers \$1,352.6 million and market value of non-cash collateral from borrowers \$2.0 million.

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

State law requires City contributions at statutorily, not actuarially determined rates. The City's contribution is equal to 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. State law also requires covered employees to contribute a percentage of their salaries.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>	<b>Total</b>
Contribution rates:					
City (a).....	8.5%	8.5%	9.0%	9.1%	
Plan members.....	8.5	8.5	9.0	9.1	
Annual required contribution.....	\$ 413,509	\$ 33,517	\$ 339,488	\$ 203,867	\$ 990,381
Interest on net pension obligation.....	33,217	(18,061)	108,839	87,922	211,917
Adjustment to annual required contribution.....	(34,150)	18,568	(74,355)	(90,392)	(180,329)
Annual pension cost.....	412,576	34,024	373,972	201,397	1,021,969
Contributions made.....	148,046	14,627	172,044	89,212	423,929
Increase in net pension obligation.....	264,530	19,397	201,928	112,185	598,040
Net pension obligation (excess), beginning of year.....	415,208	(225,759)	1,360,491	1,099,023	2,648,963
Net pension obligation (excess), end of year.....	<u>\$ 679,738</u>	<u>\$ (206,362)</u>	<u>\$ 1,562,419</u>	<u>\$ 1,211,208</u>	<u>\$ 3,247,003</u>

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial valuation date.....	12/31/2009	12/31/2009	12/31/2009	12/31/2009
Actuarial cost method.....	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method.....	Level dollar, open	Level dollar, open	Level percent, open	Level dollar, open
Remaining amortization period.....	30 years	30 years	30 years	30 years
Asset valuation method.....	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market
Actuarial assumptions:				
Investment rate of return (b).....	8.0%	8.0%	8.0%	8.0%
Projected salary increases (b):				
Inflation.....	3.0	3.0	3.0	3.0
Seniority/Merit.....	(c)	(d)	(e)	(e)
Postretirement benefit increases.....	(f)	(f)	(g)	(g)

- (a) Percentage represents amount applied to the employees account and not the total contributed.  
(b) Compounded Annually  
(c) Service-based increases equivalent to a level annual rate increase of 2.0 percent over a full career.  
(d) Service-based increases equivalent to a level annual rate increase of 1.9 percent over a full career.  
(e) Service-based increases equivalent to a level annual rate increase of 2.7 percent over a full career.  
(f) 3.0 percent per year beginning at the earlier of:  
1) the latter of the first anniversary of retirement and age 60  
2) the latter of the third anniversary of retirement and age 53  
(g) Uses 3.0 percent per year for annuitants age 55 or over, born before 1955 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1955 or later.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

<b>Year</b>	<b>Annual Pension Cost</b>	<b>% of Annual Pension Cost Contributed</b>	<b>Net Pension (Excess) Obligation</b>
<b>Municipal Employees':</b>			
2007.....	\$ 343,127	40.69%	\$ 202,078
2008.....	359,933	40.79	415,207
2009.....	412,576	35.88	679,738
<b>Laborers':</b>			
2007.....	22,260	59.25	(228,692)
2008.....	18,166	83.85	(225,759)
2009.....	34,024	42.99	(206,362)
<b>Policemen's:</b>			
2007.....	338,507	50.40	1,185,054
2008.....	348,273	49.63	1,360,492
2009.....	373,972	46.00	1,562,419
<b>Firemen's:</b>			
2007.....	186,226	38.67	992,571
2008.....	187,710	43.29	1,099,024
2009.....	201,397	44.30	1,211,208

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

<b>Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded (Surplus) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)</b>
<b>Municipal Employees':</b>							
2007.....	12/31/07	\$6,890,463	\$9,968,747	\$3,078,284	69%	\$1,564,459	197%
2008.....	12/31/08	6,669,502	10,383,158	3,713,656	64	1,543,977	241
2009.....	12/31/09	6,295,788	10,830,119	4,534,331	58	1,551,973	292
<b>Laborers':</b>							
2007.....	12/31/07	1,757,711	1,808,295	50,584	97	192,847	26
2008.....	12/31/08	1,698,427	1,915,324	216,897	89	216,744	100
2009.....	12/31/09	1,601,352	1,975,749	374,397	81	208,626	179
<b>Policemen's:</b>							
2007.....	12/31/07	4,231,682	8,220,353	3,988,671	51	1,038,957	384
2008.....	12/31/08	4,093,720	8,482,574	4,388,854	48	1,023,581	429
2009.....	12/31/09	3,884,978	8,736,102	4,851,124	44	1,011,205	480
<b>Firemen's:</b>							
2007.....	12/31/07	1,374,960	3,215,874	1,840,914	43	389,125	473
2008.....	12/31/08	1,335,695	3,311,269	1,975,574	40	396,182	499
2009.....	12/31/09	1,269,231	3,428,838	2,159,607	37	400,912	539



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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

**Annual OPEB Cost and Contributions Made**  
**For Fiscal Year Ending December 31, 2009**

	<u>Municipal</u>				
	<u>Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>	<u>Total</u>
Contribution Rates City:	A portion of the City's contribution from the tax levy is used to finance the health insurance supplement benefit payments.				
Annual Required Contribution	\$ 22,967	\$ 3,682	\$ 11,810	\$ 4,370	\$ 42,829
Interest on Net OPEB Obligation	1,319	115	254	168	1,856
Adjustment to Annual - Required Contribution	<u>(1,722)</u>	<u>(151)</u>	<u>(201)</u>	<u>(219)</u>	<u>(2,293)</u>
Annual OPEB Cost	22,564	3,646	11,863	4,319	42,392
Contributions Made	<u>9,651</u>	<u>2,563</u>	<u>9,266</u>	<u>2,645</u>	<u>24,125</u>
Increase in Net OPEB Obligation	12,913	1,083	2,597	1,674	18,267
Net OPEB Obligation, Beginning of Year	<u>29,307</u>	<u>2,564</u>	<u>5,640</u>	<u>3,723</u>	<u>41,234</u>
Net OPEB Obligation, End of Year	<u>\$ 42,220</u>	<u>\$ 3,647</u>	<u>\$ 8,237</u>	<u>\$ 5,397</u>	<u>\$ 59,501</u>

**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.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

	<b>Municipal Employees'</b>	<b>Laborers'</b>	<b>Policemen's</b>	<b>Firemen's</b>
Actuarial Valuation Date	12/31/2009	12/31/2009	12/31/2009	12/31/2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Open	Level Dollar, Open	Level Percent, Open	Level Dollar, Open
Remaining Amortization Method	30 years	30 years	30 years	30 years
Asset Valuation Method	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)	No Assets (Pay-as-you-go)
Actuarial assumptions:				
OPEB Investment Rate of Return (a)	4.5%	4.5%	4.5%	4.5%
Projected Salary Increases (a) Inflation	3.0%	3.0%	3.0%	3.0%
Seniority / Merit	( b )	( c )	( d )	( e )
Healthcare Cost Trend Rate (f):	0.0%	0.0%	0.0%	0.0%

( a ) Compounded Annually

( b ) Service-based increases equivalent to a level annual rate of increase of 2.0 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 2.8 percent over a full career

( e ) Service-based increases equivalent to a level annual rate of increase of 2.7 percent over a full career

( f ) Trend not applicable - fixed dollar subsidy

**OPEB COST SUMMARY**

(dollars in thousands)

	<b>Year</b>	<b>Annual OPEB Cost</b>	<b>% of Annual OPEB Obligation</b>	<b>Net OPEB Obligation</b>
Municipal Employees'	2007	\$ 23,287	36.63%	\$ 14,756
	2008	23,580	38.29	29,307
	2009	22,561	42.77	42,220
Laborers'	2007	3,568	61.74	1,365
	2008	3,546	66.20	2,563
	2009	3,646	70.29	3,647
Policemen's	2007	11,220	72.26	3,112
	2008	11,378	77.78	5,640
	2009	11,863	78.11	8,237
Firemen's	2007	4,177	53.83	1,929
	2008	4,281	58.09	3,723
	2009	4,319	61.24	5,397

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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

	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded (Surplus) UAAL ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ( ( b-a ) / c )
Municipal Employees'	12/31/2009	\$ -	\$ 224,173	\$ 224,173	-	\$ 1,551,973	14.44
Laborers'	12/31/2009	-	41,738	41,738	-	208,626	20.01
Policemen's	12/31/2009	-	164,800	164,800	-	1,011,205	16.30
Firemen's	12/31/2009	-	47,933	47,933	-	400,912	11.96

**12) Other Postemployment Benefits – City Obligation**

The annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement. The pension funds contributed \$65 for each Medicare eligible annuitant and \$95 for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$60.8 million in 2009 to the gross cost of their retiree health care pursuant to premium amounts set forth in the above-referenced settlement agreement.

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 2009, the net expense to the City for providing these benefits to approximately 24,000 annuitants plus their dependents was approximately \$98.0 million.

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

**Plan Description Summary** - The City of Chicago is party to a written legal settlement agreement outlining the provisions of the retiree health program, The Settlement Health Care Plans (the Plans), through June 30, 2013. The agreement does not require or extend continuation of the Plans after June 30, 2013. Pursuant to the Settlement, the City administers a single employer defined benefit healthcare plan (the Health Plan), for which the City pays a portion of the costs on a pay as you go method. Under the Settlement agreement, the City of Chicago sponsors health benefit plans for employees, former employees and retired former employees. The provisions of the program provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for a specified period, until June 30, 2013.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

In addition, Illinois Compiled Statutes authorize the four respective Pension Funds (Police, Fire, Municipal, and Laborers) to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through June 30, 2013. After that date, no supplements are authorized.

The liabilities for the monthly dollar supplements paid to annuitants enrolled in the retiree medical plan by their respective Pension Funds are included in the liabilities and reports of the respective four Pension Funds (see Note 11).

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

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

The following table shows the components of the City's annual OPEB costs for the year for the Settlement Plan, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the Retiree Health Plan. The *Net OPEB Obligation* is the amount entered upon the City's Statement of Net Assets as of year end as the net liability for the other postemployment benefits – the retiree health plan. The amount of the annual cost for the retiree health plan which is to be recorded in the Statement of Changes in Net Assets for 2009 is the *Annual OPEB Cost (expense)*.

<b>Annual OPEB Cost and Contributions Made</b>	
(dollars in thousands)	
	<u>Retiree Settlement Health Plan</u>
Contribution Rates:	
City	Pay As You Go
Plan Members	N/A
Annual Required Contribution	\$ 220,891
Interest on Net OPEB Obligation	11,714
Adjustment to Annual Required Contribution	<u>(74,796)</u>
Annual OPEB Cost	157,809
Contributions Made	<u>98,044</u>
Increase in Net OPEB Obligation	59,765
Net OPEB Obligation, Beginning of Year	<u>269,275</u>
Net OPEB Obligation, End of Year	<u><u>\$ 329,040</u></u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 is as follows (dollars in thousands):

<b>Schedule of Contributions, OPEB Costs and Net Obligations</b>			
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2009	\$ 157,809	62.1%	\$ 329,040
12/31/2008	218,897	44.8	269,275
12/31/2007	245,591	39.6	148,346

**Funded Status and Funding Progress** - As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$787,395 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,475,107 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 32 percent.

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>
12/31/2008	\$ -	\$ 787,395	\$ 787,395	0%	\$ 2,475,107

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

For the Settlement Plan benefits (not provided by the Pension Funds) in the actuarial valuation for the fiscal year ended December 31, 2009, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 9 percent. Both rates included a 3 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 4.35 percent. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 4.5 years.

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

**Summary of Assumptions and Methods**

	Settlement Health Plan
Actuarial Valuation Date	December 31, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	4.5 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.35%
Projected Salary Increases	2.50%
Healthcare Inflation Rate	12% initial to 9% ultimate

**13) Risk Management**

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

Risks for O'Hare, Midway, and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years, accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Assets as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2009, the total amount of non-Enterprise Fund claims was \$462.8 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):

	<b>2009</b>	<b>2008</b>
Balance, January 1.....	\$ 497,527	\$ 503,636
Claims incurred on current and prior year events.....	605,506	627,660
Claims paid on current and prior year events.....	(589,700)	(633,769)
Balance, December 31.....	<u>\$ 513,333</u>	<u>\$ 497,527</u>

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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**14) 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, 2009, the Enterprise Funds have entered into contracts for approximately \$439.2 million for construction projects.

The City's pollution remediation obligation of \$37.4 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

**15) Service Concession Agreements**

On January 1, 2009, the City created a new major fund entitled Service Concession Agreements for the primary 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 maybe transferred from this fund in accordance with ordinances approved by city council that define the use of proceeds. As a result of the creation of this new fund, the City transferred the \$551.1 million deferred inflow associated with the lease of the City's downtown underground public parking system from the Bond, Note Redemption and Interest Fund effective January 1, 2009.

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. In 2009, the City recognized \$15.3 million of revenue and will continue to recognize \$15.3 million for each subsequent year through 2083.

In September 2008, the City of Chicago received a winning bid of \$2.521 billion from Midway Investment and Development Company, LLC for a ninety-nine year lease of Midway Airport. Amid the global credit crisis, the transaction to privatize Midway Airport was not executed. However, in April 2009, the City received a non-refundable security deposit payment of \$126 million.

In December 2006, the City completed a long-term concession and lease of the City's downtown underground public parking system. The concession granted a private company the right to operate the garages and collect parking and related revenues for the 99-year term of the operating lease. 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. In 2007, the City recognized \$5.7 million of revenue and will continue to recognize \$5.7 million for each subsequent year through 2105.

In January 2005, the City completed a long-term concession and lease of the Skyway. The concession granted a private company the right to operate the Skyway and to collect toll revenue from the Skyway for the 99-year term of the operating lease. The City received an upfront payment of \$1.83 billion; a portion of the payment (\$446.3 million)

**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009 - CONTINUED**

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 operating lease. In 2005, the City recognized \$18.5 million of revenue related to this transaction and will recognize \$18.5 million for each subsequent year through 2103. Skyway land, bridges, other facilities and equipment continue to be reported on the Statement of Net Assets 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 Assets.

**16) Subsequent Events**

In January 2010, the City sold General Obligation Refunding Bonds Series 2009A, General Obligation Taxable Project and Refunding Bonds Series 2009B, General Obligation Taxable Project (Build America Bonds) Series 2009C and General Obligation Taxable Project (Recovery Zone Economic Development Bonds) Series 2009D (\$793.3 million). The bonds were issued at interest rates ranging from 4.0 percent to 6.257 percent and maturity dates from January 1, 2018 to January 1, 2040. Proceeds will be used to pay a portion of the costs of various capital projects and to refund certain outstanding general obligation bonds of the City.

In March 2010, Moody's Investors Service downgraded Chicago O'Hare International Airport's Passenger Facility Revenue Bonds from "A1" to "A2." In addition, Moody's Investors Service assigned the Third Lien Revenue Refunding Bonds Series 2010A-F, issued in March 2010, a rating of "A2."

In the first quarter of 2010, \$31.2 million of Chicago Midway Commercial Paper Notes, Series A-C were issued. The proceeds will be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes.

In April 2010, the City sold Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds Series 2010A, General Airport Third Lien Revenue Taxable (Build America Bonds) Series 2010B, General Airport Third Lien Revenue (Non-AMT) Bonds Series 2010C, General Airport Third Lien Revenue Refunding (AMT) Bonds Series 2010D, General Airport Third Lien Revenue Refunding (AMT) Bonds Series 2010E and General Airport Third Lien Revenue (Non-AMT) Bonds Series 2010F (\$1.04 billion). The bonds were issued at interest rates ranging from 1.75 percent to 5.25 percent and maturity dates from January 1, 2011 to January 1, 2040. Proceeds will be used to pay a portion of the costs of certain projects at Chicago O'Hare International Airport including the O'Hare Modernization Program, to repay the City's outstanding commercial paper notes issued for O'Hare purposes and to refund certain outstanding General Airport Second Lien Revenue bonds.

In April 2010, to improve the transparency and ensure a greater degree of comparability, Moody's Investors Service and Fitch Ratings implemented ratings recalibrations across U.S. long-term municipal bond ratings resulting in an upward shift of credit ratings. The City of Chicago ratings recalibrations are as follows:

	Ratings Agency	
	Moody's Investor Service	Fitch Ratings
City:		
General Obligation Bonds.....	Aa2	AA+
Water:		
Senior Lien - Revenue Bonds.....	Aa2	AAA
Junior Lien - Revenue Bonds.....	Aa3	AA+
Wastewater:		
Junior Lien - Revenue Bonds.....	Aa3	AA
Sales Tax:		
Sales Tax - Revenue Bonds.....	Aa2	AA+
Motor Fuel:		
Motor Fuel Tax - Revenue Bonds.....	Aa3	A-



**CITY OF CHICAGO, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008 - CONCLUDED**

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In April 2010, Fitch Ratings downgraded the Chicago Midway International Airport's First Lien Airport Revenue Bonds from "A+" to "A" and the Second Lien Airport Revenue Bonds from "A" to "A-." In addition, Fitch Ratings assigned the Second Lien Revenue Refunding Bonds Series 2010, issued in April 2010, a rating of "A-."

In May 2010, the City sold Chicago Midway Airport Second Lien Revenue Variable Rate Demand Taxable Bonds Series 2010 A-1 and Series 2010 A-2 (\$80.5 million) in the daily rate mode and maturity dates from January 1, 2021 to January 1, 2025. Proceeds will be used to refund certain outstanding Chicago Midway Airport Second Lien Revenue Bonds, to refund certain other outstanding Airport obligations and to repay a portion of the City's Chicago Midway Airport Commercial Paper Notes.

In May 2010, the City sold Chicago O'Hare International Airport Passenger Facility Charge Revenue (Non-AMT) Bonds Series 2010A, Passenger Facility Charge Revenue (Non-AMT) Series 2010B, Passenger Facility Charge Revenue Taxable Bonds Series 2010C and Passenger Facility Charge Revenue Refunding (Non-AMT) Bonds Series 2010D (\$137.7 million). The bonds were issued at interest rates ranging from 2.0 percent to 6.395 percent and maturity dates from January 1, 2011 to January 1, 2040. Proceeds will be used to pay a portion of the costs of certain projects at Chicago O'Hare International Airport including the O'Hare Modernization Program and to refund certain outstanding Passenger Facility Charge Revenue bonds.

In June 2010, the City negotiated a novation of the fixed payer swap associated with the Series 2003B variable rate bonds from Lehman Brothers Special Financing Inc. to Wells Fargo Bank, N.A. All economic terms of the interest rate swap remained identical and the City did not incur any cost in association with replacing the counterparty to the swap.

The global economic downturn has adversely impacted the City's variable rate debt. In 2008 and 2009 global financial markets incurred substantial declines in value due to the credit crisis. Monoline insurers' credit ratings came under review due to subprime mortgage exposure resulting in downgrades by the major rating agencies. As a result, credit spreads increased on the City's variable rate debt, especially with insured bonds, therefore the City refinanced or converted many of its variable rate debt issues. In 2010, the City has utilized liquidity facilities to convert two variable rate issues in the amount of \$284.7 million and thereby removing the monoline insurers. Various bonds series that were unable to be remarketed in 2008 were converted out of bank bond mode during 2009 and 2010.

**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 Accrued 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>							
2007 .....	12/31/2007	\$ -	\$ 217,868	\$ 217,868	- %	\$ 1,564,459	13.93 %
2008 .....	12/31/2008	-	222,691	222,691	-	1,543,977	14.42
2009 .....	12/31/2009	-	224,173	224,173	-	1,551,973	14.44
<b>Laborers'</b>							
2007 .....	12/31/2007	-	41,411	41,411	- %	192,847	21.47 %
2008 .....	12/31/2008	-	42,064	42,064	-	216,744	19.41
2009 .....	12/31/2009	-	41,738	41,738	-	208,626	20.01
<b>Policemen's</b>							
2007 .....	12/31/2007	-	179,040	179,040	- %	1,038,957	17.23 %
2008 .....	12/31/2008	-	169,972	169,972	-	1,023,581	16.61
2009 .....	12/31/2009	-	164,800	164,800	-	1,011,205	16.30
<b>Firemen's</b>							
2007 .....	12/31/2007	-	47,097	47,097	- %	389,125	12.10 %
2008 .....	12/31/2008	-	47,309	47,309	-	396,182	11.94
2009 .....	12/31/2009	-	47,933	47,933	-	400,912	11.96
<b>City of Chicago</b>							
2006 .....	12/31/2006	-	1,301,417	1,301,417	- %	2,502,154	52.01 %
2007 .....	12/31/2007	-	1,062,864	1,062,864	-	2,562,067	41.48
2008 .....	12/31/2008	-	787,395	787,395	-	2,475,107	31.81





# COMBINING AND INDIVIDUAL FUND STATEMENTS

## GENERAL FUND



**Schedule A-1**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2009**  
**(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 .....	\$ 146,000	\$ 146,000	\$ 126,759	\$ (19,241)
Electric .....	99,800	99,800	93,685	(6,115)
Telecommunication .....	161,466	161,466	152,472	(8,994)
Commonwealth Edison .....	94,000	94,000	86,908	(7,092)
Infrastructure Maintenance .....	-	-	6	6
Fiber Optics .....	-	-	-	-
Cable Television .....	22,000	22,000	21,445	(555)
Total Utility Tax .....	523,266	523,266	481,275	(41,991)
<b>SALES TAX:</b>				
Home Rule Retailers' Occupation .....	262,715	262,715	224,887	(37,828)
<b>TRANSPORTATION TAX:</b>				
Parking .....	98,429	98,429	93,126	(5,303)
Vehicle Fuel .....	54,139	54,139	53,892	(247)
Ground Transportation .....	9,000	9,000	8,833	(167)
Total Transportation Tax .....	161,568	161,568	155,851	(5,717)
<b>TRANSACTION TAX:</b>				
Real Property .....	128,400	128,400	61,911	(66,489)
Personal Property Lease .....	122,000	122,000	112,156	(9,844)
Motor Vehicle Lessor .....	6,850	6,850	5,574	(1,276)
Total Transaction Tax .....	257,250	257,250	179,641	(77,609)
<b>RECREATION TAX:</b>				
Amusement .....	79,573	79,573	79,071	(502)
Automatic Amusement .....	1,300	1,300	1,159	(141)
Liquor .....	32,310	32,310	32,054	(256)
Boat Mooring .....	1,297	1,297	1,356	59
Cigarette .....	26,171	26,171	20,973	(5,198)
Off Track Betting .....	1,800	1,800	1,311	(489)
Soft Drink .....	20,100	20,100	18,114	(1,986)
Total Recreation Tax .....	162,551	162,551	154,038	(8,513)
<b>BUSINESS TAX:</b>				
Hotel .....	66,691	66,691	50,140	(16,551)
Employers' Expense .....	23,000	23,000	23,918	918
Foreign Fire Insurance .....	4,300	4,300	5,499	1,199
Total Business Tax .....	93,991	93,991	79,557	(14,434)
<b>TOTAL LOCAL TAX REVENUE</b> .....	<b>1,461,341</b>	<b>1,461,341</b>	<b>1,275,249</b>	<b>(186,092)</b>

**Schedule A-1 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2009**  
**(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 .....	\$ 275,400	\$ 275,400	\$ 201,025	\$ (74,375)
Personal Property Replacement .....	86,645	86,645	50,795	(35,850)
Total State Income Tax .....	362,045	362,045	251,820	(110,225)
<b>STATE SALES TAX:</b>				
State Retailers' Occupation .....	284,820	284,820	251,670	(33,150)
<b>STATE AUTO RENTAL TAX:</b>				
Municipal Auto Rental .....	3,800	3,800	3,385	(415)
<b>FEDERAL/STATE GRANTS:</b>				
Grants .....	2,500	2,500	1,714	(786)
<b>TOTAL INTERGOVERNMENTAL REVENUE ...</b>	<b>653,165</b>	<b>653,165</b>	<b>508,589</b>	<b>(144,576)</b>
<b>LOCAL NON-TAX REVENUE</b>				
<b>INTERNAL SERVICE:</b>				
Water Fund .....	60,714	60,714	61,416	702
Chicago-O'Hare International Airport Fund .....	35,982	35,982	33,876	(2,106)
Vehicle Tax Fund .....	22,813	22,813	19,945	(2,868)
Chicago Midway International Airport Fund .....	4,296	4,296	8,189	3,893
Federal Funds .....	13,862	13,862	12,226	(1,636)
Sewer Fund .....	20,606	20,606	24,723	4,117
Emergency Communication Fund .....	74,852	74,852	76,234	1,382
Federal Funds - Pensions .....	19,036	19,036	15,011	(4,025)
Indirect Cost Recovery .....	561	561	495	(66)
Electrical Services .....	4,818	4,818	2,379	(2,439)
Electrical Construction .....	19,271	19,271	9,526	(9,745)
Transportation .....	10,257	10,257	6,771	(3,486)
Fleet Management .....	15,701	15,701	12,455	(3,246)
Miscellaneous - Planning, Purchasing, etc. ....	10,559	10,559	4,959	(5,600)
Other .....	2,218	2,218	895	(1,323)
Total Internal Service .....	315,546	315,546	289,100	(26,446)
<b>LICENSES AND PERMITS:</b>				
Alcoholic Liquor Dealers' License .....	11,109	11,109	12,107	998
Building License .....	22,831	22,831	22,161	(670)
Building Permits .....	32,055	32,055	16,246	(15,809)
Fines and Penalties .....	6,825	6,825	7,294	469
Other .....	53,170	53,170	42,650	(10,520)
Total Licenses and Permits .....	125,990	125,990	100,458	(25,532)

**Schedule A-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>LOCAL NON-TAX REVENUE - Concluded</b>				
<b>FINES:</b>				
Fines, Forfeitures and Penalties .....	\$ 293,546	\$ 293,546	\$ 252,483	\$ (41,063)
<b>INVESTMENT INCOME:</b>				
Interest on Investments .....	10,960	10,960	3,011	(7,949)
<b>CHARGES FOR SERVICES:</b>				
Health Services .....	945	945	726	(219)
Inspection .....	17,500	17,500	14,736	(2,764)
Information .....	800	800	761	(39)
Safety .....	52,328	52,328	50,318	(2,010)
Reimbursement of Current Expense .....	7,200	7,200	9,377	2,177
Other .....	14,913	14,913	11,602	(3,311)
Total Charges for Services .....	93,686	93,686	87,520	(6,166)
<b>MUNICIPAL UTILITIES:</b>				
Parking .....	5,900	5,900	9,120	3,220
Total Municipal Utilities .....	5,900	5,900	9,120	3,220
<b>LEASES, RENTALS AND SALES:</b>				
Sale of Land and Buildings .....	12,000	12,000	793	(11,207)
Vacation of Streets and Alleys .....	3,000	3,000	1,758	(1,242)
Sale of Impounded Autos .....	237	237	112	(125)
Sale of Materials .....	3,793	3,793	2,060	(1,733)
Rentals and Leases .....	5,031	5,031	5,960	929
Total Leases, Rentals and Sales .....	24,061	24,061	10,683	(13,378)
<b>MISCELLANEOUS:</b>				
Property Damage .....	135	135	128	(7)
Other .....	19,079	19,079	25,285	6,206
Total Miscellaneous .....	19,214	19,214	25,413	6,199
<b>TOTAL LOCAL NON-TAX REVENUE .....</b>	<b>888,903</b>	<b>888,903</b>	<b>777,788</b>	<b>(111,115)</b>
<b>Issuance of Debt, Net of Original</b>				
Discount .....	-	-	58,500	58,500
<b>Budgeted Prior Years' Surplus</b>				
and Reappropriations .....	1,473	1,473	1,473	-
Transfers In .....	181,590	181,590	416,135	234,545
<b>Total Revenues .....</b>	<b>\$ 3,186,472</b>	<b>\$ 3,186,472</b>	<b>\$ 3,037,734</b>	<b>\$ (148,738)</b>



# NONMAJOR GOVERNMENTAL FUNDS





**Schedule B-1**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 118,706	\$ 9,911	\$ 37,824	\$ 166,441
Investments .....	24,811	5,362	3,234	33,407
Cash and Investments with Escrow Agent .....	-	129,680	-	129,680
Receivables (Net of Allowances):				
Property Tax .....	350,935	110,521	-	461,456
Accounts .....	18,335	6	3,806	22,147
Due from Other Funds .....	77,318	50	20,698	98,066
Due from Other Governments .....	10,768	141	37,527	48,436
Total Assets .....	<u>\$ 600,873</u>	<u>\$ 255,671</u>	<u>\$ 103,089</u>	<u>\$ 959,633</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Voucher Warrants Payable .....	\$ 54,214	\$ -	\$ 20,660	\$ 74,874
Bonds, Notes and Other Obligations Payable - Current .....	-	6,285	-	6,285
Accrued Interest .....	-	3,074	-	3,074
Due to Other Funds .....	137,082	-	1,939	139,021
Accrued and Other Liabilities .....	4,577	-	32,744	37,321
Deferred Revenue .....	314,243	96,665	-	410,908
Total Liabilities .....	510,116	106,024	55,343	671,483
Fund Balance:				
Reserved for Encumbrances .....	10,424	-	18,696	29,120
Reserved for Debt Service .....	-	149,647	-	149,647
Unreserved, Undesignated .....	80,333	-	29,050	109,383
Total Fund Balance .....	<u>90,757</u>	<u>149,647</u>	<u>47,746</u>	<u>288,150</u>
Total Liabilities and Fund Balance .....	<u>\$ 600,873</u>	<u>\$ 255,671</u>	<u>\$ 103,089</u>	<u>\$ 959,633</u>

**Schedule B-2**  
**CITY OF CHICAGO, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Tax .....	\$ 334,792	\$ -	\$ -	\$ 334,792
Utility Tax .....	75,688	-	-	75,688
Sales Tax .....	-	1,405	-	1,405
Transportation Tax .....	161,736	-	-	161,736
State Income Tax .....	95,994	-	-	95,994
Transaction Tax .....	25,385	-	-	25,385
Special Area Tax .....	-	116,361	-	116,361
Other Taxes .....	13,982	20	-	14,002
Federal/State Grants .....	-	-	-	-
Internal Service .....	16,995	-	-	16,995
Fines .....	15,408	-	-	15,408
Investment Income .....	3,886	36	1,686	5,608
Charges for Services .....	26,974	-	-	26,974
Miscellaneous .....	26,366	-	744	27,110
Total Revenues .....	<u>797,206</u>	<u>117,822</u>	<u>2,430</u>	<u>917,458</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	218,141	-	-	218,141
Health .....	7,565	-	-	7,565
Public Safety .....	2,497	-	-	2,497
Streets and Sanitation .....	76,785	-	-	76,785
Transportation .....	73,916	-	-	73,916
Cultural and Recreational .....	89,705	-	-	89,705
Employee Pensions .....	430,915	-	-	430,915
Other .....	377	-	-	377
Capital Outlay .....	-	-	88,000	88,000
Debt Service:				
Principal Retirement .....	-	37,000	-	37,000
Interest and Other Fiscal Charges .....	3,632	28,740	-	32,372
Total Expenditures .....	<u>903,533</u>	<u>65,740</u>	<u>88,000</u>	<u>1,057,273</u>
Revenues Over (Under) Expenditures .....	<u>(106,327)</u>	<u>52,082</u>	<u>(85,570)</u>	<u>(139,815)</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, 2009**  
**(Amounts are in Thousands of Dollars)**

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
OTHER FINANCING SOURCES (USES)				
Issuance of Debt .....	\$ 72,925	\$ -	\$ 89,200	\$ 162,125
Payment to Refunded Bond Escrow Agent .....	-	-	-	-
Transfers In .....	117,176	33,140	-	150,316
Transfers Out .....	(11,290)	(66,097)	-	(77,387)
Total Other Financing Sources (Uses) .....	<u>178,811</u>	<u>(32,957)</u>	<u>89,200</u>	<u>235,054</u>
Net Change in Fund Balances .....	72,484	19,125	3,630	95,239
Fund Balance - Beginning of Year .....	18,273	130,522	44,116	192,911
Fund Balance - End of Year .....	<u>\$ 90,757</u>	<u>\$ 149,647</u>	<u>\$ 47,746</u>	<u>\$ 288,150</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, 2009**  
**(Amounts are in Thousands of Dollars)**

	Vehicle Tax	Motor Fuel Tax and Project	Pension
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 959	\$ 830	\$ 706
Investments .....	112	9,132	35
Receivables (Net of Allowances):			
Property Tax .....	-	-	350,935
Accounts .....	2,753	2,065	531
Due from Other Funds .....	34,048	87	5
Due from Other Governments .....	-	4,447	-
<b>Total Assets .....</b>	<b>\$ 37,872</b>	<b>\$ 16,561</b>	<b>\$ 352,212</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Voucher Warrants Payable .....	\$ 15,267	\$ 8,449	\$ 11,292
Due to Other Funds .....	25,181	34,355	26,677
Accrued and Other Liabilities .....	2,789	-	-
Deferred Revenue .....	-	-	314,243
<b>Total Liabilities .....</b>	<b>43,237</b>	<b>42,804</b>	<b>352,212</b>
<b>Fund Balance (Deficit):</b>			
Reserve for Encumbrances .....	2,098	6,274	-
Unreserved, Undesignated .....	(7,463)	(32,517)	-
<b>Total Fund Balance (Deficit) .....</b>	<b>(5,365)</b>	<b>(26,243)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ 37,872</b>	<b>\$ 16,561</b>	<b>\$ 352,212</b>

Public Building Commission	Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Total Nonmajor Special Revenue Funds
\$ -	\$ 5,981	\$ 9,668	\$ 79	\$ 100,483	\$ 118,706
-	15,395	-	40	97	24,811
-	-	-	-	-	350,935
-	12,355	196	311	124	18,335
-	24,740	5,085	4,233	9,120	77,318
2,726	-	-	3,595	-	10,768
<u>\$ 2,726</u>	<u>\$ 58,471</u>	<u>\$ 14,949</u>	<u>\$ 8,258</u>	<u>\$ 109,824</u>	<u>\$ 600,873</u>
\$ -	\$ 5,888	\$ 4,238	\$ 8,074	\$ 1,006	\$ 54,214
30	40,754	3,514	6,557	14	137,082
-	37	1,384	367	-	4,577
-	-	-	-	-	314,243
<u>30</u>	<u>46,679</u>	<u>9,136</u>	<u>14,998</u>	<u>1,020</u>	<u>510,116</u>
-	1,316	670	66	-	10,424
2,696	10,476	5,143	(6,806)	108,804	80,333
<u>2,696</u>	<u>11,792</u>	<u>5,813</u>	<u>(6,740)</u>	<u>108,804</u>	<u>90,757</u>
<u>\$ 2,726</u>	<u>\$ 58,471</u>	<u>\$ 14,949</u>	<u>\$ 8,258</u>	<u>\$ 109,824</u>	<u>\$ 600,873</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, 2009

(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension
Revenues:			
Property Tax .....	\$ -	\$ -	\$ 334,792
Utility Tax .....	-	-	-
Sales Tax .....	-	-	-
Transportation Tax .....	102,338	58,555	-
State Income Tax .....	-	-	95,994
Transaction Tax .....	-	-	-
Special Area Tax .....	-	-	-
Other Taxes .....	-	-	-
Federal/State Grants .....	-	-	-
Internal Service .....	16,995	-	-
Fines .....	12,818	-	-
Investment Income .....	-	(68)	129
Charges for Services .....	7,392	86	-
Miscellaneous .....	7,312	-	-
Total Revenues .....	<u>146,855</u>	<u>58,573</u>	<u>430,915</u>
Expenditures:			
Current:			
General Government .....	70,563	-	-
Health .....	-	-	-
Public Safety .....	-	-	-
Streets and Sanitation .....	36,996	39,789	-
Transportation .....	32,162	41,723	-
Cultural and Recreational .....	-	-	-
Employee Pensions .....	-	-	430,915
Other .....	-	-	-
Capital Outlay .....	-	-	-
Debt Service:			
Principal Retirement .....	-	-	-
Interest and Other Fiscal Charges .....	-	11	-
Total Expenditures .....	<u>139,721</u>	<u>81,523</u>	<u>430,915</u>
Revenues Over (Under) Expenditures .....	<u>7,134</u>	<u>(22,950)</u>	<u>-</u>
Other Financing Sources (Uses):			
Issuance of Debt .....	-	-	-
Transfers In .....	-	-	-
Transfers Out .....	-	-	-
Total Other Financing Sources (Uses) .....	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances .....	7,134	(22,950)	-
Fund Balance (Deficit) - Beginning of Year .....	(12,499)	(3,293)	-
Fund Balance (Deficit) - End of Year .....	<u>\$ (5,365)</u>	<u>\$ (26,243)</u>	<u>\$ -</u>

Public Building Commission	Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,792
-	75,688	-	-	-	75,688
-	-	-	-	-	-
-	-	-	843	-	161,736
-	-	-	-	-	95,994
-	25,385	-	-	-	25,385
-	-	-	-	-	-
-	-	-	13,982	-	13,982
-	-	-	-	-	-
-	-	-	-	-	16,995
-	-	2,590	-	-	15,408
2,041	102	75	4	1,603	3,886
-	49	10	19,437	-	26,974
-	10,281	1,350	7,423	-	26,366
<u>2,041</u>	<u>111,505</u>	<u>4,025</u>	<u>41,689</u>	<u>1,603</u>	<u>797,206</u>
-	102,194	34,013	9,594	1,777	218,141
-	7,565	-	-	-	7,565
-	2,497	-	-	-	2,497
-	-	-	-	-	76,785
-	-	-	-	31	73,916
-	-	50,616	39,089	-	89,705
-	-	-	-	-	430,915
-	2	-	375	-	377
-	-	-	-	-	-
-	-	-	-	-	-
1,339	-	2,282	-	-	3,632
<u>1,339</u>	<u>112,258</u>	<u>86,911</u>	<u>49,058</u>	<u>1,808</u>	<u>903,533</u>
<u>702</u>	<u>(753)</u>	<u>(82,886)</u>	<u>(7,369)</u>	<u>(205)</u>	<u>(106,327)</u>
-	-	70,425	2,500	-	72,925
-	-	13,840	-	103,336	117,176
-	-	-	-	(11,290)	(11,290)
-	-	84,265	2,500	92,046	178,811
702	(753)	1,379	(4,869)	91,841	72,484
1,994	12,545	4,434	(1,871)	16,963	18,273
<u>\$ 2,696</u>	<u>\$ 11,792</u>	<u>\$ 5,813</u>	<u>\$ (6,740)</u>	<u>\$ 108,804</u>	<u>\$ 90,757</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, 2009**  
**(Amounts are in Thousands of Dollars)**

FUND	Transaction and Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
Original and Final Budgeted Revenues:				
Vehicle Tax .....	\$ -	\$ -	\$ 105,916	\$ -
Motor Fuel Tax and Project .....	-	-	62,382	-
Pension .....	337,412	-	-	103,655
Miscellaneous .....	51,360	75,005	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	800	18,683
Health and Welfare .....	-	-	-	-
Total Original and Final Budgeted Revenues ....	<u>388,772</u>	<u>75,005</u>	<u>169,098</u>	<u>122,338</u>
Actual Revenues:				
Vehicle Tax .....	-	-	102,338	-
Motor Fuel Tax and Project .....	-	-	58,555	-
Pension .....	359,368	-	-	95,994
Miscellaneous .....	25,385	75,688	-	-
Chicago Public Library .....	-	-	-	-
Special Events, Tourism and Festivals .....	-	-	843	13,982
Health and Welfare .....	-	-	-	-
Total Actual Revenues .....	<u>384,753</u>	<u>75,688</u>	<u>161,736</u>	<u>109,976</u>
Variance Positive (Negative) .....	<u>\$ (4,019)</u>	<u>\$ 683</u>	<u>\$ (7,362)</u>	<u>\$ (12,362)</u>

Internal Service	Fines	Investment Income	Leases, Rentals, Sales and Charges for Services	Miscel- laneous	Proceeds of Debt	Budgeted Prior Years' Surplus and Operating Transfers In/ Other	Total Nonmajor Special Revenue Funds
\$ 26,564	\$ 16,000	\$ -	\$ 16,320	\$ 9,000	\$ -	\$ (21,526)	\$ 152,274
-	-	500	-	-	-	32,886	95,768
-	-	-	-	-	-	-	441,067
-	-	-	-	11,199	-	3,479	141,043
-	3,200	1,100	350	50	70,428	21,495	96,623
-	-	50	24,835	6,972	2,500	(616)	53,224
-	-	-	-	-	-	55,382	55,382
<u>26,564</u>	<u>19,200</u>	<u>1,650</u>	<u>41,505</u>	<u>27,221</u>	<u>72,928</u>	<u>91,100</u>	<u>1,035,381</u>
16,995	12,818	-	7,392	7,312	-	-	146,855
-	-	(68)	86	-	-	-	58,573
-	-	129	-	-	-	-	455,491
-	-	102	49	10,281	-	-	111,505
-	2,590	75	10	1,350	70,425	13,840	88,290
-	-	4	19,437	7,423	2,500	-	44,189
-	-	1,603	-	-	-	103,336	104,939
<u>16,995</u>	<u>15,408</u>	<u>1,845</u>	<u>26,974</u>	<u>26,366</u>	<u>72,925</u>	<u>117,176</u>	<u>1,009,842</u>
<u>\$ (9,569)</u>	<u>\$ (3,792)</u>	<u>\$ 195</u>	<u>\$ (14,531)</u>	<u>\$ (855)</u>	<u>\$ (3)</u>	<u>\$ 26,076</u>	<u>\$ (25,539)</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, 2009****(Amounts are in Thousands of Dollars)**

	General Government	Health	Public Safety	Streets and Sanitation
<b>FUND</b>				
Original and Final Budget:				
Vehicle Tax .....	\$ 76,007	\$ -	\$ -	\$ 42,700
Motor Fuel Tax and Project .....	-	-	-	49,359
Pension .....	-	-	-	-
Miscellaneous .....	127,008	8,387	5,648	-
Chicago Public Library .....	35,064	-	-	-
Special Events, Tourism and Festivals .....	11,559	-	100	-
Health and Welfare .....	37,378	-	-	-
Total Original and Final Budget .....	<u>287,016</u>	<u>8,387</u>	<u>5,748</u>	<u>92,059</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax .....	70,654	-	-	37,990
Motor Fuel Tax and Project .....	-	-	-	49,907
Pension .....	-	-	-	-
Miscellaneous .....	109,959	3,561	1,957	-
Chicago Public Library .....	33,952	-	-	-
Special Events, Tourism and Festivals .....	9,246	-	100	-
Health and Welfare .....	1,124	-	-	-
Total Actual Expenditures and Encumbrances ....	<u>224,935</u>	<u>3,561</u>	<u>2,057</u>	<u>87,897</u>
Variance Positive (Negative) .....	<u>\$ 62,081</u>	<u>\$ 4,826</u>	<u>\$ 3,691</u>	<u>\$ 4,162</u>

<u>Trans- portation</u>	<u>Cultural and Recreational</u>	<u>Employee Pensions</u>	<u>Operating Transfers Out</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 33,567	\$ -	\$ -	\$ -	\$ -	\$ 152,274
46,409	-	-	-	-	95,768
-	-	441,067	-	-	441,067
-	-	-	-	-	141,043
-	54,587	-	-	6,972	96,623
-	41,565	-	-	-	53,224
-	-	-	18,004	-	55,382
<u>79,976</u>	<u>96,152</u>	<u>441,067</u>	<u>18,004</u>	<u>6,972</u>	<u>1,035,381</u>
32,204	-	-	-	-	140,848
54,472	-	-	-	4	104,383
-	-	430,914	-	-	430,914
-	-	-	-	-	115,477
-	50,518	-	-	2,282	86,752
-	39,457	-	-	-	48,803
-	-	-	11,290	-	12,414
<u>86,676</u>	<u>89,975</u>	<u>430,914</u>	<u>11,290</u>	<u>2,286</u>	<u>939,591</u>
<u>\$ (6,700)</u>	<u>\$ 6,177</u>	<u>\$ 10,153</u>	<u>\$ 6,714</u>	<u>\$ 4,686</u>	<u>\$ 95,790</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, 2009**  
**(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 .....	\$ 1,325	\$ 1,224	\$ 35,275	\$ -	\$ 37,824
Investments .....	2,104	16	1,114	-	3,234
Accounts Receivable (Net of Allowances) .....	19	-	320	3,467	3,806
Due from Other Funds .....	-	-	20,698	-	20,698
Due from Other Governments .....	-	-	-	37,527	37,527
Total Assets .....	<u>\$ 3,448</u>	<u>\$ 1,240</u>	<u>\$ 57,407</u>	<u>\$ 40,994</u>	<u>\$ 103,089</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Voucher Warrants Payable .....	\$ 122	\$ 1	\$ 20,537	\$ -	\$ 20,660
Due to Other Funds .....	-	-	1,939	-	1,939
Accrued and Other Liabilities .....	-	-	274	32,470	32,744
Total Liabilities .....	<u>122</u>	<u>1</u>	<u>22,750</u>	<u>32,470</u>	<u>55,343</u>
<b>Fund Balance:</b>					
Reserved for Encumbrances .....	-	8	18,688	-	18,696
Unreserved, Undesignated .....	3,326	1,231	15,969	8,524	29,050
Total Fund Balance .....	<u>3,326</u>	<u>1,239</u>	<u>34,657</u>	<u>8,524</u>	<u>47,746</u>
Total Liabilities and Fund Balance .....	<u>\$ 3,448</u>	<u>\$ 1,240</u>	<u>\$ 57,407</u>	<u>\$ 40,994</u>	<u>\$ 103,089</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, 2009

(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 .....	\$ 73	\$ -	\$ 1,220	\$ 393	\$ 1,686
Miscellaneous .....	-	-	744	-	744
Total Revenues .....	<u>73</u>	<u>-</u>	<u>1,964</u>	<u>393</u>	<u>2,430</u>
<b>EXPENDITURES</b>					
Capital Outlay .....	<u>2</u>	<u>-</u>	<u>87,998</u>	<u>-</u>	<u>88,000</u>
Total Expenditures .....	<u>2</u>	<u>-</u>	<u>87,998</u>	<u>-</u>	<u>88,000</u>
Revenues Over (Under) Expenditures .....	<u>71</u>	<u>-</u>	<u>(86,034)</u>	<u>393</u>	<u>(85,570)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt .....	-	-	89,200	-	89,200
Total Other Financing Sources (Uses) .....	<u>-</u>	<u>-</u>	<u>89,200</u>	<u>-</u>	<u>89,200</u>
Net Change in Fund Balance .....	71	-	3,166	393	3,630
Fund Balance - Beginning of Year .....	3,255	1,239	31,491	8,131	44,116
Fund Balance - End of Year .....	<u>\$ 3,326</u>	<u>\$ 1,239</u>	<u>\$ 34,657</u>	<u>\$ 8,524</u>	<u>\$ 47,746</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, 2009**  
**(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, 2009.....	\$ 14,435	\$ 1,457	\$ 14,998	\$ 16,822	\$ -	\$ 47,712
Additions.....	3,570,044	15,943	511,908	187,793	20,504	4,306,192
Deductions.....	3,574,668	12,526	553,558	188,295	19,535	4,348,582
Cash,						
December 31, 2009.....	9,811	4,874	(26,652)	16,320	969	5,322
Investments,						
January 1, 2009.....	20	443	34,687	5,147	3,249	43,546
Additions.....	17	526	45,711	5,794	3,052	55,100
Deductions.....	20	443	34,687	5,147	3,249	43,546
Investments,						
December 31, 2009.....	17	526	45,711	5,794	3,052	55,100
Cash and Investments with Escrow Agent,						
January 1, 2009.....	-	-	15,090	121	-	15,211
Additions.....	-	-	88,643	-	-	88,643
Deductions.....	-	-	89,735	-	-	89,735
Cash and Investments with Escrow Agent,						
December 31, 2009.....	-	-	13,998	121	-	14,119
Accounts Receivables,						
January 1, 2009.....	16,275	15,846	141,995	67,282	1,909	243,307
Additions.....	-	12,000	178,713	120,334	17,083	328,130
Deductions.....	16,275	12,000	146,074	72,271	17,481	264,101
Accounts Receivables,						
December 31, 2009.....	-	15,846	174,634	115,345	1,511	307,336

**Schedule E-1 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
<b>ASSETS - Concluded:</b>						
Total Assets,						
January 1, 2009.....	\$ 30,730	\$ 17,746	\$ 206,770	\$ 89,372	\$ 5,158	\$ 349,776
Additions.....	3,570,061	28,469	824,975	313,921	40,639	4,778,065
Deductions.....	<u>3,590,963</u>	<u>24,969</u>	<u>824,054</u>	<u>265,713</u>	<u>40,265</u>	<u>4,745,964</u>
Total Assets,						
December 31, 2009.....	<u>\$ 9,828</u>	<u>\$ 21,246</u>	<u>\$ 207,691</u>	<u>\$ 137,580</u>	<u>\$ 5,532</u>	<u>\$ 381,877</u>
<b>LIABILITIES:</b>						
Voucher Warrants Payable,						
January 1, 2009.....	\$ 13,699	\$ (3,466)	\$ 13,476	\$ 4,005	\$ 4	\$ 27,718
Additions.....	7,484,653	3,500	391,660	53,705	180	7,933,698
Deductions.....	<u>7,498,352</u>	<u>-</u>	<u>391,085</u>	<u>52,812</u>	<u>180</u>	<u>7,942,429</u>
Voucher Warrants Payable,						
December 31, 2009.....	<u>-</u>	<u>34</u>	<u>14,051</u>	<u>4,898</u>	<u>4</u>	<u>18,987</u>
Accrued Liabilities,						
January 1, 2009.....	17,031	21,212	193,294	85,367	5,154	322,058
Additions.....	2,267,388	-	379,211	161,885	956	2,809,440
Deductions.....	<u>2,274,591</u>	<u>-</u>	<u>378,865</u>	<u>114,570</u>	<u>582</u>	<u>2,768,608</u>
Accrued Liabilities,						
December 31, 2009.....	<u>9,828</u>	<u>21,212</u>	<u>193,640</u>	<u>132,682</u>	<u>5,528</u>	<u>362,890</u>
Total Liabilities,						
January 1, 2009.....	30,730	17,746	206,770	89,372	5,158	349,776
Additions.....	9,752,041	3,500	770,871	215,590	1,136	10,743,138
Deductions.....	<u>9,772,943</u>	<u>-</u>	<u>769,950</u>	<u>167,382</u>	<u>762</u>	<u>10,711,037</u>
Total Liabilities,						
December 31, 2009.....	<u>\$ 9,828</u>	<u>\$ 21,246</u>	<u>\$ 207,691</u>	<u>\$ 137,580</u>	<u>\$ 5,532</u>	<u>\$ 381,877</u>

**Schedule E-2**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 3,049	\$ 72,597	\$ 112,012	\$ 44,509	\$ 232,167
Receivables					
Employer and Other .....	213,806	21,605	306,536	90,661	632,608
Interest and Dividends .....	14,574	2,595	8,934	6,354	32,457
Total Receivables .....	228,380	24,200	315,470	97,015	665,065
Due from City .....	9,876	1,012	10,766	5,024	26,678
Investments, at Fair Value					
Bonds and U.S. Government					
Obligations .....	1,140,211	238,812	472,824	180,131	2,031,978
Stocks .....	2,739,254	909,636	1,925,781	658,642	6,233,313
Mortgages and Real Estate .....	211,954	32,110	90,429	25,862	360,355
Other .....	951,035	82,056	548,948	43,802	1,625,841
Total Investments .....	5,042,454	1,262,614	3,037,982	908,437	10,251,487
Invested Securities Lending					
Collateral .....	660,716	169,346	375,112	147,438	1,352,612
Total Assets .....	5,944,475	1,529,769	3,851,342	1,202,423	12,528,009
<b>LIABILITIES</b>					
Voucher Warrants Payable .....	117,535	27,494	150,179	3,341	298,549
Securities Lending Collateral .....	660,716	169,346	375,112	147,438	1,352,612
Total Liabilities .....	778,251	196,840	525,291	150,779	1,651,161
Net Assets Held in Trust for					
Pension Benefits .....	\$ 5,166,224	\$ 1,332,929	\$ 3,326,051	\$ 1,051,644	\$ 10,876,848

**Schedule E-3**  
**CITY OF CHICAGO, ILLINOIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**Year Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
<b>ADDITIONS</b>					
Contributions					
Employees .....	\$ 130,981	\$ 17,538	\$ 95,614	\$ 41,605	\$ 285,738
City .....	157,697	17,190	180,511	91,857	447,255
Total Contributions .....	288,678	34,728	276,125	133,462	732,993
Investment Income					
Net Appreciation in Fair					
Value of Investments .....	654,950	211,582	512,929	188,960	1,568,421
Interest, Dividends and Other ....	116,324	26,758	63,726	24,080	230,888
Investment Expense .....	(20,799)	(6,967)	(9,801)	(5,146)	(42,713)
Net Investment Income .....	750,475	231,373	566,854	207,894	1,756,596
Securities Lending Transactions					
Securities Lending Income .....	34,639	7,046	1,672	858	44,215
Securities Lending Expense .....	(6,551)	(1,316)	(412)	(178)	(8,457)
Net Securities Lending					
Transactions .....	28,088	5,730	1,260	680	35,758
Total Additions .....	1,067,241	271,831	844,239	342,036	2,525,347
<b>DEDUCTIONS</b>					
Benefits and Refunds of					
Deductions .....	632,864	123,817	514,710	201,146	1,472,537
Administrative and General .....	7,767	3,665	4,476	3,439	19,347
Total Deductions .....	640,631	127,482	519,186	204,585	1,491,884
Net Increase in Net Assets .....	426,610	144,349	325,053	137,451	1,033,463
Net Assets Held in Trust for					
Pension Benefits:					
Beginning of Year .....	4,739,614	1,188,580	3,000,998	914,193	9,843,385
End of Year .....	<u>\$ 5,166,224</u>	<u>\$ 1,332,929</u>	<u>\$ 3,326,051</u>	<u>\$ 1,051,644</u>	<u>\$ 10,876,848</u>



# **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 ASSETS BY COMPONENT**  
**Last Eight Fiscal Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental Activities:			
Invested in capital assets, net of related debt .....	\$ 1,418,685	\$ 1,091,893	\$ 813,964
Restricted .....	997,687	1,216,595	1,346,754
Unrestricted (deficit) .....	<u>(827,376)</u>	<u>(1,202,113)</u>	<u>(1,397,160)</u>
Total governmental activities, net assets .....	<u>\$ 1,588,996</u>	<u>\$ 1,106,375</u>	<u>\$ 763,558</u>
Business-type activities:			
Invested in capital assets, net of related debt .....	\$ 1,744,719	\$ 1,560,539	\$ 1,610,788
Restricted .....	716,704	897,313	877,781
Unrestricted .....	<u>(23,929)</u>	<u>(16,955)</u>	<u>(117,238)</u>
Total business type activities, net assets .....	<u>\$ 2,437,494</u>	<u>\$ 2,440,897</u>	<u>\$ 2,371,331</u>
Primary Government:			
Invested in capital assets, net of related debt .....	\$ 3,163,404	\$ 2,652,432	\$ 2,424,752
Restricted .....	1,714,391	2,113,908	2,224,535
Unrestricted .....	<u>(851,305)</u>	<u>(1,219,068)</u>	<u>(1,514,398)</u>
Total primary government, net assets .....	<u>\$ 4,026,490</u>	<u>\$ 3,547,272</u>	<u>\$ 3,134,889</u>

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

2005	2006	2007	2008	2009
\$ 514,271 2,632,804 (1,597,634)	\$ 574,393 2,451,160 (2,003,328)	\$ 570,665 2,980,207 (3,435,506)	\$ 494,930 2,842,149 (4,092,388)	\$ 251,103 3,735,128 (5,820,802)
\$ 1,549,441	\$ 1,022,225	\$ 115,366	\$ (755,309)	\$ (1,834,571)
\$ 1,879,343 886,488 (1,603,766)	\$ 1,940,069 971,669 (1,587,939)	\$ 2,168,833 881,908 (1,561,634)	\$ 2,323,394 779,894 (1,517,891)	\$ 2,286,658 821,909 (1,538,493)
\$ 1,162,065	\$ 1,323,799	\$ 1,489,107	\$ 1,585,397	\$ 1,570,074
\$ 2,393,614 3,519,292 (3,201,400)	\$ 2,514,462 3,422,829 (3,591,267)	\$ 2,739,498 3,862,115 (4,997,140)	\$ 2,818,324 3,622,043 (5,610,279)	\$ 2,537,761 4,557,037 (7,359,295)
\$ 2,711,506	\$ 2,346,024	\$ 1,604,473	\$ 830,088	\$ (264,497)



**Table 2**  
**CITY OF CHICAGO**  
**CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING**  
**Last Eight Fiscal Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2002	2003	2004
<b>Expenses</b>			
Governmental Activities:			
General Government .....	\$ 1,587,322	\$ 1,738,548	\$ 1,642,072
Public Safety .....	1,623,340	1,646,760	1,853,887
Employee Pensions .....	328,518	354,819	299,810
Streets and Sanitation .....	318,982	335,727	334,878
Transportation .....	240,572	304,580	275,536
Health .....	178,741	174,780	164,830
Cultural and Recreational .....	102,516	100,725	95,924
Other .....	10,332	10,771	10,581
Interest on Long-term Debt .....	280,347	301,181	352,119
Total Governmental Activities .....	<u>4,670,670</u>	<u>4,967,891</u>	<u>5,029,637</u>
Business-type Activities:			
Water .....	305,246	318,925	297,902
Sewer .....	146,286	144,420	135,013
Chicago Midway International Airport .....	117,117	128,550	138,404
Chicago-O'Hare International Airport .....	611,484	636,653	645,437
Chicago Skyway .....	34,790	37,544	42,373
Total Business-type Activities .....	<u>1,214,923</u>	<u>1,266,092</u>	<u>1,259,129</u>
Total Primary Government .....	<u>\$ 5,885,593</u>	<u>\$ 6,233,983</u>	<u>\$ 6,288,766</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.

2005	2006	2007	2008	2009
\$ 1,842,353	\$ 2,088,299	\$ 2,452,145	\$ 2,384,586	\$ 2,364,754
1,834,008	2,300,048	2,435,437	2,434,842	2,521,151
388,053	-	-	-	-
353,976	337,103	367,222	371,112	297,156
285,598	292,679	333,401	381,090	351,101
147,376	170,769	175,577	170,838	166,914
114,504	119,193	128,003	140,065	129,996
9,892	-	-	-	-
335,373	371,523	385,305	381,504	386,125
<u>5,311,133</u>	<u>5,679,614</u>	<u>6,277,090</u>	<u>6,264,037</u>	<u>6,217,197</u>
326,444	324,075	350,181	371,441	382,502
132,727	130,471	136,961	158,292	169,982
170,959	188,092	211,082	217,609	206,613
692,575	697,497	751,351	803,404	811,710
16,915	12,752	13,555	12,359	11,775
<u>1,339,620</u>	<u>1,352,887</u>	<u>1,463,130</u>	<u>1,563,105</u>	<u>1,582,582</u>
<u>\$ 6,650,753</u>	<u>\$ 7,032,501</u>	<u>\$ 7,740,220</u>	<u>\$ 7,827,142</u>	<u>\$ 7,799,779</u>

**Table 2 - Continued**  
**CITY OF CHICAGO**  
**CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING**  
**Last Eight Fiscal Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2002	2003	2004
<b>Program Revenues</b>			
Governmental Activities:			
Licenses, Permits, Fines and			
Charges for Services:			
General Government .....	\$ 337,809	\$ 350,643	\$ 362,973
Public Safety .....	91,392	99,907	112,721
Streets and Sanitation .....	26,937	24,420	31,494
Transportation .....	14,216	21,697	23,589
Health .....	3,135	6,083	12,333
Cultural and Recreational .....	18,977	20,217	21,423
Other .....	-	-	-
Operating Grants and Contributions .....	710,906	680,939	649,066
Capital Grants and Contributions .....	352,189	236,676	173,529
Total Governmental Activities .....	<u>1,555,561</u>	<u>1,440,582</u>	<u>1,387,128</u>
Business-type Activities:			
Licenses, Permits, Fines and			
Charges for Services:			
Water .....	315,458	317,455	327,514
Sewer .....	141,330	142,373	144,988
Chicago Midway			
International Airport .....	89,858	78,973	85,608
Chicago-O'Hare			
International Airport .....	451,046	481,957	442,569
Chicago Skyway .....	43,232	39,770	41,191
Capital Grants and Contributions .....	194,922	179,626	210,915
Total Business-type activities and			
Program Revenues .....	<u>1,235,846</u>	<u>1,240,154</u>	<u>1,252,785</u>
Total Primary Government			
Program Revenues .....	<u>\$ 2,791,407</u>	<u>\$ 2,680,736</u>	<u>\$ 2,639,913</u>
<b>Net (Expenses)/Revenues</b>			
Governmental Activities .....	\$ (3,115,109)	\$ (3,527,309)	\$ (3,642,509)
Business-type Activities .....	20,923	(25,938)	(6,344)
Total Primary Government			
Net Expense .....	<u>\$ (3,094,186)</u>	<u>\$ (3,553,247)</u>	<u>\$ (3,648,853)</u>

2005	2006	2007	2008	2009
\$ 363,196	\$ 385,082	\$ 422,363	\$ 440,023	\$ 382,617
120,853	151,835	155,529	129,518	158,490
36,980	36,058	41,467	40,578	30,990
23,260	10,224	13,262	14,071	24,895
4,165	5,529	2,795	3,157	2,504
24,288	23,127	24,412	25,725	22,375
1	-	-	-	-
637,654	659,279	610,974	624,356	611,301
133,673	142,705	137,613	139,949	115,261
<u>1,344,070</u>	<u>1,413,839</u>	<u>1,408,415</u>	<u>1,417,377</u>	<u>1,348,433</u>
344,267	330,439	334,377	370,244	410,213
143,522	136,437	138,681	160,005	175,163
92,228	105,570	107,253	124,985	122,301
532,877	545,916	652,763	684,282	624,443
1,896	-	-	-	-
228,467	273,320	268,331	224,823	211,174
<u>1,343,257</u>	<u>1,391,682</u>	<u>1,501,405</u>	<u>1,564,339</u>	<u>1,543,294</u>
<u>\$ 2,687,327</u>	<u>\$ 2,805,521</u>	<u>\$ 2,909,820</u>	<u>\$ 2,981,716</u>	<u>\$ 2,891,727</u>
\$ (3,967,063)	\$ (4,265,775)	\$ (4,868,675)	\$ (4,846,660)	\$ (4,868,764)
3,637	38,795	38,275	1,234	(39,288)
<u>\$ (3,963,426)</u>	<u>\$ (4,226,980)</u>	<u>\$ (4,830,400)</u>	<u>\$ (4,845,426)</u>	<u>\$ (4,908,052)</u>

**Table 2 - Concluded**  
**CITY OF CHICAGO**  
**CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING**  
**Last Eight Fiscal Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2002	2003	2004
<b>General Revenues and Other</b>			
<b>Changes in Net Assets</b>			
Governmental Activities:			
Taxes			
Property Tax .....	\$ 692,867	\$ 706,666	\$ 693,411
Utility Tax .....	488,419	512,567	504,800
Sales Tax .....	190,462	187,152	203,251
Transportation Tax .....	322,811	330,926	322,018
Transaction Tax .....	232,168	242,212	278,584
Special Area Tax .....	150,077	277,401	350,293
Other Taxes .....	162,951	166,671	165,607
Grants and Contributions Not			
Restricted to Specific Programs .....	506,452	498,205	522,951
Unrestricted Investment Earnings .....	52,377	24,414	27,377
Transfers .....	27,662	-	96,000
Miscellaneous .....	74,187	98,474	135,400
Total Governmental Activities .....	<u>2,900,433</u>	<u>3,044,688</u>	<u>3,299,692</u>
Business-type Activities:			
Investment Earnings .....	42,094	28,093	27,109
Miscellaneous .....	6,132	1,248	5,669
Transfers .....	(27,662)	-	(96,000)
Total Business-type Activities .....	<u>20,564</u>	<u>29,341</u>	<u>(63,222)</u>
Total Primary Government .....	<u>\$ 2,920,997</u>	<u>\$ 3,074,029</u>	<u>\$ 3,236,470</u>
<b>Change in Net Assets</b>			
Governmental Activities .....	\$ (214,676)	\$ (482,621)	\$ (342,817)
Business-type Activities .....	41,487	3,403	(69,566)
Total Primary Government .....	<u>\$ (173,189)</u>	<u>\$ (479,218)</u>	<u>\$ (412,383)</u>

2005	2006	2007	2008	2009
\$ 696,085	\$ 700,636	\$ 732,415	\$ 799,878	\$ 797,026
539,325	522,089	552,179	629,497	579,101
248,807	288,052	293,078	273,951	252,282
337,993	337,780	332,459	321,362	333,199
325,227	339,020	304,715	275,434	205,026
386,537	460,940	533,260	531,314	501,042
205,811	233,620	245,408	262,734	250,982
606,509	654,017	714,661	712,360	601,198
80,728	148,631	182,700	90,176	31,520
1,236,099	2,000	1,000	-	-
89,825	51,774	69,941	79,279	238,126
<u>4,752,946</u>	<u>3,738,559</u>	<u>3,961,816</u>	<u>3,975,985</u>	<u>3,789,502</u>
57,916	97,556	100,720	57,451	15,024
(34,720)	27,383	27,313	37,605	8,941
(1,236,099)	(2,000)	(1,000)	-	-
<u>(1,212,903)</u>	<u>122,939</u>	<u>127,033</u>	<u>95,056</u>	<u>23,965</u>
<u>\$ 3,540,043</u>	<u>\$ 3,861,498</u>	<u>\$ 4,088,849</u>	<u>\$ 4,071,041</u>	<u>\$ 3,813,467</u>
\$ 785,883	\$ (527,216)	\$ (906,859)	\$ (870,675)	\$ (1,079,262)
(1,209,266)	161,734	165,308	96,290	(15,323)
<u>\$ (423,383)</u>	<u>\$ (365,482)</u>	<u>\$ (741,551)</u>	<u>\$ (774,385)</u>	<u>\$ (1,094,585)</u>

**Table 3**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

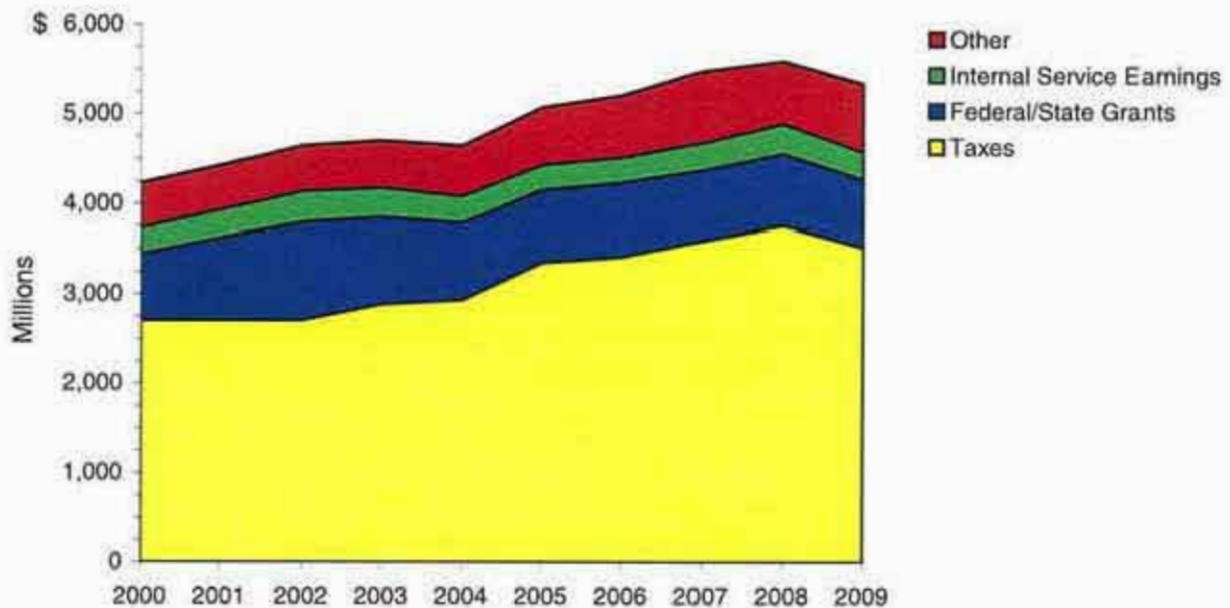
	2000	Percent of Total	2001	Percent of Total	2002	Percent of Total
Revenues:						
Property Tax .....	\$ 664,007	15.7 %	\$ 641,351	14.5 %	\$ 662,919	14.3 %
Utility Tax .....	482,610	11.4	503,971	11.4	488,419	10.5
Sales Tax .....	436,320	10.3	430,637	9.7	419,491	9.0
Transportation Tax .....	319,214	7.5	309,502	7.0	322,811	7.0
State Income Tax .....	336,011	7.9	314,581	7.1	273,535	5.9
Transaction Tax .....	200,804	4.7	216,550	4.9	232,168	5.0
Special Area Tax .....	97,510	2.3	128,108	2.9	145,365	3.1
Other Taxes .....	169,340	4.0	163,492	3.7	162,951	3.5
Total Taxes .....	2,705,816	63.8	2,708,192	61.2	2,707,659	58.3
Federal/State Grants .....	738,055	17.4	914,844	20.7	1,088,585	23.4
Internal Service .....	282,458	6.7	307,627	7.0	339,761	7.4
Licenses and Permits .....	70,269	1.7	82,044	1.8	83,148	1.8
Fines .....	134,259	3.2	150,525	3.4	181,711	3.9
Investment Income .....	121,760	2.9	96,252	2.2	52,377	1.1
Charges for Services .....	109,703	2.6	103,977	2.3	116,581	2.5
Miscellaneous .....	70,409	1.7	62,816	1.4	74,128	1.6
Total Revenues .....	<u>\$ 4,232,729</u>	<u>100.0 %</u>	<u>\$ 4,426,277</u>	<u>100.0 %</u>	<u>\$ 4,643,950</u>	<u>100.0 %</u>
	2007	Percent of Total	2008	Percent of Total	2009	Percent of Total
Revenues:						
Property Tax .....	\$ 661,707	12.1 %	\$ 729,823	13.1 %	\$ 806,010	15.1 %
Utility Tax .....	552,179	10.1	629,497	11.3	579,101	10.9
Sales Tax .....	570,927	10.4	548,571	9.9	503,952	9.4
Transportation Tax .....	332,459	6.1	321,362	5.8	333,199	6.2
State Income Tax .....	433,446	7.9	435,393	7.8	347,814	6.5
Transaction Tax .....	304,715	5.6	275,434	4.9	205,026	3.8
Special Area Tax .....	488,193	8.9	552,709	9.9	487,909	9.1
Other Taxes .....	245,408	4.5	262,734	4.7	250,982	4.7
Total Taxes .....	3,589,034	65.6	3,755,523	67.4	3,513,993	65.7
Federal/State Grants .....	781,967	14.3	796,911	14.2	753,269	14.1
Internal Service .....	303,827	5.5	329,643	5.9	306,095	5.8
Licenses and Permits .....	148,172	2.7	114,707	2.1	100,458	1.9
Fines .....	240,277	4.4	274,443	4.9	267,891	5.0
Investment Income .....	182,700	3.3	90,176	1.6	31,520	0.6
Charges for Services .....	151,369	2.8	144,161	2.6	124,557	2.4
Miscellaneous .....	79,956	1.4	79,279	1.4	238,126	4.5
Total Revenues .....	<u>\$ 5,477,302</u>	<u>100.0 %</u>	<u>\$ 5,584,843</u>	<u>100.0 %</u>	<u>\$ 5,335,909</u>	<u>100.0 %</u>

**NOTE:**

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

2003	Percent of Total	2004	Percent of Total	2005	Percent of Total	2006	Percent of Total
\$ 729,458	15.5 %	\$ 651,950	14.0 %	\$ 739,419	14.6 %	\$ 665,990	12.8 %
512,567	10.9	504,800	10.9	539,325	10.6	522,089	10.0
414,425	8.8	441,579	9.5	499,228	9.8	559,156	10.7
330,926	7.0	322,018	6.9	337,993	6.7	337,780	6.5
266,512	5.7	282,676	6.1	354,022	7.0	380,111	7.3
242,212	5.2	278,584	6.0	325,227	6.4	339,020	6.5
222,263	4.7	284,127	6.1	346,580	6.8	374,342	7.2
166,671	3.5	165,607	3.6	205,811	4.1	233,620	4.5
2,885,034	61.3	2,931,341	63.1	3,347,605	66.0	3,412,108	65.5
965,885	20.6	852,050	18.3	806,472	15.9	823,504	15.8
324,745	6.9	293,339	6.3	273,516	5.4	275,191	5.3
96,678	2.1	104,627	2.3	120,904	2.4	117,689	2.3
192,746	4.1	202,536	4.4	210,850	4.2	221,819	4.3
24,414	0.5	27,377	0.6	80,728	1.6	148,631	2.8
120,376	2.6	150,879	3.2	131,139	2.6	155,215	3.0
90,375	1.9	81,645	1.8	97,093	1.9	51,774	1.0
<u>\$ 4,700,253</u>	<u>100.0 %</u>	<u>\$ 4,643,794</u>	<u>100.0 %</u>	<u>\$ 5,068,307</u>	<u>100.0 %</u>	<u>\$ 5,205,931</u>	<u>100.0 %</u>

### REVENUE SOURCES





**Table 4**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2000	Percent of Total	2001	Percent of Total	2002	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,385,262	27.7 %	\$ 1,426,100	27.6 %	\$ 1,464,970	26.2 %
General Government .....	1,251,368	25.1	1,305,306	25.3	1,399,128	25.0
Employee Pensions .....	328,353	6.6	339,379	6.6	328,518	5.9
Streets and Sanitation .....	340,418	6.8	359,420	7.0	357,924	6.4
Transportation .....	252,283	5.1	401,289	7.8	467,902	8.4
Health .....	145,979	2.9	163,405	3.2	177,993	3.2
Cultural and Recreational .....	87,774	1.8	88,659	1.7	83,509	1.5
Other .....	20,645	0.4	11,883	0.2	10,388	0.2
Capital Outlay .....	675,067	13.5	527,171	10.2	758,356	13.6
Debt Service:						
Principal Retirement .....	287,468	5.8	292,980	5.7	285,688	5.1
Interest and Other Fiscal Charges .....	219,955	4.4	248,768	4.8	251,162	4.5
Total Expenditures .....	<u>\$ 4,994,572</u>	<u>100.0 %</u>	<u>\$ 5,164,360</u>	<u>100.0 %</u>	<u>\$ 5,585,538</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) .....						
	2007	Percent of Total	2008	Percent of Total	2009	Percent of Total
Expenditures:						
Current:						
Public Safety .....	\$ 1,880,599	30.8 %	\$ 1,892,152	27.7 %	\$ 1,913,711	30.5 %
General Government .....	1,650,679	27.1	1,804,925	26.4	1,663,990	26.5
Employee Pensions .....	371,649	6.1	413,690	6.0	430,915	6.9
Streets and Sanitation .....	377,485	6.2	382,628	5.6	300,131	4.8
Transportation .....	267,476	4.4	334,684	4.9	261,948	4.2
Health .....	195,254	3.2	184,597	2.7	177,812	2.8
Cultural and Recreational .....	108,527	1.8	117,664	1.7	107,604	1.7
Other .....	4,427	0.1	14,483	0.2	7,676	0.2
Capital Outlay .....	602,433	9.9	661,464	9.7	619,273	9.9
Debt Service:						
Principal Retirement .....	297,503	4.9	656,805	9.6	434,905	6.9
Interest and Other Fiscal Charges .....	342,489	5.6	376,297	5.5	351,430	5.6
Total Expenditures .....	<u>\$ 6,098,521</u>	<u>100.0 %</u>	<u>\$ 6,839,389</u>	<u>100.0 %</u>	<u>\$ 6,269,395</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2) .....		<u>11.4 %</u>		<u>16.7 %</u>		<u>13.6 %</u>

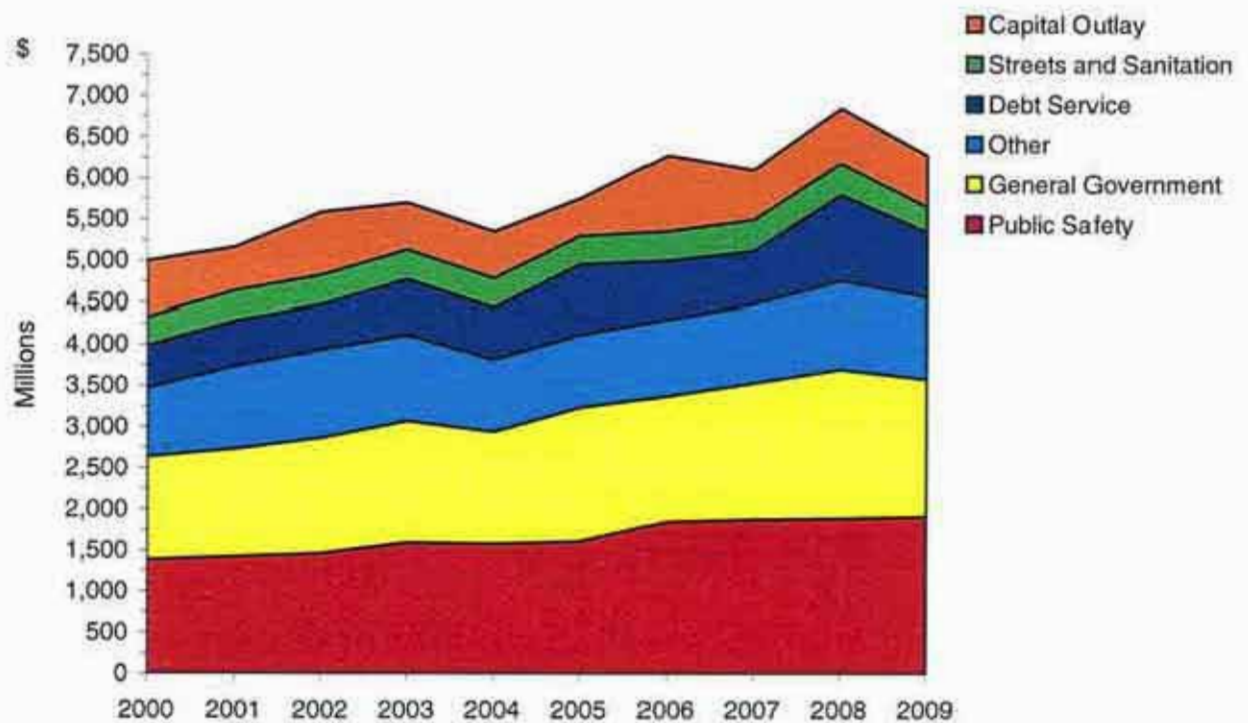
**NOTES:**

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

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

2003	Percent of Total	2004	Percent of Total	2005	Percent of Total	2006	Percent of Total
\$ 1,594,333	28.0 %	\$ 1,579,014	29.5 %	\$ 1,611,923	28.0 %	\$ 1,851,356	29.5 %
1,474,984	25.9	1,358,469	25.4	1,620,307	28.2	1,523,482	24.3
354,819	6.2	299,810	5.6	388,053	6.7	396,923	6.3
356,512	6.2	353,020	6.6	339,760	5.9	353,828	5.6
421,665	7.4	308,535	5.8	221,377	3.9	244,381	3.9
174,412	3.1	179,531	3.4	166,580	2.9	173,594	2.7
81,637	1.4	77,661	1.5	95,153	1.7	99,841	1.6
10,684	0.2	10,191	0.2	9,382	0.2	9,112	0.1
564,519	9.9	563,975	10.5	452,284	7.9	915,311	14.6
396,748	7.0	303,755	5.7	543,413	9.5	375,028	6.0
267,734	4.7	315,916	5.9	301,662	5.2	331,507	5.3
<u>\$ 5,698,047</u>	<u>100.0 %</u>	<u>\$ 5,349,877</u>	<u>100.0 %</u>	<u>\$ 5,749,894</u>	<u>100.0 %</u>	<u>\$ 6,274,363</u>	<u>100.0 %</u>
	<u>12.8 %</u>		<u>12.7 %</u>		<u>15.8 %</u>		<u>12.9 %</u>

### EXPENDITURES BY FUNCTION



**Table 4A**  
**CITY OF CHICAGO, ILLINOIS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**  
**Modified Accrual Basis of Accounting**

	2000	2001	2002	2003
Excess of revenues over (under) expenditures .....	\$ (761,843)	\$ (738,083)	\$ 941,588	\$ (997,794)
Other Financing Sources (Uses):				
Issuance of Debt, including premium/discount .....	\$ 1,193,249	\$ 965,745	\$ 917,326	\$ 1,322,827
Payment to Refunded Bond Escrow Agent .....	(267,086)	(127,821)	(132,289)	(173,725)
Transfers in .....	108,616	213,346	138,882	166,798
Transfers out .....	(105,650)	(105,616)	(111,220)	(166,798)
Total other financing sources (uses) .....	929,129	945,654	812,699	1,149,102
Net change in fund balances .....	\$ 167,286	\$ 207,571	\$ 1,754,287	\$ 151,308

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>\$ (706,083)</u>	<u>\$ (681,587)</u>	<u>\$ (1,068,432)</u>	<u>\$ (621,219)</u>	<u>\$ (1,254,546)</u>	<u>\$ (933,486)</u>
\$ 720,357	\$ 1,871,896	\$ 762,833	\$ 1,653,881	\$ 795,432	\$ 1,001,302
(143,143)	(1,186,065)	(276,607)	(951,419)	(186,421)	(213,435)
200,780	1,469,857	670,035	332,016	293,448	2,253,459
(104,780)	(233,758)	(668,035)	(331,016)	(293,448)	(2,253,459)
<u>673,214</u>	<u>1,921,930</u>	<u>488,226</u>	<u>703,462</u>	<u>609,011</u>	<u>787,867</u>
<u>\$ (32,869)</u>	<u>\$ 1,240,343</u>	<u>\$ (580,206)</u>	<u>\$ 82,243</u>	<u>\$ (645,535)</u>	<u>\$ (145,619)</u>

**Table 5**  
**CITY OF CHICAGO, ILLINOIS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years Ended December 31, 2009**  
**(Amounts Are in Thousands of Dollars)**  
**(Modified Accrual Basis of Accounting)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund:				
Reserved .....	\$ 85,744	\$ 113,208	\$ 124,447	\$ 40,897
Unreserved .....	80,653	33,241	13,014	19,458
Total General Fund .....	<u>166,397</u>	<u>146,449</u>	<u>137,461</u>	<u>60,355</u>
Other Governmental Funds:				
Reserved .....	439,737	477,172	453,902	481,563
Unreserved, Reported in:				
Special Revenue Funds .....	84,981	127,474	109,027	200,175
Capital Projects Funds .....	974,231	1,122,892	1,039,993	1,149,095
Debt Service Funds .....	-	-	-	-
Permanent Fund (1) .....	-	-	-	-
Total All Other Governmental Funds .....	<u>1,498,949</u>	<u>1,727,538</u>	<u>1,602,922</u>	<u>1,830,833</u>
Total Governmental Funds .....	<u>\$ 1,665,346</u>	<u>\$ 1,873,987</u>	<u>\$ 1,740,383</u>	<u>\$ 1,891,188</u>

**NOTE:**

(1) This balance represents the Reserve Fund, Unreserved, Designated for Future Appropriations balance.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 30,981	\$ 53,171	\$ 35,557	\$ 39,673	\$ 48,217	\$ 52,048
42,246	57,648	26,834	4,634	226	2,658
<u>73,227</u>	<u>110,819</u>	<u>62,391</u>	<u>44,307</u>	<u>48,443</u>	<u>54,706</u>
488,985	1,350,927	800,546	1,191,674	461,830	1,418,399
294,690	525,769	723,353	816,551	959,424	(409,796)
999,816	832,129	696,630	906,603	372,063	321,251
-	-	-	(556,819)	(551,137)	-
-	274,272	231,017	191,391	660,333	422,319
<u>1,783,491</u>	<u>2,983,097</u>	<u>2,451,546</u>	<u>2,549,400</u>	<u>1,902,513</u>	<u>1,752,173</u>
<u>\$ 1,856,718</u>	<u>\$ 3,093,916</u>	<u>\$ 2,513,937</u>	<u>\$ 2,593,707</u>	<u>\$ 1,950,956</u>	<u>\$ 1,806,879</u>

**Table 6**  
**CITY OF CHICAGO, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2005 (3)	2006 (4)	2007 (4)	2008 (4)	2009 (4)
<b>Revenues:</b>					
Utility Tax .....	\$ 492,109	\$ 475,482	\$ 501,023	\$ 524,842	\$ 481,275
Sales Tax .....	471,069	537,441	543,238	518,131	476,557
State Income Tax .....	307,462	314,559	377,727	378,545	251,820
Other Taxes .....	669,041	708,706	687,511	637,923	572,472
Federal/State Grants .....	2,066	2,802	3,366	2,347	1,714
Other Revenues (1) .....	722,366	729,999	822,561	813,983	777,788
<b>Total Revenues .....</b>	<b>2,664,113</b>	<b>2,768,989</b>	<b>2,935,426</b>	<b>2,875,771</b>	<b>2,561,626</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety .....	1,546,359	1,783,993	1,845,497	1,856,634	1,862,914
General Government .....	884,040	783,059	860,976	889,266	857,626
Other (2) .....	301,466	328,081	349,616	356,066	288,559
Debt Service .....	7,705	7,069	6,930	5,318	4,978
<b>Total Expenditures .....</b>	<b>2,739,570</b>	<b>2,902,202</b>	<b>3,063,019</b>	<b>3,107,284</b>	<b>3,014,077</b>
<b>Revenues Under Expenditures .....</b>	<b>(75,457)</b>	<b>(133,213)</b>	<b>(127,593)</b>	<b>(231,513)</b>	<b>(452,451)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	15,050	-	23,921	164,000	58,500
Transfers In .....	118,244	115,058	130,561	94,058	416,135
Transfers Out .....	(17,100)	(30,500)	(42,500)	(25,193)	(17,463)
<b>Total Other Financing Sources (Uses) ..</b>	<b>116,194</b>	<b>84,558</b>	<b>111,982</b>	<b>232,865</b>	<b>457,172</b>
<b>Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures and</b>					
<b>Other Financing Uses .....</b>	<b>40,737</b>	<b>(48,655)</b>	<b>(15,611)</b>	<b>1,352</b>	<b>4,721</b>
<b>Fund Balance - Beginning of Year .....</b>	<b>73,227</b>	<b>110,819</b>	<b>62,391</b>	<b>44,307</b>	<b>48,443</b>
<b>Change in Inventory .....</b>	<b>(3,145)</b>	<b>227</b>	<b>(2,473)</b>	<b>2,784</b>	<b>1,542</b>
<b>Fund Balance - End of Year .....</b>	<b>\$ 110,819</b>	<b>\$ 62,391</b>	<b>\$ 44,307</b>	<b>\$ 48,443</b>	<b>\$ 54,706</b>

**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 General Purpose Financial Statements for year ended December 31, 2005.
- (4) Source: City of Chicago Basic Financial Statements for years ended December 31, 2006-2009.

**Table 7**  
**CITY OF CHICAGO, ILLINOIS**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2005 (3)	2006 (4)	2007 (4)	2008 (4)	2009 (4)
<b>Revenues:</b>					
Property Tax .....	\$ 310,543	\$ 302,772	\$ 314,742	\$ 326,334	\$ 334,792
Utility Tax .....	31,675	24,299	28,838	82,373	75,688
Sales Tax .....	93	76	5	-	-
State Income Tax .....	46,560	65,552	55,719	56,848	95,994
Other Taxes .....	334,580	382,232	465,533	554,096	572,651
Federal/State Grants .....	804,406	820,702	778,601	794,564	751,555
Other Revenues (1) .....	107,150	115,023	114,906	120,401	131,295
Total Revenues .....	<u>1,635,007</u>	<u>1,710,656</u>	<u>1,758,344</u>	<u>1,934,616</u>	<u>1,961,975</u>
<b>Expenditures:</b>					
Current:					
Public Safety .....	65,564	67,363	35,102	35,518	50,797
General Government .....	736,267	740,423	789,703	915,659	799,236
Employee Pensions .....	388,053	396,923	371,649	413,690	430,915
Other (2) .....	530,786	552,675	603,553	677,990	566,612
Capital Outlay .....	16,513	8,110	16,674	4,360	3,357
Debt Service .....	80,129	6,356	7,603	5,628	3,632
Total Expenditures .....	<u>1,817,312</u>	<u>1,771,850</u>	<u>1,824,284</u>	<u>2,052,845</u>	<u>1,854,549</u>
Revenues Under Expenditures .....	<u>(182,305)</u>	<u>(61,194)</u>	<u>(65,940)</u>	<u>(118,229)</u>	<u>107,426</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original					
Discount/Including Premium .....	104,750	79,250	144,614	163,628	72,925
Payment to Refunded Bond Escrow Agent ..	(134,148)	-	-	-	-
Transfers In .....	521,879	193,850	108,045	155,637	185,358
Transfers Out .....	(55,168)	(38,177)	(86,470)	(48,604)	(1,746,126)
Total Other Financing Sources (Uses) ...	<u>437,313</u>	<u>234,923</u>	<u>166,189</u>	<u>270,661</u>	<u>(1,487,843)</u>
Revenues and Other Financing Sources					
Over (Under) Expenditures and					
Other Financing Uses .....	255,008	173,729	100,249	152,432	(1,380,417)
Fund Balance - Beginning of Year .....	<u>354,111</u>	<u>609,119</u>	<u>782,848</u>	<u>883,097</u>	<u>1,035,529</u>
Fund Balance - End of Year .....	<u>\$ 609,119</u>	<u>\$ 782,848</u>	<u>\$ 883,097</u>	<u>\$ 1,035,529</u>	<u>\$ (344,888)</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: City of Chicago General Purpose Financial Statements for year ended December 31, 2005.
- (4) Source: Major and Nonmajor Special Revenue Funds for years ended December 31, 2006-2009.



**Table 8**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2005 (2)	2006 (3)	2007 (3)	2008 (3)	2009 (3)
<b>Revenues:</b>					
Property Tax .....	\$ 428,876	\$ 363,218	\$ 346,965	\$ 403,489	\$ 471,218
Utility Tax .....	15,541	22,308	22,318	22,282	22,138
Sales Tax .....	28,066	21,639	27,684	30,440	27,395
Other Taxes .....	211,990	193,824	217,731	220,220	131,993
Other Revenues (1) .....	32,522	33,368	30,594	6,562	38,720
Total Revenues .....	<u>716,995</u>	<u>634,357</u>	<u>645,292</u>	<u>682,993</u>	<u>691,464</u>
<b>Expenditures:</b>					
Debt Service .....	<u>757,241</u>	<u>693,110</u>	<u>625,459</u>	<u>1,022,156</u>	<u>777,725</u>
Total Expenditures .....	<u>757,241</u>	<u>693,110</u>	<u>625,459</u>	<u>1,022,156</u>	<u>777,725</u>
Revenues Over (Under) Expenditures ...	<u>(40,246)</u>	<u>(58,753)</u>	<u>19,833</u>	<u>(339,163)</u>	<u>(86,261)</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of Debt, Net of Original Discount/Including Premium .....	1,513,417	302,658	777,151	405,311	340,324
Payment to Refunded Bond Escrow Agent ..	(1,051,917)	(276,607)	(951,419)	(186,421)	(213,435)
Transfers In .....	2,107	8,741	63,807	33,186	684,277
Transfers Out .....	(93,246)	(509,884)	(73,325)	(141,498)	(81,291)
Total Other Financing Sources (Uses) ..	<u>370,361</u>	<u>(475,092)</u>	<u>(183,786)</u>	<u>110,578</u>	<u>729,875</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	330,115	(533,845)	(163,953)	(228,585)	643,614
Fund Balance - Beginning of Year .....	<u>358,772</u>	<u>688,887</u>	<u>155,042</u>	<u>(8,911)</u>	<u>(237,496)</u>
Fund Balance - End of Year .....	<u>\$ 688,887</u>	<u>\$ 155,042</u>	<u>\$ (8,911)</u>	<u>\$ (237,496)</u>	<u>\$ 406,118</u>

**NOTES:**

(1) Includes Investment Income and Miscellaneous Revenues.

(2) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2005.

(3) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2006-2009.

**Table 9**  
**CITY OF CHICAGO, ILLINOIS**  
**CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Five Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2005 (2)	2006 (3)	2007 (3)	2008 (3)	2009 (3)
Revenues:					
Other Revenues (1) .....	\$ 34,676	\$ 56,687	\$ 76,666	\$ 44,464	\$ 18,240
Total Revenues .....	<u>34,676</u>	<u>56,687</u>	<u>76,666</u>	<u>44,464</u>	<u>18,240</u>
Expenditures:					
Capital Outlay .....	435,771	907,201	585,759	657,104	615,916
Total Expenditures .....	<u>435,771</u>	<u>907,201</u>	<u>585,759</u>	<u>657,104</u>	<u>615,916</u>
Revenues Under Expenditures .....	<u>(401,095)</u>	<u>(850,514)</u>	<u>(509,093)</u>	<u>(612,640)</u>	<u>(597,676)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium .....	238,679	380,925	708,195	62,493	529,553
Transfers In .....	2,627	352,386	29,603	10,567	16,334
Transfers Out .....	-	(10,977)	(27,521)	(96)	(3,734)
Total Other Financing Sources (Uses) ..	<u>241,306</u>	<u>722,334</u>	<u>710,277</u>	<u>72,964</u>	<u>542,153</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....	(159,789)	(128,180)	201,184	(539,676)	(55,523)
Fund Balance - Beginning of Year .....	<u>1,070,608</u>	<u>910,819</u>	<u>782,639</u>	<u>983,823</u>	<u>444,147</u>
Fund Balance - End of Year .....	<u>\$ 910,819</u>	<u>\$ 782,639</u>	<u>\$ 983,823</u>	<u>\$ 444,147</u>	<u>\$ 388,624</u>

**NOTES:**

(1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.

(2) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2005.

(3) Source: Major (Community Development and Improvement Projects) and Nonmajor (Capital Projects Funds) for years ended December 31, 2006-2009.

**Table 10**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY TAX LEVIES BY FUND (1)**  
**Five Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	2005	2006	Percent Change
Note Redemption and Interest (2) .....	\$ 81,223	\$ 60,116	(25.99) %
Bond Redemption and Interest .....	312,780	316,858	1.30
Policemen's Annuity and Benefit (3) .....	137,284	135,528	(1.28)
Municipal Employees' Annuity and Benefit (3) .....	137,412	137,228	(0.13)
Firemen's Annuity and Benefit (3) .....	49,372	69,500	40.77
Laborers' and Retirement Board Employees' Annuity and Benefit (3) .....	-	-	-
Total .....	<u>\$ 718,071</u>	<u>\$ 719,230</u>	0.16

**NOTES:**

- (1) See Table 11 - PROPERTY LEVIES, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 2000 - 2009. 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.
- (6) Not applicable (N/A).

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<u>2007</u>	<u>Percent Change</u>	<u>2008</u>	<u>Percent Change</u>	<u>2009</u>	<u>Percent Change</u>
\$ 33,506	(44.26) %	\$ 73,363	118.95 %	\$ 73,363	- %
381,145	20.29	414,853	8.84	408,609	(1.51)
141,080	4.10	139,640	(1.02)	141,741	1.50
128,378	(6.45)	131,344	2.31	130,026	(1.00)
65,242	(6.13)	65,426	0.28	66,140	1.09
-	-	9,526	-	13,327	39.90
<u>\$ 749,351</u>	4.19	<u>\$ 834,152</u>	11.32	<u>\$ 833,206</u> (4)	(0.11)

**Table 11**  
**CITY OF CHICAGO, ILLINOIS**  
**PROPERTY LEVIES, COLLECTIONS AND**  
**ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES**  
**Last Ten Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

Tax Year (1)	Total Tax Levy for Fiscal Year (2)	Collected Within Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Estimated Allowance for Uncollectible Taxes	Net Outstanding Taxes Receivable
		Amount	Perce- tage of Levy		Amount	Perce- tage of Levy		
2000 .....	\$ 672,104	\$ 646,409	96.18 %	\$ 7,160	\$ 653,569	97.24 %	\$ 18,535	\$ -
2001 .....	687,381	664,393	96.66	13,141	677,534	98.57	9,847	-
2002 .....	707,181	676,997	95.73	13,311	690,308	97.61	16,873	-
2003 .....	719,695	674,325	93.70	25,274	699,599	97.21	20,096	-
2004 .....	719,780 (3)	694,214	96.45	9,317	703,531	97.74	16,249	-
2005 .....	718,071 (3)	694,593	96.73	9,058	703,651	97.99	14,420	-
2006 .....	719,230 (3)	630,666	87.69	71,209	701,875	97.59	17,043	312
2007 .....	749,351 (3)	712,008	95.02	28,404	740,412	98.81	8,760	179
2008 .....	834,152 (3)	776,522	93.09	-	776,522	93.09	25,004	32,626
2009 .....	833,206 (3), (4)	-	N/A	-	-	N/A	33,328	799,878
Total Net Outstanding Taxes Receivable .....								<u>\$ 832,995</u>

**NOTES:**

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2009 tax levy become due and payable in 2010.
- (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	2008 EAV	Rank	Percent- tage of Total EAV	1999 EAV	Rank	Percent- tage of Total EAV
Willis Tower (4) .....	\$ 540,074	1	0.67 %	\$ 318,983	1	0.90 %
AON Building (3) .....	392,192	2	0.48	227,033	2	0.64
One First National Plaza (5) .....				191,951	4	0.54
Chicago Mercantile Exchange .....				209,019	3	0.59
Prudential Plaza .....	307,510	3	0.38	169,484	5	0.48
AT&T Corporate Center 1 .....	294,569	4	0.36	164,722	6	0.47
Citicorp Plaza .....	226,458	7	0.28	134,961	8	0.37
Three First National Plaza .....	215,666	10	0.27	135,204	7	0.38
900 North Michigan .....				111,557	10	0.32
Leo Burnett Building .....	221,846	8	0.27			
Chase Plaza .....	262,114	5	0.32			
Water Tower Place .....	242,014	6	0.30			
Hyatt Regency Hotel .....				114,266	9	0.32
UBS Tower .....	218,722	9	0.27			
Totals .....	<u>\$ 2,921,165</u>		<u>3.60 %</u>	<u>\$ 1,777,180</u>		<u>5.01 %</u>

**NOTES:**

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
- (2) 2009 information not available at time of publication.
- (3) AON Building formerly known as AMOCO Building.
- (4) Willis Tower formerly known as Sears Tower.
- (5) One First National Plaza formerly known as Bank One Plaza.

**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)**

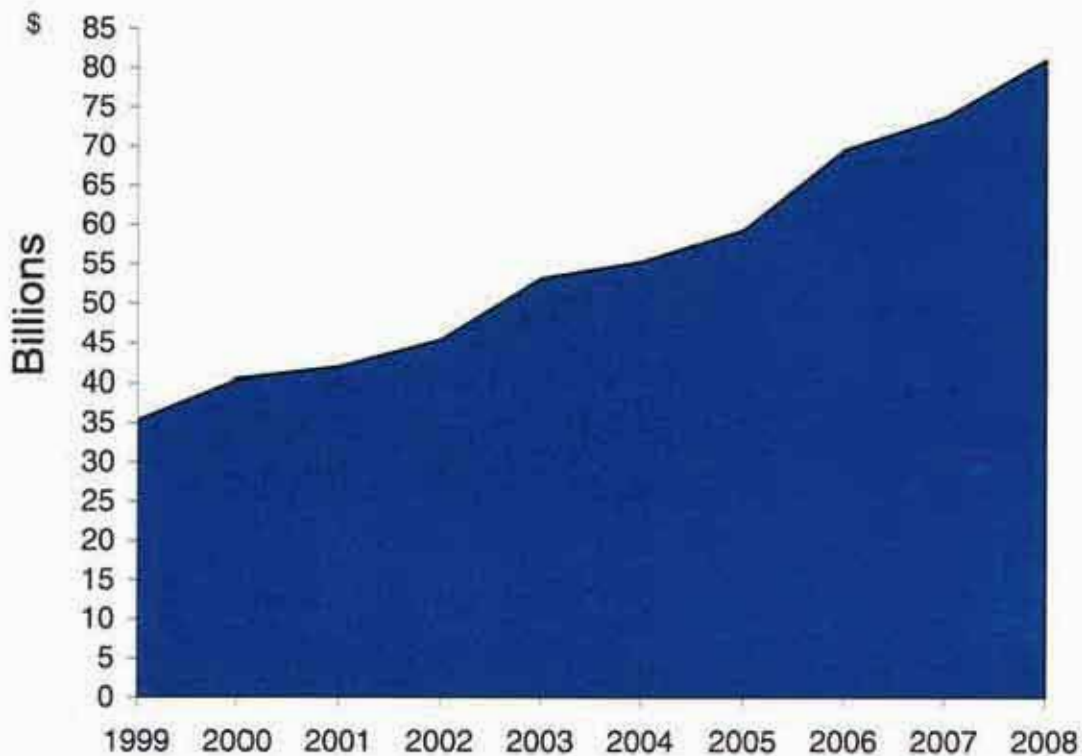
Tax Year	Assessed Values (1)				
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)	Total
1999	\$ 6,777,400	\$ 2,021,411	\$ 7,910,838	\$ 282,255	\$ 16,991,904
2000	8,758,682	1,966,921	8,807,444	342,943	19,875,990
2001	8,973,796	1,923,256	8,757,366	354,036	20,008,454
2002	9,221,622	1,865,646	8,878,142	349,372	20,314,782
2003	12,677,199	2,233,572	10,303,732	487,680	25,702,183
2004	12,988,216	1,883,048	10,401,429	465,462	25,738,155
2005	13,420,538	1,842,613	10,502,698	462,099	26,227,948
2006	18,521,873	2,006,898	12,157,149	688,868	33,374,787
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,465
2008 (9)	19,339,574	1,602,768	12,359,537	693,239	33,995,118

**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) 2009 information not available at time of publication.
- (10) 2008 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)	
2.2505	\$ 35,354,802	\$ 1.860	\$ 135,522,333	26.09 %	1999
2.2235	40,480,077	1.660	162,593,364	24.90	2000
2.3098	41,981,912	1.637	185,912,246	22.58	2001
2.4689	45,330,892	1.591	201,938,231	22.45	2002
2.4598	53,168,632	1.380	223,572,427	23.78	2003
2.5757	55,277,096	1.302	262,080,627	21.09	2004
2.7320	59,304,530	1.243	286,354,518	20.71	2005
2.7080	69,517,264	1.062	329,770,733	21.08	2006
2.8439	73,645,316	1.044	320,503,503	22.98	2007
2.9786	80,977,543	1.030	N/A (10)	N/A (10)	2008

### 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
1999	\$ 1.860	\$ -	\$ 0.255	\$ 4.104	\$ 0.347
2000	1.660	-	0.223	3.714	0.311
2001	1.637	-	0.223	3.744	0.307
2002	1.591	-	0.177	3.562	0.280
2003	1.380	-	0.151	3.142	0.246
2004	1.302	-	0.177	3.104	0.242
2005	1.243	-	0.127	3.026	0.234
2006	1.062	-	0.118	2.697	0.205
2007	1.044	-	0.091	2.583	0.159
2008 (1)	1.030	0.117	-	2.472	0.156

**NOTE:**

(1) 2009 information not available from the Cook County Clerk's Office at time of publication.

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

Tax Year	Total City Tax Extension	Bond, Note Redemption and Interest	Chicago Public Library Bond, Note Redemption and Interest	Policemen's Annuity and Benefit
1999	\$ 657,731	\$ 0.890001	\$ 0.186811	\$ 0.314836
2000	672,104	0.819650	0.161302	0.301167
2001	687,381	0.783791	0.158920	0.289912
2002	707,181	0.804928	0.138133	0.271463
2003	719,695 (2)	0.713397	0.117772	0.230466
2004	719,780 (2)	0.647396	0.113280	0.216752
2005	718,071 (2)	0.606566	0.090041	0.231467
2006	719,230 (2)	0.519706	0.049968	0.194953
2007	749,351 (2)	0.549329	0.039514	0.191548
2008 (1)	834,152 (2)	0.508488	0.094354	0.172426

**NOTES:**

(1) 2009 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
\$ 0.627	\$ 0.419	\$ 0.070	\$ 0.854	\$ 8.536
0.572	0.415	0.069	0.824	7.788
0.567	0.401	0.067	0.746	7.692
0.545	0.371	0.061	0.690	7.277
0.464	0.361	0.059	0.630	6.433
0.455	0.347	0.060	0.593	6.280
0.443	0.315	0.060	0.533	5.981
0.379	0.284	0.057	0.500	5.302
0.355	0.263	0.053	0.446	4.994
0.323	0.252	0.051	0.415	4.816

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Municipal Employees' Annuity and Benefit	Firemen's Annuity and Benefit	Laborers' and Retirement Board Employees' Annuity and Benefit	Public Building Commission	Total
\$ 0.298024	\$ 0.134637	\$ 0.035691	\$ -	\$ 1.860
0.260291	0.117590	-	-	1.660
0.277774	0.126603	-	-	1.637
0.259848	0.116628	-	-	1.591
0.218316	0.100049	-	-	1.380
0.229048	0.095524	-	-	1.302
0.231683	0.083243	-	-	1.243
0.197399	0.099974	-	-	1.062
0.174302	0.088581	-	-	1.044
0.162182	0.080787	0.011763	-	1.030

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

Tax Year	Population (1)	Equalized Assessed Value (2)	G. O. Bonds	G. O. Notes	General Obligation Certificates and Other
2000	2,896,016	\$ 40,480,077	\$ 2,916,540	\$ 357,199	\$ 241,088
2001	2,896,016	41,981,912	3,574,098	293,710	237,928
2002	2,896,016	45,330,892	4,114,093	274,753	234,087
2003	2,896,016	53,168,632	4,555,253	378,733	367,027
2004	2,896,016	55,277,096	4,983,428	226,427	362,592
2005	2,896,016	59,304,530	5,077,434	112,495	344,426
2006	2,896,016	69,517,264	5,394,802	72,530	322,145
2007	2,896,016	73,651,158	5,759,573	77,998	458,654
2008	2,896,016	80,977,543	5,687,447	259,097	362,140
2009	2,896,016	N/A (4)	6,051,947	230,263	439,670

**NOTES:**

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

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

Year Ended December 31,	Principal	Interest	General Obligation Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Governmental Expenditures
2000 .....	\$ 254,998	\$ 167,881	\$ 422,879	\$ 4,994,572	8.5 %
2001 .....	256,695	192,186	448,881	5,164,360	8.7
2002 .....	242,694	203,553	446,247	5,585,538	8.0
2003 .....	331,432	213,063	544,495	5,698,047	9.6
2004 .....	240,327	247,197	487,524	5,349,877	9.1
2005 .....	223,778	242,286	466,064	5,749,894	8.1
2006 .....	201,865	273,190	475,055	6,274,363	7.6
2007 .....	143,575	267,698	411,273	6,098,521	6.7
2008 .....	429,066	302,105	731,171	6,839,389	10.7
2009 .....	380,946	298,057	679,003	6,269,395	10.8

Total Gross Bonded Debt (3)	Less Reserve for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Value	Net Bonded Debt Per Capita (5)
\$ 3,514,827	\$ 146,584	\$ 3,368,243	8.32 %	\$ 1,163.06
4,105,736	125,816	3,979,920	9.48	1,374.27
4,622,933	112,700	4,510,233	9.95	1,557.39
5,301,013	183,347	5,117,666	9.63	1,767.14
5,572,447	135,795	5,436,652	9.84	1,877.29
5,534,355	133,011	5,401,344	9.11	1,865.09
5,789,477	102,951	5,686,526	8.18	1,963.57
6,296,225	70,543	6,225,682	8.45	2,149.74
6,308,684	10,080	6,298,604	7.78	2,174.92
6,721,880	50,431	6,671,449	N/A (4)	2,303.66

**Table 18**  
**CITY OF CHICAGO, ILLINOIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**December 31, 2009**  
**(Amounts are in Thousands of Dollars)**

	City of Chicago Direct Debt	Net Direct Long-term Debt (1)	Percentage of Overlapping Bonded Debt (2)	Net Debt Applicable
City of Chicago G. O. Bonds and Notes (Includes Commercial Paper) .....	\$ 6,936,695			
Add (Deduct):				
General Obligation Tender Notes Series 2009 (3) .....	(70,425)	\$ 6,866,270	100.00 %	\$ 6,866,270
Board of Education .....		5,295,249	100.00	5,295,249
Chicago School Finance Authority .....		-	100.00	-
Chicago Park District .....		814,290	100.00	814,290
Community College District No. 508 .....		-	100.00	-
Cook County .....		3,080,770	46.63	1,436,563
Cook County Forest Preserve District .....		108,665	46.63	50,670
Metropolitan Water Reclamation District of Greater Chicago .....		1,979,203	47.61	942,298
Net Direct and Overlapping Long-term Debt .....		<u>\$ 18,144,447</u>		<u>\$ 15,405,340</u>

**NOTES:**

- (1) Source: Amount of Net Direct Debt was obtained from each of the respective taxing bodies.
- (2) Source: The Civic Federation.
- (3) Tender Notes issued and outstanding in 2009 that have a nominal maturity no later than January 31, 2011 are excluded from Net Direct Long-term Debt. All other outstanding Tender Notes are included in Net Direct Long-term debt.

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

	2000	2001	2002	2003
Direct Debt	\$ 3,094,839	\$ 3,722,403	\$ 4,257,256	\$ 4,798,541
Overlapping Debt	5,680,450	6,419,427	6,644,501	7,150,282
Total Debt	<u>\$ 8,775,289</u>	<u>\$ 10,141,830</u>	<u>\$ 10,901,757</u>	<u>\$ 11,948,823</u>
Equalized				
Assessed Valuation (1)	\$ 40,480,077	\$ 41,981,912	\$ 45,330,892	\$ 53,168,632
Direct Debt Burden (2)	8.75%	9.20%	10.14%	10.59%
Total Debt Burden (2)	24.82%	25.05%	25.97%	26.36%
Estimated Fair Market				
Value (FMV) (5)	\$ 162,593,364	\$ 185,912,246	\$ 201,938,231	\$ 223,572,427
% of Direct Debt to FMV	1.90%	2.00%	2.11%	2.15%
% of Total Direct Debt to FMV	5.40%	5.46%	5.40%	5.34%
Population (3)	2,896,016	2,896,016	2,896,016	2,896,016
Direct Debt Per Capita (4)	\$ 1,068.65	\$ 1,285.35	\$ 1,470.04	\$ 1,656.95
Total Debt Per Capita (4)	3,030.12	3,501.99	3,764.40	4,125.95

**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 1999 is \$35,354,802.

(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.

2004	2005	2006	2007	2008	2009
\$ 5,113,565 7,429,853	\$ 5,123,729 7,574,950	\$ 5,422,232 7,750,883	\$ 5,805,921 7,904,184	\$ 6,126,295 7,529,359	\$ 6,866,270 8,539,070
<u>\$ 12,543,418</u>	<u>\$ 12,698,679</u>	<u>\$ 13,173,115</u>	<u>\$ 13,710,105</u>	<u>\$ 13,655,654</u>	<u>\$ 15,405,340</u>
\$ 55,277,096 9.62% 23.59%	\$ 59,304,530 9.27% 22.97%	\$ 69,517,264 9.14% 22.21%	\$ 73,645,316 8.35% 19.72%	80,977,543 8.32% 18.54%	N/A (6) 8.48% 19.02%
\$ 262,080,627 1.95% 4.79%	\$ 286,354,518 1.79% 4.43%	\$ 329,770,733 1.64% 3.99%	\$ 320,503,503 1.81% 4.28%	N/A (6) N/A (6) N/A (6)	N/A (6) N/A (6) N/A (6)
2,896,016 \$ 1,765.72 4,331.27	2,896,016 \$ 1,769.23 4,384.88	2,896,016 \$ 1,872.31 4,548.70	2,896,016 \$ 2,004.80 4,734.13	2,896,016 \$ 2,115.42 4,715.32	2,896,016 \$ 2,370.94 5,319.49

**Table 20**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Ten Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Proprietary Funds

Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2000	\$ 1,184,672	\$ 718,995	\$ 465,677	\$ 70,125	\$ 226,130	\$ 296,255	157 %
2001	1,216,685	747,528	469,157	76,696	252,804	329,500	142
2002	1,232,203	751,884	480,319	87,653	269,777	357,430	134
2003	1,241,829	769,871	471,958	82,610	292,688	375,298	126
2004	1,235,290	721,879	513,411	102,559	318,733	421,292	122
2005	1,344,175	776,318	567,857	543,460 (3)	315,585	859,045	66
2006	1,422,873	779,168	643,705	210,891	397,341	608,232	106
2007	1,550,299	856,550	693,749	168,712	416,810	585,522	118
2008	1,602,668	913,499	689,169	219,482	438,553	658,035	105
2009	1,516,939	887,676	629,263	216,841	369,379	586,220	107

**Table 20 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**REVENUE BOND COVERAGE**  
**Last Four Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Tax Increment Financing Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2006 (4) \$	400,404	\$ 124,905	\$ 275,499	\$ 75,248	\$ 31,553	\$ 106,801	258%
2007	509,238	238,757	270,481	91,378	48,514	139,892	193%
2008	557,596	296,469	261,127	176,221	58,292	234,513	111%
2009	495,588	185,947	309,641	37,000	28,740	65,740	471%

Sales Tax and Motor Fuel Tax Funds						
Year		Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
			Principal	Interest	Total	
2006 (4)	.....	\$ 643,343	\$ 6,215	\$ 25,930	\$ 32,145	2001%
2007	.....	652,883	13,030	25,595	38,625	1690%
2008	.....	625,200	10,345	26,361	36,706	1703%
2009	.....	578,119	5,425	24,245	29,670	1948%

**NOTES:**

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



**Table 21**  
**CITY OF CHICAGO, ILLINOIS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years Ended December 31, 2009**  
**(Amounts are in Thousands of Dollars Except Where Noted)**

Governmental Funds							
Year	Net General Obligation Debt	Tax Increment Allocation Bonds and Notes	Motor Fuel and Sales Tax Revenue	Installment Purchase Agreement	Capital Leases	Water Revenue Bonds	Skyway
2000	\$ 3,514,827	\$ 508,663	\$ 458,945	\$ 17,500	\$ -	\$ 786,236	\$ 490,195
2001	3,867,808	532,811	449,520	16,400	-	1,032,055	437,910
2002	4,622,933	519,646	454,220	15,200	-	1,003,787	437,910
2003	5,301,013	471,846	543,380	13,800	31,332	974,014	437,910
2004	5,572,447	470,688	533,530	12,400	32,263	1,022,433	423,600
2005	5,534,355	407,709	518,800	10,900	309,813	1,031,089	-
2006	5,789,477	351,776	512,585	9,200	278,861	1,169,224	-
2007	6,296,225	285,363	499,555	7,500	245,685	1,195,803	-
2008	6,308,684	204,811	552,345	5,500	207,065	1,464,838	-
2009	6,721,880	179,871	559,417	3,500	169,282	1,424,319	-

**NOTES:**

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2008 information not available at time of publication.
- (4) 2009 information not available at time of publication.

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Proprietary Fund Revenue Bonds

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Chicago O'Hare International Airport Revenue Bonds	Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds	Chicago Midway Airport Revenue Bonds	Wastewater Transmission Revenue Bonds	Total Primary Government	Ratio of Bonded Debt to Estimated Fair Market Value (1)	Per Capita (2)
\$ 2,420,531	\$ 229,210	\$ 667,785	\$ 575,158	\$ 9,669,050	5.95 %	3,338.74
2,402,415	918,000	1,129,185	683,673	11,469,777	6.17	3,960.54
2,487,040	903,875	1,145,435	669,388	12,259,434	6.07	4,233.21
3,218,040	880,326	1,164,353	654,363	13,690,377	6.12	4,727.31
3,195,155	854,533	1,279,455	747,463	14,143,967	5.40	4,883.94
4,387,805	1,215,416	1,272,115	731,963	15,419,965	5.38	5,324.54
4,353,685	796,715	1,268,764	770,528	15,300,815	4.64	5,283.40
4,562,956	766,255	1,254,664	754,908	15,868,914	4.95	5,479.57
4,912,635	725,675	1,239,404	902,904	16,523,861	N/A (3)	5,705.72
5,092,010	709,200	1,246,190	878,875	16,984,544	N/A (4)	5,864.80

**Table 22**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)**  
**December 31, 2009**

Year Ended December 31,	General Obligation Debt		Installment Purchase Agreements		Sales Tax and Motor Fuel Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010 .....	\$ 165,785,188	\$ 303,483,762	\$ 2,300,000	\$ 228,625	\$ 5,715,000	\$ 19,303,250
2011 .....	244,391,211	313,265,464	1,200,000	46,500	16,295,000	25,970,589
2012 .....	174,764,715	307,883,529	-	-	17,150,000	25,121,156
2013 .....	223,361,568	299,204,525	-	-	18,040,000	24,227,028
2014 .....	231,179,425	294,291,097	-	-	18,980,000	23,286,410
2015 .....	253,596,371	287,430,632	-	-	18,400,000	22,315,244
2016 .....	268,506,761	275,933,166	-	-	18,135,000	21,374,954
2017 .....	273,421,947	263,497,590	-	-	18,525,000	20,442,144
2018 .....	282,131,972	250,673,147	-	-	19,450,000	19,520,615
2019 .....	287,243,700	237,093,302	-	-	20,425,000	18,553,004
2020 .....	296,778,918	225,414,777	-	-	21,405,000	17,571,860
2021 .....	293,617,240	211,286,936	-	-	22,390,000	16,589,496
2022 .....	291,398,400	203,076,004	-	-	23,405,000	15,516,220
2023 .....	279,513,319	189,988,795	-	-	24,535,000	14,393,905
2024 .....	270,032,012	177,241,291	-	-	25,720,000	13,216,876
2025 .....	247,593,971	163,402,409	-	-	26,965,000	11,982,494
2026 .....	243,466,163	152,750,161	-	-	28,270,000	10,688,054
2027 .....	243,909,720	135,716,638	-	-	27,412,551	11,651,214
2028 .....	233,429,806	131,391,627	-	-	31,000,000	8,037,950
2029 .....	231,397,515	118,402,860	-	-	20,990,799	18,060,415
2030 .....	223,637,520	111,629,242	-	-	23,080,429	15,981,193
2031 .....	205,143,596	101,975,269	-	-	22,076,638	16,999,031
2032 .....	200,938,762	78,033,808	-	-	22,692,868	16,386,850
2033 .....	181,696,194	69,131,058	-	-	23,144,107	15,714,241
2034 .....	161,522,377	61,152,456	-	-	10,490,000	2,260,750
2035 .....	140,657,607	53,866,435	-	-	11,015,000	1,736,250
2036 .....	118,711,559	47,662,516	-	-	11,565,000	1,185,500
2037 .....	95,767,925	42,452,860	-	-	12,145,000	607,250
2038 .....	71,721,380	38,389,528	-	-	-	-
2039 .....	76,455,000	5,541,918	-	-	-	-
2040 .....	24,625,000	2,077,366	-	-	-	-
2041 .....	25,645,000	1,059,901	-	-	-	-
	<u>\$ 6,562,041,842</u>	<u>\$ 5,154,400,069</u>	<u>\$ 3,500,000</u>	<u>\$ 275,125</u>	<u>\$ 559,417,392</u>	<u>\$ 428,693,943</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, 2010, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2009. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Tax Increment and Special Service Area Bonds		Totals		Year Ended December 31,	
Principal	Interest	Principal	Interest		
\$ 22,990,000	\$ 10,081,656	\$ 196,790,188	\$ 333,097,293	.....	2010
25,040,000	8,793,455	286,926,211	348,076,008	.....	2011
20,815,000	7,389,066	212,729,715	340,393,751	.....	2012
30,263,905	6,212,326	271,665,473	329,643,879	.....	2013
15,236,762	11,852,928	265,396,187	329,430,435	.....	2014
8,965,000	3,950,522	280,961,371	313,696,398	.....	2015
11,160,000	3,400,094	297,801,761	300,708,214	.....	2016
11,685,000	2,666,019	303,631,947	286,605,753	.....	2017
14,940,000	1,970,857	316,521,972	272,164,619	.....	2018
5,025,000	1,105,663	312,693,700	256,751,969	.....	2019
3,165,000	821,307	321,348,918	243,807,944	.....	2020
3,440,000	598,388	319,447,240	228,474,820	.....	2021
7,145,000	241,144	321,948,400	218,833,368	.....	2022
-	-	304,048,319	204,382,700	.....	2023
-	-	295,752,012	190,458,167	.....	2024
-	-	274,558,971	175,384,903	.....	2025
-	-	271,736,163	163,438,215	.....	2026
-	-	271,322,271	147,367,852	.....	2027
-	-	264,429,806	139,429,577	.....	2028
-	-	252,388,314	136,463,275	.....	2029
-	-	246,717,949	127,610,435	.....	2030
-	-	227,220,234	118,974,300	.....	2031
-	-	223,631,630	94,420,658	.....	2032
-	-	204,840,301	84,845,299	.....	2033
-	-	172,012,377	63,413,206	.....	2034
-	-	151,672,607	55,602,685	.....	2035
-	-	130,276,559	48,848,016	.....	2036
-	-	107,912,925	43,060,110	.....	2037
-	-	71,721,380	38,389,528	.....	2038
-	-	76,455,000	5,541,918	.....	2039
-	-	24,625,000	2,077,366	.....	2040
-	-	25,645,000	1,059,901	.....	2041
<u>\$ 179,870,667</u>	<u>\$ 59,083,425</u>	<u>\$ 7,304,829,901</u>	<u>\$ 5,642,452,562</u>		

**Table 23**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)**  
**December 31, 2009**

Year Ended December 31,	General Obligation Bonds		General Obligation Tender Notes	
	Principal	Interest	Principal	Interest
2010 .....	\$ 150,755,188	\$ 285,007,650	\$ -	\$ 1,525,719
2011 .....	154,316,211	296,083,471	70,425,000	880,313
2012 .....	153,919,715	292,536,711	-	-
2013 .....	201,686,568	284,824,701	-	-
2014 .....	209,164,425	276,718,477	-	-
2015 .....	221,656,371	264,821,917	-	-
2016 .....	234,861,761	255,284,176	-	-
2017 .....	235,366,947	244,903,819	-	-
2018 .....	242,186,972	234,365,474	-	-
2019 .....	248,063,700	223,175,046	-	-
2020 .....	253,883,918	213,838,463	-	-
2021 .....	260,407,240	202,236,364	-	-
2022 .....	263,103,400	196,066,549	-	-
2023 .....	248,493,319	184,780,857	-	-
2024 .....	250,507,012	173,970,183	-	-
2025 .....	246,273,971	163,268,272	-	-
2026 .....	242,041,163	152,680,636	-	-
2027 .....	243,909,720	135,716,638	-	-
2028 .....	233,429,806	131,391,627	-	-
2029 .....	231,397,515	118,402,860	-	-
2030 .....	223,637,520	111,629,242	-	-
2031 .....	205,143,596	101,975,269	-	-
2032 .....	200,938,762	78,033,808	-	-
2033 .....	181,696,194	69,131,058	-	-
2034 .....	161,522,377	61,152,456	-	-
2035 .....	140,657,607	53,866,435	-	-
2036 .....	118,711,559	47,662,516	-	-
2037 .....	95,767,925	42,452,860	-	-
2038 .....	71,721,380	38,389,528	-	-
2039 .....	76,455,000	5,541,918	-	-
2040 .....	24,625,000	2,077,366	-	-
2041 .....	25,645,000	1,059,901	-	-
	<u>\$ 6,051,946,842</u>	<u>\$ 4,943,046,248</u>	<u>\$ 70,425,000</u>	<u>\$ 2,406,032</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, 2010, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2009. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Other General Obligation Debt		Totals		Year Ended December 31,	
Principal	Interest	Principal	Interest	Total	
\$ 15,030,000	\$ 16,950,393	\$ 165,785,188	\$ 303,483,762	\$ 469,268,950	..... 2010
19,650,000	16,301,680	244,391,211	313,265,464	557,656,675	..... 2011
20,845,000	15,346,818	174,764,715	307,883,529	482,648,244	..... 2012
21,675,000	14,379,824	223,361,568	299,204,525	522,566,093	..... 2013
22,015,000	17,572,620	231,179,425	294,291,097	525,470,522	..... 2014
31,940,000	22,608,715	253,596,371	287,430,632	541,027,003	..... 2015
33,645,000	20,648,990	268,506,761	275,933,166	544,439,927	..... 2016
38,055,000	18,593,771	273,421,947	263,497,590	536,919,537	..... 2017
39,945,000	16,307,673	282,131,972	250,673,147	532,805,119	..... 2018
39,180,000	13,918,256	287,243,700	237,093,302	524,337,002	..... 2019
42,895,000	11,576,314	296,778,918	225,414,777	522,193,695	..... 2020
33,210,000	9,050,572	293,617,240	211,286,936	504,904,176	..... 2021
28,295,000	7,009,455	291,398,400	203,076,004	494,474,404	..... 2022
31,020,000	5,207,938	279,513,319	189,988,795	469,502,114	..... 2023
19,525,000	3,271,108	270,032,012	177,241,291	447,273,303	..... 2024
1,320,000	134,137	247,593,971	163,402,409	410,996,380	..... 2025
1,425,000	69,525	243,466,163	152,750,161	396,216,324	..... 2026
-	-	243,909,720	135,716,638	379,626,358	..... 2027
-	-	233,429,806	131,391,627	364,821,433	..... 2028
-	-	231,397,515	118,402,860	349,800,375	..... 2029
-	-	223,637,520	111,629,242	335,266,762	..... 2030
-	-	205,143,596	101,975,269	307,118,865	..... 2031
-	-	200,938,762	78,033,808	278,972,570	..... 2032
-	-	181,696,194	69,131,058	250,827,252	..... 2033
-	-	161,522,377	61,152,456	222,674,833	..... 2034
-	-	140,657,607	53,866,435	194,524,042	..... 2035
-	-	118,711,559	47,662,516	166,374,075	..... 2036
-	-	95,767,925	42,452,860	138,220,785	..... 2037
-	-	71,721,380	38,389,528	110,110,908	..... 2038
-	-	76,455,000	5,541,918	81,996,918	..... 2039
-	-	24,625,000	2,077,366	26,702,366	..... 2040
-	-	25,645,000	1,059,901	26,704,901	..... 2041
<u>\$ 439,670,000</u>	<u>\$ 208,947,789</u>	<u>\$ 6,562,041,842</u>	<u>\$ 5,154,400,069</u>	<u>\$ 11,716,441,911</u>	

**Table 24**  
**CITY OF CHICAGO, ILLINOIS**  
**DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)**  
**December 31, 2009**

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2010 .....	\$ 40,520,808	\$ 70,044,168	\$ 26,310,029	\$ 39,313,626
2011 .....	42,201,798	68,371,267	27,671,664	37,940,097
2012 .....	44,023,392	66,581,480	29,048,342	36,580,420
2013 .....	41,520,776	69,088,833	30,485,061	35,156,351
2014 .....	42,699,245	67,941,120	32,056,824	33,630,964
2015 .....	43,951,663	66,701,692	33,723,630	31,992,869
2016 .....	45,443,525	65,243,056	35,425,483	30,263,603
2017 .....	47,024,651	63,683,402	37,117,381	28,660,088
2018 .....	48,681,040	62,074,957	38,894,328	26,982,513
2019 .....	55,970,180	54,815,305	33,342,954	32,350,368
2020 .....	58,396,679	52,534,910	32,360,908	33,305,425
2021 .....	66,486,090	44,736,051	33,409,861	32,321,311
2022 .....	69,476,860	41,844,347	34,588,159	31,244,360
2023 .....	72,378,312	38,780,256	35,767,239	30,140,709
2024 .....	75,747,536	35,503,928	47,292,510	19,044,789
2025 .....	76,256,869	32,143,193	30,296,647	35,552,010
2026 .....	54,790,000	28,736,185	31,250,576	34,659,628
2027 .....	57,450,000	26,132,180	32,239,251	33,691,221
2028 .....	76,645,000	23,399,549	31,705,000	12,837,831
2029 .....	80,295,000	19,947,579	33,365,000	11,286,605
2030 .....	84,175,000	16,249,484	23,105,000	9,653,852
2031 .....	40,580,000	12,361,152	24,185,000	8,611,454
2032 .....	27,980,000	10,354,900	25,325,000	7,519,386
2033 .....	29,415,000	8,913,400	26,700,000	6,364,493
2034 .....	30,940,000	7,397,925	27,970,000	5,144,026
2035 .....	32,530,000	5,803,838	29,290,000	3,864,348
2036 .....	34,205,000	4,127,787	21,500,000	2,523,002
2037 .....	21,950,000	2,365,387	22,535,000	1,517,799
2038 .....	23,105,000	1,213,012	11,915,000	463,017
	<u>\$ 1,464,839,424</u>	<u>\$ 1,067,090,343</u>	<u>\$ 878,875,847</u>	<u>\$ 652,616,165</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, 2010, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2009. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Chicago-O'Hare International Airport and Chicago Midway International Airport Bonds		Totals		Year Ended December 31,	
Principal	Interest	Principal	Interest	Total	
\$ 214,470,000	\$ 323,610,716	\$ 281,300,837	\$ 432,968,510	\$ 714,269,347	..... 2010
200,920,000	313,898,442	270,793,462	420,209,806	691,003,268	..... 2011
184,855,000	304,858,760	257,926,734	408,020,660	665,947,394	..... 2012
230,330,000	296,576,068	302,335,837	400,821,252	703,157,089	..... 2013
220,170,000	286,347,079	294,926,069	387,919,163	682,845,232	..... 2014
214,715,000	276,082,861	292,390,293	374,777,422	667,167,715	..... 2015
201,425,000	265,246,219	282,294,008	360,752,878	643,046,886	..... 2016
269,605,000	254,947,831	353,747,032	347,291,321	701,038,353	..... 2017
254,705,000	241,451,727	342,280,368	330,509,197	672,789,565	..... 2018
271,385,000	228,157,164	360,698,134	315,322,837	676,020,971	..... 2019
214,175,000	214,128,987	304,932,587	299,969,322	604,901,909	..... 2020
225,790,000	202,744,779	325,685,951	279,802,141	605,488,092	..... 2021
236,900,000	190,923,397	340,965,019	264,012,104	604,977,123	..... 2022
249,105,000	178,406,824	357,250,551	247,327,789	604,578,340	..... 2023
262,250,000	165,215,112	385,290,046	219,763,829	605,053,875	..... 2024
272,065,000	151,453,675	378,618,516	219,148,878	597,767,394	..... 2025
282,430,000	137,131,779	368,470,576	200,527,592	568,998,168	..... 2026
297,325,000	122,236,056	387,014,251	182,059,457	569,073,708	..... 2027
313,015,000	106,537,557	421,365,000	142,774,937	564,139,937	..... 2028
339,970,000	90,262,838	453,630,000	121,497,022	575,127,022	..... 2029
357,380,000	72,862,194	464,660,000	98,765,530	563,425,530	..... 2030
354,330,000	54,616,879	419,095,000	75,589,485	494,684,485	..... 2031
319,805,000	36,574,570	373,110,000	54,448,856	427,558,856	..... 2032
301,755,000	23,296,009	357,870,000	38,573,902	396,443,902	..... 2033
262,655,000	12,765,917	321,565,000	25,307,868	346,872,868	..... 2034
46,265,000	6,567,045	108,085,000	16,235,231	124,320,231	..... 2035
48,445,000	4,386,325	104,150,000	11,037,114	115,187,114	..... 2036
44,445,000	2,102,595	88,930,000	5,985,781	94,915,781	..... 2037
-	-	35,020,000	1,676,029	36,696,029	..... 2038
<u>\$ 6,690,685,000</u>	<u>\$ 4,563,389,405</u>	<u>\$ 9,034,400,271</u>	<u>\$ 6,283,095,913</u>	<u>\$ 15,317,496,184</u>	



**Table 25**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2009**

Long-term debt is comprised of the following issues at December 31, 2009 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2009
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1991 - 5.75% to 7.0% .....	\$ 54,743	\$ 3,985
Refunding Series of 1992 - 5.0% to 6.4% .....	48,070	6,305
Tender Bonds Series B of 1992 - Variable Rate (.16% at December 31, 2009) .....	35,000	3,950
Refunding Series of 1993 A - 3.8% to 5.5% .....	92,260	37,440
Refunding Series of 1993 B - 4.25% to 5.125% .....	153,280	88,780
Project and Refunding Series 1995 A-2 - 5.0% to 6.25% .....	220,390	106,600
Tender Bonds 1996 B - Variable Rate (.16% at December 31, 2009) .....	1,500	1,500
Tender Bonds 1997 - Variable Rate (.16% at December 31, 2009) .....	5,500	1,205
Project and Refunding Series 1998 - 3.85% to 5.5% .....	426,600	123,945
Project and Refunding Series 1999 A - 4.0% to 5.375% .....	300,000	49,685
Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5% .....	213,110	150,830
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0% .....	308,964	252,880
Project Series 2000 A - 4.85% to 6.75% .....	254,293	7,403
Neighborhoods Alive 21 Program Series 2000 A and B - 5.75% to 7.82% .....	199,685	4,765
Project and Refunding Series 2000 C - 5.25% to 5.75% .....	182,700	67,420
Refunding Series of 2000 D - 4.5% to 5.75% .....	107,305	105,150
Project and Refunding Series 2001 A - 4.0% to 5.65% .....	580,338	149,928
Neighborhoods Alive 21 Program Series 2001 A and B - 4.0% to 5.5% .....	238,975	4,675
Project and Refunding Series 2002 A - 4.0% to 5.65% .....	169,765	3,660
Neighborhoods Alive 21 Program Series 2002 B - 3.575% .....	206,700	206,700
Neighborhoods Alive 21 Program Series 2003 - 2.0% to 5.25% .....	103,140	40,325
Project and Refunding Series 2003 A - 4.625% to 5.25% .....	157,990	67,600
Project and Refunding Series 2003 B - 4.052% .....	202,500	202,500
Project Series 2003 C and D - 2.0% to 5.25% .....	198,265	100,980
Emergency Telephone System Series 2004 - 3.0% to 6.9% .....	64,665	52,165
Project and Refunding Series 2004 - 1.92% to 5.5% .....	489,455	258,585
Refunding Series 2005 A - 2.5% to 5.0% .....	441,090	435,930
Project and Refunding Series 2005 B and C - 3.5% to 5.0% .....	339,275	320,260
Variable Rate Demand Bonds Series 2005 D - 4.104% .....	222,790	222,790
Direct Access Bonds, Series 2005 - 2.876% to 4.5% .....	114,695	96,101
Direct Access Bonds, Series 2006 - 3.5% to 4.4% .....	35,753	35,543
Project and Refunding Series 2006 A and B - 3.5% to 5.375% .....	649,995	617,530
Project and Refunding Series 2007 A and B - 3.75% to 5.462% .....	589,590	577,150
City Colleges of Chicago Capital Improvement Project Series 2007 - 4.0% to 5.0% .....	39,110	37,910
Project and Refunding Series 2007 C and D - 4.0% to 5.44% .....	330,890	330,890
Project and Refunding Series 2007 E to G - 3.998% .....	200,000	200,000
Project and Refunding Series 2008 A and B - 3.0% to 5.765% .....	473,705	469,335
Project and Refunding Series 2008 C to E - 1.0% to 6.05% .....	611,017	609,547
Total General Obligation Bonds .....	9,063,103	6,051,947

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2009**

	Original Principal	Outstanding at December 31, 2009
General Obligation Notes:		
Commercial Paper Notes - Variable Rate (.35% to .55% at December 31, 2009) .....	\$ 159,838	\$ 159,838
Tender Notes Series 2009 - 1.34% .....	70,425	70,425
Total General Obligation Notes .....	<u>230,263</u>	<u>230,263</u>
 Total General Obligation Bonds and Notes .....	 <u>9,293,366</u>	 <u>6,282,210</u>
General Obligation Certificates and Other Obligations:		
Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4% .....	28,800	16,620
Modern Schools Across Chicago Program - Series 2007 A to K - 3.6% to 5.0% .....	356,005	332,050
MRL Financing LLC Promisory Note - 5.0% to 7.5% .....	91,000	91,000
Total General Obligation Certificates and Other Obligations .....	<u>475,805</u>	<u>439,670</u>
 Total General Obligation Debt .....	 <u>9,769,171</u>	 <u>6,721,880</u>
 Installment Purchase Agreement - 7.75% .....	 <u>24,700</u>	 <u>3,500</u>
Tax Increment Allocation Bonds and Notes:		
Division-North Branch Tax Increment - Series of 1991 - 8.75% .....	2,615	270
Read-Dunning Redevelopment Project Tax Increment - Series 1996 B - 7.25% .....	7,035	3,335
Stockyards Industrial Tax Increment - Series 1996 A - 5.375% .....	14,800	3,335
Stockyards Southeast Tax Increment - Series 1996 B - 5.375% .....	20,000	2,680
Sanitary Drainage Tax Increment - Series 1997 A - 7.375% to 7.75% .....	5,530	2,800
95th and Western Avenue Tax Increment - Series 1998 - 8.5% .....	2,600	850
Lincoln/Belmont/Ashland Tax Increment - Series 1998 - 4.0% to 11.0% .....	12,375	7,785
Irving/Cicero Tax Increment - Series 1998 - 7.0% .....	4,470	2,370
Near South Tax Increment - Series 1999 A and B - 4.0% to 5.65% .....	50,000	19,340
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89% .....	55,000	44,900
Neighborhood Improvement Fund Tax Increment Notes - 7.0% to 9.5% .....	17,420	4,184
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45% .....	16,800	15,055
Near West Redevelopment Tax Increment - Series 2000 - 4.625% to 6.0% .....	11,560	2,505
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25% .....	46,242	24,752
Chatham Ridge Redevelopment Project, Series 2002 - 3.3% to 6.05% .....	17,935	8,210
Pilsen Redevelopment Project - 4.35% to 6.75% - Series 2004 .....	49,520	37,500
Total Tax Increment Allocation Bonds and Notes .....	<u>333,902</u>	<u>179,871</u>

**Table 25 - Continued**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2009**

	Original Principal	Outstanding at December 31, 2009
<b>Motor Fuel Tax and Sales Tax Revenue Bonds:</b>		
Motor Fuel Tax Revenue Bonds - Refunding Series 1993 - 4.05% to 6.125% .....	\$ 70,175	\$ 22,835
Motor Fuel Tax Revenue Bonds - Series 2003 - 2.25% to 5.25% .....	115,645	114,390
Motor Fuel Tax Revenue Bonds - Series 2008 A and B - 4.0% to 5.0% .....	66,635	66,635
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5% .....	125,000	24,045
Sales Tax Revenue Bonds - Series 2002 - 4.23% .....	116,595	114,150
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0% .....	142,825	126,470
Sales Tax Revenue Refunding Bonds - Series 2009 - 4.25% to 6.0% .....	90,892	90,892
Total Motor Fuel Tax and Sales Tax Revenue Bonds .....	<u>727,767</u>	<u>559,417</u>
 Total General Long-term Debt .....	 \$ 10,855,540	 \$ 7,464,668
 <b>Proprietary Fund Revenue Bonds:</b>		
<b>Water Revenue Bonds:</b>		
Refunding Series 1993 - 4.125% to 6.5% .....	\$ 49,880	\$ 29,610
Series 1995 - 3.6% to 5.75% .....	157,805	22,100
Series 1997 - 3.9% to 5.25% .....	277,911	24,790
Series 2000 - 2nd Lien - 3.87% .....	100,000	100,000
Series 2000 - 4.375% to 5.875% .....	156,819	29,419
Series 2001 - 3.0% to 5.75% .....	353,905	94,150
Series 2004 - 2nd Lien - 3.867% .....	500,000	389,425
Series 2006A - 2nd Lien - 4.5% to 5.0% .....	215,400	201,410
Series 2008 - 2nd Lien - 4.0% to 5.25% .....	549,915	528,800
Illinois Environmental Protection Agency Loan - 2.905% .....	3,605	2,446
Illinois Environmental Protection Agency Loan - 2.57% .....	2,641	2,169
<b>Chicago-O'Hare International Airport Revenue Bonds:</b>		
Series of 1984 - 2nd Lien - Variable Rate (.18% at December 31, 2009) .....	100,000	16,520
Series of 1988 - 2nd Lien - Variable Rate (.26% at December 31, 2009) .....	150,000	13,400
Refunding Series of 1993 A - 4.8% to 5.0% .....	324,270	72,795
Refunding Series of 1993 C - 2nd Lien - 4.9% to 5.75% .....	320,430	44,130
Series of 1994 B - 2nd Lien - Variable Rate (.38% at December 31, 2009) .....	68,700	36,100
Series of 1994 C - 2nd Lien - Variable Rate (.33% at December 31, 2009) .....	83,800	44,300
Series of 1996 A and B - 2nd Lien - 4.7% to 7.1% .....	216,075	72,315
Refunding Series of 1999 - 2nd Lien - 5.5% .....	409,850	278,815
Refunding Series of 2002 A - 3rd Lien - 5.25% to 5.75% .....	490,515	490,515
Refunding Series of 2003 A - C - 3rd Lien - 4.5% to 6.0% .....	986,310	986,310
Series of 2003 D - F - 3rd Lien - 2.125% to 5.5% .....	149,330	129,170
Series of 2004 A - H - 3rd Lien - 3.49% to 5.35% .....	385,045	214,930
Series of 2005 A - B - 3rd Lien - 5.0% to 5.25% .....	1,200,000	1,200,000
Series of 2005 C - D - 3rd Lien - Variable Rate (.28% to .30% at December 31, 2009) .....	300,000	300,000
Series of 2006 A - D - 3rd Lien - 4.55% to 5.5% .....	156,150	118,305
Series of 2008 A - D - 3rd Lien - 4.0% to 5.0% .....	779,915	779,050
Commercial Paper Notes - Variable Rate (.30% to .85% at December 31, 2009) .....	295,355	295,355

**Table 25 - Concluded**  
**CITY OF CHICAGO, ILLINOIS**  
**LONG-TERM DEBT**  
**December 31, 2009**

	Original Principal	Outstanding at December 31, 2009
Proprietary Fund Revenue Bonds - Concluded:		
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Series of 2001 A through E - 2nd Lien - 3.4% to 5.75% .....	700,000	597,775
Refunding Series of 2008A - 4.0% to 5.0% .....	111,425	111,425
Chicago Midway Airport Revenue Bonds:		
Series 1996 A and B - 4.8% to 6.5% .....	254,040	143,115
Series 1998 A, B and C - 4.3% to 5.5% .....	397,715	380,270
Series 1998 - 2nd Lien A and B - Variable Rate (3.25% at December 31, 2009) .....	171,000	145,350
Series 2001 A and B - 5.0% to 5.5% .....	295,855	270,055
Series 2002 A - 2nd Lien - Variable Rate (4.25% at December 31, 2009) .....	22,000	19,800
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5% .....	77,565	74,090
Series 2004 C and D - 2nd Lien - 4.174% .....	152,150	152,150
Commercial Paper Notes - Variable Rate (.25% to .75% at December 31, 2009) .....	61,360	61,360
Wastewater Transmission Revenue Bonds:		
Refunding Series 1993 - 5.125% to 6.5% .....	232,880	36,175
Refunding Series 1998 A - 4.55% to 5.0% .....	62,423	61,993
Series 1998 B - 2nd Lien - 4.0% to 5.25% .....	47,575	1,860
Series 2000 - 2nd Lien - 5.0% to 6.0% .....	115,000	2,570
Series 2001 - 2nd Lien - 3.5% to 5.5% .....	187,685	75,605
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25% .....	61,925	51,145
Series 2006 A and B - 2nd Lien - 4.5% to 5.0% .....	155,030	149,925
Series 2008 A - 2nd Lien - 4.0% to 5.5% .....	167,635	165,930
Series 2008 C1-3 - 2nd Lien - 3.886% .....	332,230	332,230
Illinois Environmental Protection Agency Loan - 2.5% .....	1,546	1,442
Total Proprietary Fund Revenue Bonds .....	<u>\$ 12,390,665</u>	<u>\$ 9,350,594</u>

**NOTE:**

The balance outstanding at December 31, 2009 listed above for each year excluded amounts payable January 1, 2010. In addition, the balance outstanding of water revenue bonds at December 31, 2009 excludes payments due on November 1, 2010.

**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>Unemployment Rate (3)</u>	<u>Per Capita Income (4)</u>	<u>Total Income</u>
2000 .....	2,896,016	31.5	1,061,928	5.9 %	\$ 34,918	\$ 101,123,086,688
2001 .....	2,896,016	34.8	1,074,200	7.2	35,157	101,815,234,512
2002 .....	2,896,016	31.9	1,059,960	8.5	35,085	101,606,721,360
2003 .....	2,896,016	32.6	1,067,823	8.2	35,464	102,704,311,424
2004 .....	2,896,016	32.6	1,051,018	7.2	37,169	107,642,018,704
2005 .....	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006 .....	2,896,016	33.5	1,040,000	5.2	41,887	121,305,422,192
2007 .....	2,896,016	33.7	1,033,328	5.7	43,714	126,596,443,424
2008 .....	2,896,016	34.1	1,032,746	6.4	45,328	131,270,613,248
2009 .....	2,896,016	34.5	1,037,069	10.0	N/A (5)	N/A (5)

**NOTES:**

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

(2) Source: World Business Chicago Website, Claritas data estimates; Cook County's Website.

(3) Source: Bureau of Labor Statistics 2009, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area (in 2009 dollars).

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

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

Employer	2009 (1)			2000 (1)		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
J. P. Morgan Chase (2) .....	8,431	1	0.81. %	5,149	2	0.45 %
United Airlines .....	6,019	2	0.58	4,368	4	0.38
Jewel Food Stores, Inc. ....	5,833	3	0.56			
Northern Trust .....	5,394	4	0.52	6,160	1	0.53
Bank of America NT .....	4,631	5	0.44			
American Airlines .....	3,394	6	0.33			
Accenture LLP .....	3,341	7	0.32			
SBC/AT&T (3) .....	3,136	8	0.30	4,745	3	0.41
CVS Corporation .....	3,120	9	0.30			
Ford Motor Company .....	2,764	10	0.27			
Andersen Consulting .....				4,329	5	0.37
Arthur Andersen, LLP .....				3,904	6	0.34
Commonwealth Edison Company .....				3,197	7	0.28
Harris Trust and Savings Bank (4) .....				3,047	8	0.26
Dayton Hudson Corporation .....				2,885	9	0.25
United Parcel Service .....				2,839	10	0.25

**NOTES:**

(1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Return, June 30, 2009.

(2) J. P. Morgan Chase formerly known as Banc One.

(3) SBC/AT&T formerly known as Ameritech.

(4) Harris Trust and Savings Bank formerly known as Harris Trust.

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

Function	Budgeted Full Time Equivalent Positions			
	2009	2008	2007	2006
General Government .....	4,419	5,112	5,195	5,214
Public Safety .....	22,954	23,313	23,397	23,345
Streets and Sanitation .....	3,087	3,648	3,609	3,578
Transportation .....	718	819	829	862
Health .....	1,257	1,535	1,554	1,570
Cultural and Recreational .....	1,318	1,596	1,608	1,620
Business-type Activities .....	3,666	3,898	4,015	4,108
Total .....	<u>37,419</u>	<u>39,921</u>	<u>40,207</u>	<u>40,297</u>

**NOTES:**

- (1) Source: City of Chicago 2009 Program and Budget Summary. Includes full time equivalent positions in grant related programs.
- (2) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data.

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

<u>Function/Program</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police				
Physical Arrests .....	181,254	196,621	221,915	227,576
Fire				
Emergency Responses .....	363,519	377,808	402,403	300,971
Refuse Collection				
Refuse Collected (Tons per Day) .....	3,974	4,240	4,320	4,451
Cultural				
Volumes in Library .....	5,743,002	5,721,334	5,891,306	5,700,000
Water				
Average Daily Consumption (Thousand of Gallons) .....	808,551	827,156	860,285	884,970

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

<u>Function</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police Stations .....	25	25	25	25
Fire Stations .....	103	101	102	102
Other Public Works				
Streets ( Miles) .....	3,775	3,775	3,775	3,775
Streetlights .....	259,699	285,989	192,511	190,000
Traffic Signals .....	2,960	2,960	2,727	2,795
Water Mains (Miles) .....	4,300	4,375	4,236	4,230
Sewers Mains (Miles) .....	4,400	4,500	4,500	4,500

**NOTE:**

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



