

City of Chicago, Illinois

Basic Financial Statements as of and for the Year Ended
December 31, 2020, Independent Auditors' Report, and
Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based upon an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* for the
Year Ended December 31, 2020

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**CITY OF CHICAGO, ILLINOIS
YEAR ENDED DECEMBER 31, 2020
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INDEPENDENT AUDITORS' REPORT

To the Honorable Lori E. Lightfoot, Mayor
And Members of the City Council
City of Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Pension Plans (the "Plans") which, in aggregate, represent 100 percent of the revenues, assets, and net position of the Pension Trust funds, included in the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The City's Plans, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison statements for the General Fund and Pension Special Revenue Fund on the budgetary basis of accounting.

Emphasis of Matter

As discussed in Note 1 of the financial statements, during the year ended December 31, 2020, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Deloitte & Touche LLP

June 30, 2021

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Management's Discussion and Analysis

As management of the City of Chicago, Illinois (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage the readers to consider the information presented here in conjunction with information contained within this report.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. Stock markets in the U.S. and globally, have seen significant declines and volatility attributed to concerns over COVID-19. These adverse impacts have intensified and continue to evolve within the United States. Airports in the United States have also been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries.

The City of Chicago provides essential services to residents, businesses and visitors and continues to operate throughout this pandemic. The City continues to operate its normal course of business.

In 2020, the City received over \$1.46 billion in federal assistance in response to the impact of COVID-19 to cover expenses during the public health emergency, including COVID-19 response and recovery, mitigation and prevention, providing food, healthcare and mental health support, housing and shelters, ongoing communication and outreach, rental assistance, supporting small businesses, funding for first responders and funding to support airport operations. In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and will receive reimbursements for eligible costs under this grant.

2020 Financial Highlights

- Liabilities and Deferred Inflows of the City, in the government-wide financial statements, exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$28,421.5 million (net deficit). The net deficit is composed of \$4,492.3 million in net investment in capital assets and \$4,478.4 million in net position restricted for specific purposes, offset by an unrestricted deficit of \$37,392.2 million. The net deficit decreased in 2020 by \$1,037.5 million due to the reduction of non-critical expenditures for both governmental and business-type activities due to the impact of the COVID-19 pandemic and an increase in capital grant contributions and upfront grant funding for the COVID-19 pandemic response efforts.
- The City's total assets increased by \$891.0 million. This increase primarily relates to a \$350.2 million increase in cash and cash equivalents from grant funding for the COVID-19 response and \$492.7 million increase in property tax receivable, accounts receivable and due from other governments. The increase in accounts receivable and due from other governments primarily is due to the influx of grant funded expenditures in response to the COVID-19 pandemic.
- The City's deferred outflows increased by \$1,189.3 million due to the issuance of the Sales Tax Securitization Corporation (STSC) Bonds related to future sales tax revenues and deferred inflows decreased by \$1,825.2 million, respectively primarily due to changes in assumptions for pension activities. The City's total liabilities increased by \$2,867.9 million primarily due to an increase in long-term liabilities and the issuance of STSC Bonds as well as the increase in net pension liability and other post-employment benefits.
- Total Revenues and Other Financing Sources (Uses), in the fund financial statements, during 2020 were \$8,851.7 million, an increase of \$218.2 million (2.5%) from 2019. The increase was primarily due to an increase in grant funding for the COVID-19 response efforts, as well as debt financing, offset by the decrease in economically sensitive revenues due to the impact of the COVID-19 pandemic.
- The General Fund ended 2020 with a total Fund Balance of \$359.5 million, of which \$196.7 million was Unassigned. Total Fund Balance increased from 2019 by \$23.6 million primarily due to the issuance of debt

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

proceeds to mitigate revenue loss due to the impact of the COVID-19 pandemic, decreases in eligible expenditures that were transferred to grant funds received for the COVID-19 response, offset by a decrease in economically sensitive revenues, such as sales tax.

- The City's General Obligation Bonds and notes outstanding decreased by \$654.3 million during the current fiscal year due to payments on General Obligation Bonds and other debt and refundings of \$1,620.7 million, offset by \$466.5 million General Obligation Bonds and \$500.0 million of line of credit issued in 2020.
- The General Fund expenditures on a budgetary basis were \$407.5 million less than budgeted expenditures primarily due to an increase in COVID-19 response related grant funding that allowed the transfer of expenditures from the General Fund to the respective grant fund to fund the COVID-19 response efforts.

Overview of the Basic Financial Statements

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

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

The government-wide financial statements include two statements:

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains 22 individual governmental funds. Information for the eight funds that qualify as major is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The eight major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, the Service Concession and Reserve Fund, the Bond, Note Redemption and Interest Fund, the STSC Debt Service Fund, the Community Development and Improvement Projects Fund, and the Pension Fund. Data from the other governmental funds is combined into a single, aggregated presentation.

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

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

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

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

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

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

fiduciary net position and a statement of changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund basic financial statements can be found immediately following the proprietary fund financial statements.

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

Financial Analysis of the City as a whole

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets by \$28,421.5 million at December 31, 2020. Of this amount, \$4,492.3 million represents the City's investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows.

An additional portion of the City's net position, \$4,478.4 million, represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,704.1	\$ 7,622.4	\$ 5,687.7	\$ 6,741.8	\$ 14,391.8	\$ 14,364.2
Capital assets	8,814.3	8,790.9	19,280.2	18,440.2	28,094.5	27,231.1
Total Assets	17,518.4	16,413.3	24,967.9	25,182.0	42,486.3	41,595.3
Deferred outflows	3,592.6	2,307.5	433.2	529.0	4,025.8	2,836.5
Total	21,111.0	18,720.8	25,401.1	25,711.0	46,512.1	44,431.8
Long-term liabilities outstanding	44,260.4	41,504.9	20,155.9	20,648.2	64,416.3	62,153.1
Other liabilities	3,497.0	2,613.2	1,338.6	1,617.7	4,835.6	4,230.9
Total Liabilities	47,757.4	44,118.1	21,494.5	22,265.9	69,251.9	66,384.0
Deferred Inflows	3,687.0	5,278.8	1,994.6	2,228.0	5,681.6	7,506.8
Net Position:						
Net investment in capital assets	(545.7)	(344.6)	5,038.0	4,638.7	4,492.3	4,294.1
Restricted	3,144.5	3,154.4	1,333.9	1,160.1	4,478.4	4,314.5
Unrestricted	(32,932.3)	(33,485.9)	(4,459.9)	(4,581.7)	(37,392.2)	(38,067.6)
Total net (deficit) position	<u>\$ (30,333.5)</u>	<u>\$ (30,676.1)</u>	<u>\$ 1,912.0</u>	<u>\$ 1,217.1</u>	<u>\$ (28,421.5)</u>	<u>\$ (29,459.0)</u>

Governmental Activities. Net position of the City's governmental activities increased \$342.6 million to a deficit of \$30,333.5 million primarily due to an increase in cash and cash equivalents from grant funding received for the COVID-19 response efforts and line of credit financing, offset by a decrease in economically sensitive revenues, such as sales tax and recreation taxes. Revenues increased due to a significant amount of grants awarded during 2020 in response to the COVID-19 pandemic for health, public safety, housing and rental assistance and small business assistance. Expenditures decreased in the areas of General Government, Public Safety and Transportation as the City went through a shutdown during the months of mid-March to June, and as expenditures were being managed as revenues were trending lower due to the economic impact from the COVID-19 pandemic. This was offset by

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

increases in Health expenditures to respond to the COVID-19 pandemic. A significant portion of net position is either restricted as to the purpose they can be used for or they are classified as net investment in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net position showed a \$32,932.3 million deficit at the end of this year. This deficit does not mean that the City does not have the resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from personnel, property, pollution and casualty claims (\$1,073.8 million) and Municipal Employees', Laborers', Policemen's and Firemen's net pension liability and other post-employment benefits (\$31,406.8 million). The City will include these amounts in future years' budgets as they come due. In addition, the deferred inflow balance of \$1,450.1 million from concession service agreements will be amortized into income over the life of such agreements.

Revenues for all governmental activities in 2020 were \$8,178.9 million, an increase of \$53.6 million (0.7%) from 2019. Approximately 38 percent of City's revenues were derived from taxes other than property taxes, which decreased by \$497.8 million (13.8%). In addition, other revenues decreased by \$49.1 million (8.3%) primarily due to reductions in interest income as rates were lower in 2020, fair market value adjustment, and miscellaneous revenues.

Expenses for governmental activities in 2020 were \$7,838.8 million, a decrease of \$837.4 million (9.7%) over 2019. The amount that taxpayers paid for these governmental activities through City taxes was \$4,577.5 million. Some of the cost was paid by those who directly benefited from the programs (\$850.3 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,289.3 million).

The City paid \$1,461.8 million for the "public benefit" portion with other revenues such as federal and state aid, interest and miscellaneous income. These expenditures were primarily incurred for responding to the COVID-19 pandemic, such as testing, vaccination efforts, housing and rental assistance, and public safety.

Although total net position of business-type activities was \$1,912.0 million, these resources cannot be used to make up for the deficit in net position in governmental activities. The City generally can only use this net position to finance the continuing operations of the water, sewer, Skyway, and airports activities.

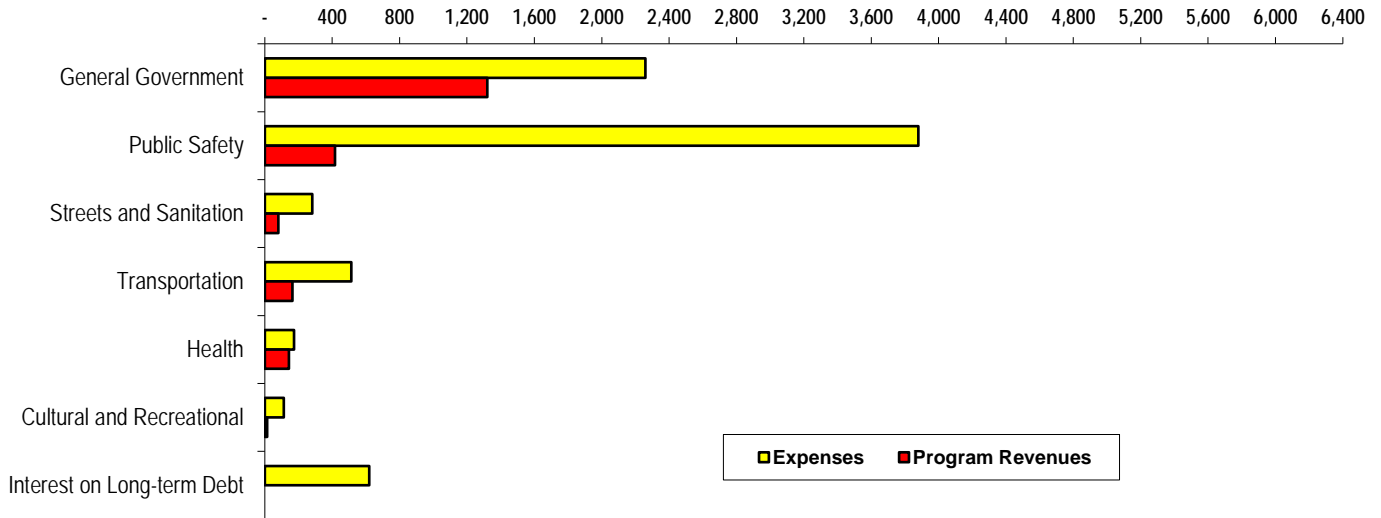
**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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

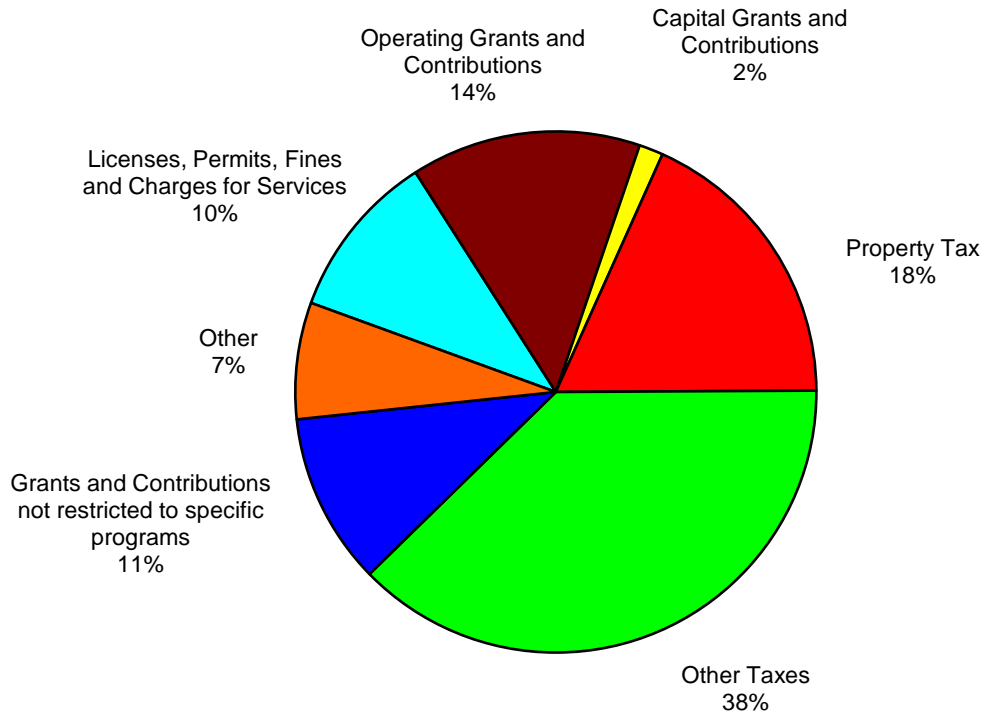
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues and Other Transfers:						
Program Revenues:						
Licenses, Permits, Fines and						
Charges for Services	\$ 850.3	\$ 899.5	\$ 2,633.3	\$ 2,830.4	\$ 3,483.6	\$ 3,729.9
Operating Grants and Contributions	1,166.8	498.0	-	-	1,166.8	498.0
Capital Grants and Contributions	122.5	142.6	169.7	150.1	292.2	292.7
General Revenues:						
Property Taxes	1,488.6	1,474.4	-	-	1,488.6	1,474.4
Other Taxes	3,088.9	3,586.7	-	-	3,088.9	3,586.7
Grants and Contributions not						
Restricted to Specific Programs	870.3	883.5	-	-	870.3	883.5
Other	591.5	640.6	233.4	139.5	824.9	780.1
Total Revenues	<u>8,178.9</u>	<u>8,125.3</u>	<u>3,036.4</u>	<u>3,120.0</u>	<u>11,215.3</u>	<u>11,245.3</u>
Expenses:						
General Government	2,258.9	2,866.1	-	-	2,258.9	2,866.1
Public Safety	3,880.5	4,078.5	-	-	3,880.5	4,078.5
Streets and Sanitation	280.8	280.8	-	-	280.8	280.8
Transportation	512.8	563.0	-	-	512.8	563.0
Health	172.8	118.6	-	-	172.8	118.6
Cultural and Recreational	112.7	124.8	-	-	112.7	124.8
Interest on Long-term Debt	620.3	644.4	-	-	620.3	644.4
Water	-	-	485.7	594.2	485.7	594.2
Sewer	-	-	253.0	270.3	253.0	270.3
Midway International Airport	-	-	272.7	301.2	272.7	301.2
Chicago-O'Hare International Airport	-	-	1,319.5	1,489.6	1,319.5	1,489.6
Chicago Skyway	-	-	8.1	8.1	8.1	8.1
Total Expenses	<u>7,838.8</u>	<u>8,676.2</u>	<u>2,339.0</u>	<u>2,663.4</u>	<u>10,177.8</u>	<u>11,339.6</u>
Change in Net Position Before Transfers	340.1	(550.9)	697.4	456.6	1,037.5	(94.3)
Transfers In (Out)	2.5	2.5	(2.5)	(2.5)	-	-
Change in Net Position	<u>342.6</u>	<u>(548.4)</u>	<u>694.9</u>	<u>454.1</u>	<u>1,037.5</u>	<u>(94.3)</u>
Net (Deficit) Position, Beginning of Year .	(30,676.1)	(30,127.7)	1,217.1	763.0	(29,459.0)	(29,364.7)
Net (Deficit) Position, End of Year	<u>\$ (30,333.5)</u>	<u>\$ (30,676.1)</u>	<u>\$ 1,912.0</u>	<u>\$ 1,217.1</u>	<u>\$ (28,421.5)</u>	<u>\$ (29,459.0)</u>

**CITY OF CHICAGO, ILLINOIS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED DECEMBER 31, 2020**

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



Revenues by Source - Governmental Activities

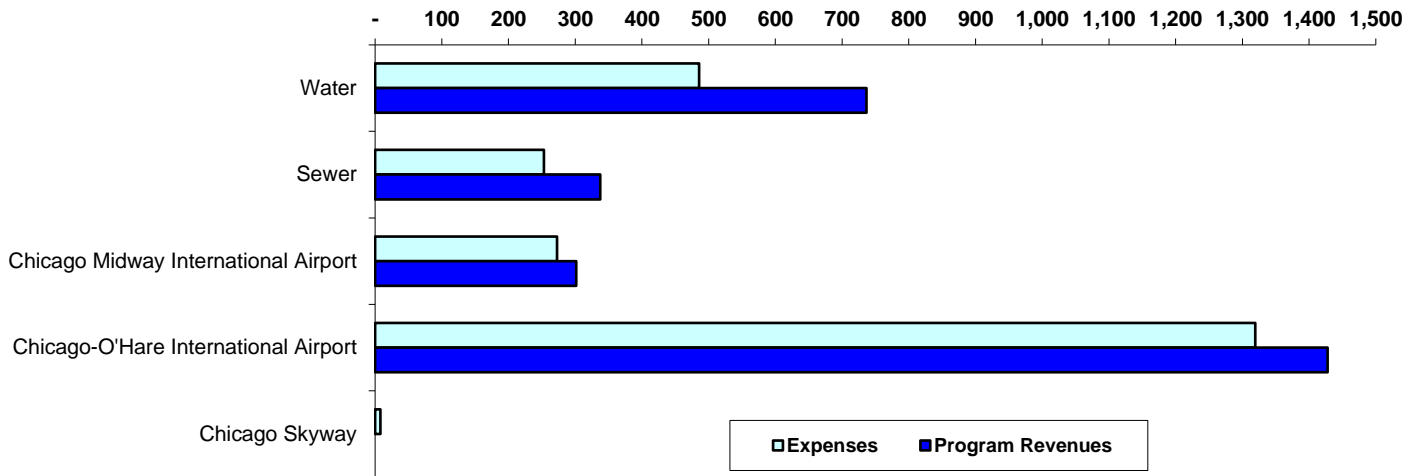


**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

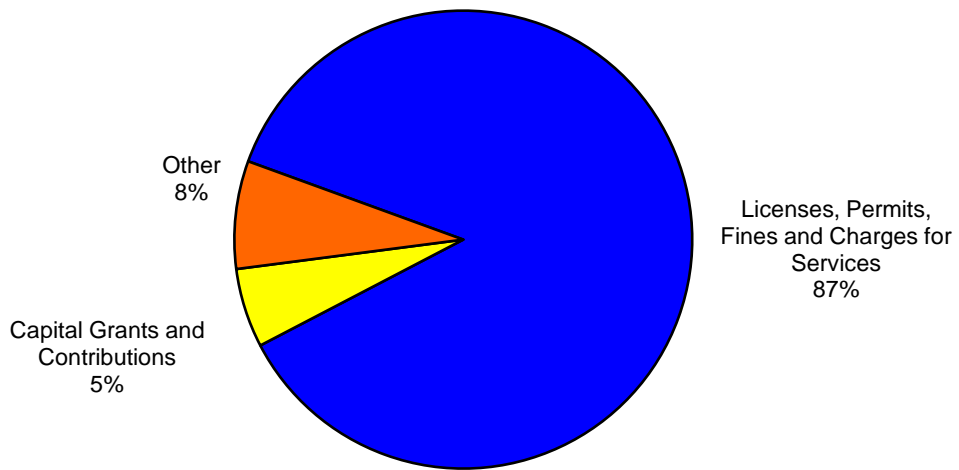
Business-type Activities. Total Revenues of the City's business-type activities decreased by \$83.5 million in 2020 mostly from a decrease in charges for services, rental income, and other general revenues impacted by the COVID-19 pandemic.

- The Water Fund's total operating revenues decreased by \$7.8 million (1.0%) from 2019 was primarily due to an increase in provision for doubtful accounts of about \$9.1 million (44.6%) resulting from a decrease in collected water charges from prior years' accounts receivable and the implementation of the Utility Billing Relief program, which allows eligible customers to apply for relief on past due utility balances. Operating expenses before depreciation and amortization for the year ended 2020 decreased by \$110.0 million (26.4%) from the year ended 2019 primarily due to decreases in pension expenses of \$118.2 million, and purification of \$6.0 million, offset by an increase in central services and general fund reimbursement of \$15.8 million.
- The Sewer Fund's total operating revenues decreased in 2020 by \$17.1 million (4.9%) primarily due to a decrease in pumpage and penalty relief from the Utility Billing Relief program. There was a rate increase of 2.45% during 2020. Operating expenses before depreciation and amortization decreased by \$17.9 million (13.0%) as compared to 2019 primarily due to a decrease in pension expense due to changes in assumptions and reduction in the allocation of pension costs to the Sewer Fund compared to the Governmental and certain Enterprise Funds.
- Chicago Midway International Airport's total operating revenues in 2020 decreased by \$39.8 million (17.5%) from 2019 primarily due to the reduction of passenger traffic and flight reductions due to the impacts of the COVID-19 pandemic on air travel. Operating expenses before depreciation and amortization decreased by \$24.3 million (12.9%) compared to 2019 due to a decrease in pension expense of \$25.0 million primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments.
- Chicago O'Hare International Airport's total operating revenues for 2020 decreased by \$347.9 million (27.8%) compared to 2019 due to a decrease in terminal rents and landing fees of \$171.4 million; decreases in concessions revenue of \$128.2 million; and a decrease in hotel revenues of \$48.2 million, all due to reduced passenger and flight activity related to impact of the COVID-19 pandemic on travel and tourism. Operating expenses before depreciation, amortization and loss on capital asset disposals decreased by \$150.9 million (17.9%) compared to 2019 primarily due to the decrease in other operating expenses of \$31.8 million due to reductions in cost of utilities and insurance, and hotel expenses of \$22.9 million due to the impact of the COVID-19 pandemic on travel and tourism. There was a decrease in pension expense of \$113.7 million, primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments. These decreases were offset by Repairs and Maintenance expense, which increased by \$1.7 million (1.2%) due to contractual increases; Salary and wages of \$8.8 million (4.1%) due to retroactive payments from the new collective bargaining agreements and annual contractual salary increases; and Professional and Engineering Expenses of \$7.0 million (5.2%) due to ongoing planning efforts related to Airport's \$8.5 Billion O'Hare 21 program.
- The Chicago Skyway was leased for 99 years to a private company in 2005. The agreement granted the company the right to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into nonoperating revenue over the period of the lease (\$18.5 million annually).

**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, 2020**

Financial Analysis of the City's Funds

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

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

At December 31, 2020, the City's governmental funds reported combined ending fund balances of \$2,133.0 million, a decrease of \$3.9 million in comparison with the prior year. Of this total amount, \$980.4 million was committed to specific expenditures, \$131.2 million was assigned to anticipated uses, a deficit of \$5,055.3 million was unassigned, \$2,587.9 million was restricted in use by legislation, and \$3,488.8 million was nonspendable.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$196.7 million with a total fund balance of \$359.5 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 9.8 percent of total General Fund expenditures. The fund balance of the City's General Fund increased by approximately \$23.6 million during the current fiscal year primarily due to the issuance of debt to fund revenue shortfalls due to the impact of the COVID-19 pandemic on economically sensitive revenues, and a decrease in expenditures as efforts were made to reduce non-critical costs during the COVID-19 pandemic.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$303.3 million. The deficit is \$96.7 million higher than 2019 primarily due to slower reimbursement of expenditures. This fund had a significant increase in receivables from State and Federal agencies due to the significant increase in grant awards during 2020 to respond to the COVID-19 pandemic.

The Special Taxing Areas Fund has a total fund balance of \$1,936.8 million. This is \$202.3 million higher than 2019 due to the restricted specific expenditures for special area operations and maintenance that follow state requirements for spending, and for redevelopment project costs as provided by tax levies on special areas.

The Service Concession and Reserve Fund accounts for deferred inflows from nonbusiness type long-term concession and lease transactions and has \$724.5 million committed to specific expenditures. The unassigned deficit of \$1,450.1 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund deficit of \$3,417.0 million. This deficit is \$876.3 million higher than 2019, primarily due to the refunding of certain outstanding City bonds and the issuance of the STSC 2020A Series Bonds, the proceeds of which were used to refund bonds that were held by the City. The proceeds were recorded in the STSC Debt Service Fund and refunded amounts to bond escrow agent were recorded in the Bond, Note Redemption and Interest Fund.

The STSC Debt Service Fund has a total fund balance of \$3,556.1 million. The fund balance will be used for future debt service payments for certain outstanding bonds. In 2020, the STSC Fund Balance for nonspendable increased by \$880.6 million due to the issuance of STSC Bond Series 2020A. The net proceeds will be amortized over the life of each bond.

The Community Development and Improvement Projects Fund has a total fund balance of \$450.8 million. This is \$183.1 million lower than 2019 as proceeds from bond funds are expended for capital project improvements throughout the City.

Changes in fund balance. The fund balance for the City's governmental funds decreased by \$3.9 million in 2020. This includes an increase in inventory of \$3.5 million.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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

Unrestricted net position of the Water, Sewer, Chicago Skyway, Chicago O'Hare International Airport, and Chicago Midway International Airport Funds at the end of the year amounted to a deficit of \$4,459.9 million. The unrestricted net position deficit decreased by \$121.8 million primarily due to a decrease in the allocation of net pension liability. 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 2020 General Fund Budget of \$4,507.7 million was approved by City Council on November 26, 2019. General Fund revenues ended the year \$405.4 million below the 2020 final General Fund Budget primarily as a result of the economic downturn as a consequence of the COVID-19 pandemic. Expenditures were \$407.5 million less than budgeted amounts as a result of favorable variances in general government expenditures. The operating shortfall caused by the COVID-19 pandemic was addressed through a combination of expenditure reductions, delayed programs, and prioritizing pandemic response efforts that are reimbursable through Federal assistance, as well as \$500.0 million in short-term borrowing. 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, 2020 amount to \$28,094.5 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

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

- During 2020, the City completed \$173.9 million in infrastructure projects including \$127.4 million in street construction and resurfacing projects, \$15.0 million in street lighting and transit projects, and \$31.5 million in bridge and viaduct reconstruction. At year end, infrastructure projects still in process had expenses totaling nearly \$613.9 million.
- At the end of 2020, the Water Fund had \$5,064.6 million invested in utility plant, net of accumulated depreciation. During 2020, the Water Fund expended \$222.2 million on capital activities. This included \$9.6 million for land and land rights, \$0.1 million for structures and improvements, \$105.6 million for distribution plant, \$7.6 million for equipment, and \$99.3 million for construction in progress. During 2020, net completed projects totaling \$67.8 million were transferred from construction in progress to applicable capital accounts. The major completed projects were standby power generators/replacement of electrical switchgear and west pumproom switchgear (\$55.1 million) and installation and replacements of water mains (\$11.3 million).
- At the end of 2020, the Sewer Fund had net utility plant of \$2,994.2 million. During 2020, the Sewer Fund had capital additions being depreciated of \$300.4 million, and completed projects totaling \$169.6 million were transferred from construction in progress to applicable facilities and structures capital accounts.
- At the end of 2020, Chicago Midway International Airport had \$1,311.1 million invested in net capital assets. During 2020, the Airport had additions of \$72.4 million related to capital activities. Construction projects include runway rehabilitation, passenger security checkpoint expansion and terminal garage enhancements. During 2020, completed projects totaling \$133.1 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to building security, runway and taxi improvements and parking enhancements.
- At the end of 2020, Chicago O'Hare international Airport had \$9.7 billion invested in net capital assets. During 2020, the Airport had additions of \$902.0 million related to capital activities. This included continued work on the Terminal 5 expansion, concourse improvements, ATS rail, terminal improvements, and runway and taxiway

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

construction and improvements, including the completion of Runway 9C-27C and construction of the expansion of Runway 9R-27L, the last remaining project for the OMP, scheduled to be completed by 2022. During 2020, completed projects totaling \$297.5 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to the completion of Runway 9C-27C, Fuel Line Relocation, terminal improvements, and runway and taxiway improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,410.9	\$ 1,409.3	\$ 1,038.2	\$ 1,028.5	\$ 2,449.1	\$ 2,437.8
Works of Art and Historical Collections	48.6	48.3	-	-	48.6	48.3
Construction in Progress	658.2	505.1	2,509.4	2,075.5	3,167.6	2,580.6
Buildings and Other Improvements	1,505.9	1,519.6	15,315.6	14,954.3	16,821.5	16,473.9
Machinery and Equipment	325.0	291.5	417.0	381.9	742.0	673.4
Infrastructure	4,865.7	5,017.1	-	-	4,865.7	5,017.1
Total	\$ 8,814.3	\$ 8,790.9	\$ 19,280.2	\$ 18,440.2	\$ 28,094.5	\$ 27,231.1

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

Debt. At the end of the current fiscal year, the City had \$6,646.8 million in General Obligation Bonds, \$500.0 million in General Obligation Line of Credit and \$107.4 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$3,655.8 million in Sales Tax Securitization Corporation Bonds (STSC Bonds); \$179.1 million in Motor Fuel Tax Revenue Bonds; \$12.1 million in Tax Increment Financing Bonds; and \$15,620.3 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to Note 10 Long-term Obligations in the Basic Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation ..	\$ 7,254.2	\$ 7,908.5	\$ -	\$ -	\$ 7,254.2	\$ 7,908.5
Tax Increment	12.1	16.2	-	-	12.1	16.2
Revenue Bonds	179.1	245.4	15,620.3	16,117.2	15,799.4	16,362.6
STSC Bonds	3,655.8	2,641.9	-	-	3,655.8	2,641.9
Total	\$ 11,101.2	\$ 10,812.0	\$ 15,620.3	\$ 16,117.2	\$ 26,721.5	\$ 26,929.2

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

During 2020, the City and the STSC issued the following:

General Obligation Bonds and Line of Credit:

- General Obligation Refunding Bonds Series 2020A (\$466.5 million).
- General Obligation Line of Credit (\$500.0 million).

Enterprise Fund Revenue Bonds and Notes:

- Chicago – O’Hare International General Airport Senior Lien Revenue Refunding Bonds, Series 2020A (Non-AMT), Series 2020B (Non-AMT Private Activity), Series 2020C (Non-AMT), Series 2020D (Taxable) and Series 2020E (Non-AMT) (\$1,219.1 million).
- Chicago – Midway International Airport Commercial Paper Notes, Series A (AMT) (\$20.0 million).

Sales Tax Securitization Corporation Bonds:

- Sales Tax Securitization Second Lien Bonds Series 2020A and Series 2020B (Taxable) (\$1,016.9 million).

At December 31, 2020 the City had credit ratings with each of the four major rating agencies as follows:

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

In January 2020, Fitch Ratings assigned a AA- rating and Kroll Bond Rating Agency assigned a AA+ rating to the Sales Tax Securitization Corporation’s second lien sales tax securitization bonds.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

In April 2020, Fitch Ratings downgraded the Motor Fuel Tax credit to BB+ from BBB- based on the State of Illinois' rating.

In July 2020, Fitch Ratings downgraded their ratings on the City's Water to A- from AA- and Wastewater Revenue Bonds (second lien) to A- from AA- as part of a change in their rating methodology.

In September 2020 S&P Global Ratings downgraded the Chicago Midway International Airport Revenue Bonds (first and second liens) from A to A-.

During 2021, there were rating outlook changes for the City's Chicago O'Hare International Airport Senior Lien General Airport Revenue Bonds and Midway International Airport Revenue Bonds. See Subsequent Events in the footnotes for ratings changes in 2021.

Economic Factors and Next Year's Budgets and Rates

Regional, national, and global economies play a major role in the City's finances and economic growth. In 2020, the COVID-19 pandemic had a significant impact on economic conditions both globally and locally. The Unemployment rate in the Chicago metropolitan area reached 18 percent at the height of the pandemic. Tourism and business travel to Chicago also dropped to historic lows. The economic impacts of the pandemic are likely to last into the coming year, with full recovery anticipated in 2023.

The City's 2021 General Fund Budget, totaling \$4,127.8 million, was approved by a 29 to 21 vote of City Council on November 24, 2020. The 2021 budget closed an operating budget deficit of \$1,204.5 million through a combination of savings and efficiencies, new revenues, and growth of existing revenue.

Requests for Information

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

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Exhibit 1
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2020
(Amounts are in Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and Cash Equivalents	\$ 1,635,173	\$ 238,756	\$ 1,873,929
Investments	1,980,435	681,238	2,661,673
Receivables (Net of Allowances):			
Property Tax	2,313,600	-	2,313,600
Accounts and Due From Other Governments	1,361,068	463,022	1,824,090
Internal Balances	(47,674)	47,674	-
Inventories	31,769	21,018	52,787
Restricted Assets:			
Cash and Cash Equivalents	211,649	1,380,342	1,591,991
Investments	687,342	2,786,206	3,473,548
Cash and Investments with Escrow Agent	523,970	-	523,970
Interest Receivable	-	5,546	5,546
Other Assets	6,784	63,899	70,683
Capital Assets:			
Land, Art, and Construction in Progress	2,117,749	3,547,581	5,665,330
Other Capital Assets, Net of Accumulated Depreciation	6,696,569	15,732,646	22,429,215
Total Capital Assets	<u>8,814,318</u>	<u>19,280,227</u>	<u>28,094,545</u>
Total Assets	<u>17,518,434</u>	<u>24,967,928</u>	<u>42,486,362</u>
Deferred Outflows	3,592,536	433,192	4,025,728
Total Assets and Deferred Outflows	<u>\$ 21,110,970</u>	<u>\$ 25,401,120</u>	<u>\$ 46,512,090</u>
LIABILITIES AND DEFERRED INFLOWS			
Voucher Warrants Payable	\$ 1,397,359	\$ 568,712	\$ 1,966,071
Accrued Interest	297,969	311,714	609,683
Accrued and Other Liabilities	1,615,081	315,438	1,930,519
Unearned Revenue	186,625	113,232	299,857
Derivative Instrument Liability	-	29,473	29,473
Long-term Liabilities:			
Due Within One Year	312,682	430,558	743,240
Due in More Than One Year	43,947,717	19,725,331	63,673,048
Total Liabilities	<u>47,757,433</u>	<u>21,494,458</u>	<u>69,251,891</u>
Deferred Inflows	3,687,023	1,994,573	5,681,596
Total Liabilities and Deferred Inflows	<u>51,444,456</u>	<u>23,489,031</u>	<u>74,933,487</u>
NET POSITION			
Net Investment in Capital Assets	(545,687)	5,038,030	4,492,343
Restricted for:			
Capital Projects	514,348	415,114	929,462
Debt Service	693,346	20,714	714,060
Special Taxing Areas	1,936,832	-	1,936,832
Passenger Facility Charges	-	240,863	240,863
Contractual Use Agreement	-	366,922	366,922
Airport General Fund	-	187,387	187,387
Customer Facility Charges	-	35,560	35,560
Other Purposes	-	67,366	67,366
Unrestricted (Deficit)	<u>(32,932,325)</u>	<u>(4,459,867)</u>	<u>(37,392,192)</u>
Total Net (Deficit)/Position	<u>\$ (30,333,486)</u>	<u>\$ 1,912,089</u>	<u>\$ (28,421,397)</u>

See notes to basic financial statements.

Exhibit 2
CITY OF CHICAGO, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government	\$ 2,258,930	\$ 343,867
Public Safety	3,880,524	377,446
Streets and Sanitation	280,765	79,988
Transportation	512,817	41,034
Health	172,744	5,845
Cultural and Recreational	112,703	2,162
Interest on Long-term Debt	620,324	-
Total Governmental Activities	7,838,807	850,342
Business-type Activities:		
Water	485,653	736,578
Sewer	252,999	333,959
Chicago Midway International Airport	272,656	286,501
Chicago-O'Hare International Airport	1,319,512	1,276,304
Chicago Skyway	8,139	-
Total Business-type Activities	2,338,959	2,633,342
Total Primary Government	\$ 10,177,766	\$ 3,483,684

See notes to basic financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 977,559	\$ -	\$ (937,504)	\$ -	\$ (937,504)
39,567	-	(3,463,511)	-	(3,463,511)
-	-	(200,777)	-	(200,777)
-	122,492	(349,291)	-	(349,291)
137,585	-	(29,314)	-	(29,314)
12,057	-	(98,484)	-	(98,484)
-	-	(620,324)	-	(620,324)
<u>1,166,768</u>	<u>122,492</u>	<u>(5,699,205)</u>	<u>-</u>	<u>(5,699,205)</u>
-	-	-	250,925	250,925
-	3,331	-	84,291	84,291
-	15,158	-	29,003	29,003
-	151,284	-	108,076	108,076
-	-	-	(8,139)	(8,139)
<u>-</u>	<u>169,773</u>	<u>-</u>	<u>464,156</u>	<u>464,156</u>
<u>\$ 1,166,768</u>	<u>\$ 292,265</u>	<u>(5,699,205)</u>	<u>464,156</u>	<u>(5,235,049)</u>
General Revenues				
Taxes:				
Property Tax		1,488,601	-	1,488,601
Utility Tax		733,978	-	733,978
Sales Tax		288,410	-	288,410
Transportation Tax		402,972	-	402,972
Transaction Tax		529,521	-	529,521
Special Area Property Tax		907,578	-	907,578
Recreation Tax		180,227	-	180,227
Other Taxes		46,212	-	46,212
Grants and Contributions not Restricted to				
Specific Programs		870,241	-	870,241
Unrestricted Investment Earnings		169,132	74,345	243,477
Miscellaneous		422,367	159,074	581,441
Transfers		2,540	(2,540)	-
Total General Revenues and Transfers		<u>6,041,779</u>	<u>230,879</u>	<u>6,272,658</u>
Change in Net Position		342,574	695,035	1,037,609
Net Position - Beginning		(30,676,060)	1,217,054	(29,459,006)
Net Position - Ending		<u>\$ (30,333,486)</u>	<u>\$ 1,912,089</u>	<u>\$ (28,421,397)</u>

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020
(Amounts are in Thousands of Dollars)

	<u>General</u>	<u>Federal, State and Local Grants</u>	<u>Special Taxing Areas</u>
ASSETS			
Cash and Cash Equivalents	\$ 200,017	\$ -	\$ 597,200
Investments	310,281	206,059	955,534
Receivables (Net of Allowances):			
Property Tax	-	-	797,036
Accounts	310,667	21,304	4,210
Due From Other Funds	328,989	38,810	355,911
Due From Other Governments	99,671	647,407	-
Inventories	31,769	-	-
Restricted Cash and Cash Equivalents	-	3,218	-
Restricted Investments	-	-	-
Restricted Cash and Investments with Escrow Agent	125	-	-
Other Assets	-	3,267	-
Total Assets	<u>\$ 1,281,519</u>	<u>\$ 920,065</u>	<u>\$ 2,709,891</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Voucher Warrants Payable	\$ 324,310	\$ 251,018	\$ 45,637
Bonds, Notes and Other Obligations Payable - Current	-	-	-
Accrued Interest	-	-	-
Due To Other Funds	263,367	358,920	2,536
Accrued and Other Liabilities	267,816	7,083	2,125
Claims Payable	65,828	-	-
Unearned Revenue	713	185,912	-
Total Liabilities	<u>922,034</u>	<u>802,933</u>	<u>50,298</u>
Deferred Inflows	<u>-</u>	<u>420,436</u>	<u>722,761</u>
Fund Balance:			
Nonspendable	31,769	-	-
Restricted	-	9,965	1,936,832
Committed	-	-	-
Assigned	131,000	-	-
Unassigned	196,716	(313,269)	-
Total Fund Balance	<u>359,485</u>	<u>(303,304)</u>	<u>1,936,832</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,281,519</u>	<u>\$ 920,065</u>	<u>\$ 2,709,891</u>

See notes to basic financial statements.

Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development and Improvement Projects	Pension	Nonmajor Governmental Funds	Total Governmental Funds
\$ 31,850	\$ -	\$ -	\$ 230,573	\$ 504,104	\$ 71,429	\$ 1,635,173
-	20,363	-	308,050	-	180,148	1,980,435
-	532,080	-	-	947,352	37,132	2,313,600
22,316	821	59,898	3,544	-	162,016	584,776
-	66,423	3,456,986	7,006	130,633	310,160	4,694,918
-	2,237	-	-	-	26,977	776,292
-	-	-	-	-	-	31,769
11,808	-	-	-	-	196,623	211,649
687,342	-	-	-	-	-	687,342
-	376,084	121,067	-	-	26,694	523,970
-	-	-	-	-	-	3,267
<u>\$ 753,316</u>	<u>\$ 998,008</u>	<u>\$ 3,637,951</u>	<u>\$ 549,173</u>	<u>\$ 1,582,089</u>	<u>\$ 1,011,179</u>	<u>\$ 13,443,191</u>
\$ 7	\$ -	\$ -	\$ 77,769	\$ 634,937	\$ 61,475	\$ 1,395,153
-	48,124	3,150	-	-	4,045	55,319
-	218,862	78,719	-	-	388	297,969
28,803	3,605,480	-	18,822	87,154	464,664	4,829,746
-	59,316	-	1,752	-	165,716	503,808
-	-	-	-	-	-	65,828
-	-	-	-	-	-	186,625
<u>28,810</u>	<u>3,931,782</u>	<u>81,869</u>	<u>98,343</u>	<u>722,091</u>	<u>696,288</u>	<u>7,334,448</u>
<u>1,450,094</u>	<u>483,213</u>	<u>-</u>	<u>-</u>	<u>859,998</u>	<u>39,291</u>	<u>3,975,793</u>
-	-	3,456,986	-	-	-	3,488,755
-	-	99,096	450,830	-	91,191	2,587,914
724,506	-	-	-	-	255,920	980,426
-	-	-	-	-	240	131,240
(1,450,094)	(3,416,987)	-	-	-	(71,751)	(5,055,385)
<u>(725,588)</u>	<u>(3,416,987)</u>	<u>3,556,082</u>	<u>450,830</u>	<u>-</u>	<u>275,600</u>	<u>2,132,950</u>
<u>\$ 753,316</u>	<u>\$ 998,008</u>	<u>\$ 3,637,951</u>	<u>\$ 549,173</u>	<u>\$ 1,582,089</u>	<u>\$ 1,011,179</u>	<u>\$ 13,443,191</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,814,318
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds	2,525,699
Bond issuance costs that are expensed in statement of revenues, expenditures and changes in fund balances but reported as other assets in the statement of activities	3,517
Certain liabilities, including bonds payable, deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds	(43,809,970)
Net position of governmental activities	<u>\$ (30,333,486)</u>

Exhibit 4
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax	\$ -	\$ -	\$ -
Utility Tax	391,368	-	-
Sales Tax (Local)	58,690	-	-
Transportation Tax	193,912	-	-
State Income Tax	487,262	-	-
State Sales Tax	-	-	-
Transaction Tax	477,464	-	-
Special Area Property Tax	-	-	814,512
Recreation Tax	178,124	-	-
Other Taxes	40,159	-	-
Federal/State Grants	1,431	1,111,502	-
Internal Service	354,587	-	-
Licenses and Permits	107,810	-	-
Fines	230,638	-	-
Investment Income	24,140	8,182	56,967
Charges for Services	382,600	-	2
Miscellaneous	145,996	-	10,362
Total Revenues	3,074,181	1,119,684	881,843
Expenditures:			
Current:			
General Government	1,209,561	881,138	576,751
Health	33,581	138,532	-
Public Safety	2,136,393	55,493	1,311
Streets and Sanitation	218,667	-	-
Transportation	51,884	119,131	82,907
Cultural and Recreational	-	13,015	174
Employee Pensions	1,443	-	-
Other	305	358	-
Capital Outlay	-	4,698	-
Debt Service:			
Principal Retirement	13,236	-	-
Interest and Other Fiscal Charges	2,987	-	-
Total Expenditures	3,668,057	1,212,365	661,143
Revenues (Under) Over Expenditures ..	(593,876)	(92,681)	220,700

Continued on following pages.

Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development and Improvement Projects	Pension	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 500,200	\$ -	\$ -	\$ 950,033	\$ -	\$ 1,450,233
-	16,423	-	-	-	333,464	741,255
-	-	49,756	-	-	179,964	288,410
-	10,666	-	-	-	198,394	402,972
-	-	-	-	-	-	487,262
-	-	85,651	-	-	295,897	381,548
-	-	-	-	-	52,057	529,521
-	-	-	-	-	29,650	844,162
-	-	-	-	-	2,103	180,227
-	-	-	-	-	6,053	46,212
-	-	-	-	-	-	1,112,933
-	-	-	438	-	30,313	385,338
-	1,092	-	-	-	-	108,902
-	-	-	-	-	16,029	246,667
46,958	2,896	901	13,564	561	14,963	169,132
-	-	-	-	-	22,339	404,941
21,033	10,316	85	22,161	150,072	55,481	415,506
67,991	541,593	136,393	36,163	1,100,666	1,236,707	8,195,221
-	-	-	-	-	281,276	2,948,726
-	-	-	-	-	54	172,167
-	-	-	-	-	116,469	2,309,666
-	-	-	-	-	52,933	271,600
-	-	-	-	-	116,233	370,155
-	-	-	-	-	79,783	92,972
-	-	-	-	1,644,464	-	1,645,907
-	-	-	-	-	-	663
-	-	-	206,515	-	55,074	266,287
-	120,734	3,150	-	-	50,225	187,345
-	419,643	165,193	-	-	5,753	593,576
-	540,377	168,343	206,515	1,644,464	757,800	8,859,064
67,991	1,216	(31,950)	(170,352)	(543,798)	478,907	(663,843)

Exhibit 4 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt	\$ -	\$ -	\$ -
Issuance of Line of Credit	450,000	-	-
Premium/(Discount)	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Transfers In	500,484	-	17,271
Transfers Out	(336,542)	(4,000)	(35,612)
Total Other Financing Sources (Uses)	<u>613,942</u>	<u>(4,000)</u>	<u>(18,341)</u>
Net Changes in Fund Balance	20,066	(96,681)	202,359
Fund Balance, Beginning of Year	335,923	(206,623)	1,734,473
Change in Inventory	3,496	-	-
Fund Balance, End of Year	<u>\$ 359,485</u>	<u>\$ (303,304)</u>	<u>\$ 1,936,832</u>

See notes to basic financial statements.

<u>Service Concession and Reserve</u>	<u>Bond, Note Redemption and Interest</u>	<u>STSC Debt Service</u>	<u>Community Development and Improvement Projects</u>	<u>Pension</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 449,635	\$ 1,016,915	\$ -	\$ -	\$ 16,860	\$ 1,483,410
-	50,000	-	-	-	-	500,000
-	88,284	113,387	-	-	1,133	202,804
-	(1,514,436)	-	-	-	(17,859)	(1,532,295)
-	164,055	-	5,956	543,798	170,689	1,402,253
<u>(16,029)</u>	<u>(115,001)</u>	<u>(164,055)</u>	<u>(18,680)</u>	<u>-</u>	<u>(709,794)</u>	<u>(1,399,713)</u>
<u>(16,029)</u>	<u>(877,463)</u>	<u>966,247</u>	<u>(12,724)</u>	<u>543,798</u>	<u>(538,971)</u>	<u>656,459</u>
51,962	(876,247)	934,297	(183,076)	-	(60,064)	(7,384)
(777,550)	(2,540,740)	2,621,785	633,906	-	335,664	2,136,838
-	-	-	-	-	-	3,496
<u>\$ (725,588)</u>	<u>\$ (3,416,987)</u>	<u>\$ 3,556,082</u>	<u>\$ 450,830</u>	<u>\$ -</u>	<u>\$ 275,600</u>	<u>\$ 2,132,950</u>

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Exhibit 5
CITY OF CHICAGO, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

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

Net change in fund balances - total governmental funds	\$ (7,384)
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	29,903
In the Statement of Activities, gain or loss on disposal and sale of capital assets is reported, whereas in the governmental funds, the entire proceeds are recorded	(6,414)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	276,808
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	(501,350)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	<u>551,011</u>
Change in the net position of governmental activities	<u>\$ 342,574</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, 2020
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues:				
Utility Tax	\$ 416,114	\$ 416,114	\$ 391,368	\$ (24,746)
Sales Tax	74,043	74,043	58,690	(15,353)
Transportation Tax	383,586	383,586	193,912	(189,674)
Transaction Tax	508,851	508,851	477,464	(31,387)
Recreation Tax	273,349	273,349	178,124	(95,225)
Other Taxes	151,550	151,550	40,159	(111,391)
State Income Tax	427,003	427,003	487,262	60,259
Federal/State Grants	2,000	2,000	1,431	(569)
Internal Service	361,463	361,463	444,572	83,109
Licenses and Permits	128,300	128,300	107,810	(20,490)
Fines	342,700	342,700	230,638	(112,062)
Investment Income	3,500	3,500	24,140	20,640
Charges for Services	530,800	530,800	382,600	(148,200)
Miscellaneous	168,445	168,445	133,611	(34,834)
Issuance of Debt, Net of				
Original Discount	8,000	8,000	450,000	442,000
Budgeted Prior Years' Surplus				
and Reappropriations	93,482	93,482	-	(93,482)
Transfers In	634,510	634,510	500,484	(134,026)
Total Revenues	4,507,696	4,507,696	4,102,265	(405,431)
Expenditures:				
Current:				
General Government	1,816,127	1,816,127	1,573,500	242,627
Health	54,960	54,960	38,026	16,934
Public Safety	2,348,104	2,348,104	2,201,754	146,350
Streets and Sanitation	215,725	215,725	219,280	(3,555)
Transportation	57,548	57,548	52,387	5,161
Debt Service:				
Principal Retirement	13,236	13,236	13,236	-
Interest and Other Fiscal Charges	1,996	1,996	1,993	3
Total Expenditures	4,507,696	4,507,696	4,100,176	407,520
Revenues (Under) Over Expenditures ...	\$ -	\$ -	\$ 2,089	\$ 2,089

See notes to basic financial statements.

Exhibit 7
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PENSION FUND (BUDGETARY BASIS)
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues:				
Property Taxes	\$ 985,514	\$ 985,514	\$ 950,033	\$ (35,481)
Investment Income	-	-	561	561
Other Revenue	150,072	150,072	150,072	-
Transfers In	544,199	544,199	543,798	(401)
Total Revenues	1,679,785	1,679,785	1,644,464	(35,321)
Expenditures:				
Current:				
City Contribution to - Municipal Employees' Annuity and Benefit Fund	499,000	499,000	540,815	(41,815)
City Contribution to - Laborers' and Retirement Board Employees' Annuity and Benefit Fund	72,000	72,000	87,266	(15,266)
City Contribution to - Policemen's Annuity and Benefit Fund	737,527	737,527	679,596	57,931
City Contribution to - Firemen's Annuity and Benefit Fund	371,258	371,258	336,787	34,471
Total Expenditures	1,679,785	1,679,785	1,644,464	35,321
 Revenues Over Expenditures	 \$ -	 \$ -	 \$ -	 \$ -

See notes to basic financial statements.

Exhibit 8
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020
(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	
ASSETS AND DEFERRED OUTFLOWS						
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 12,231	\$ 4,822	\$ 42,053	\$ 178,842	\$ 808	\$ 238,756
Investments	416,247	233,885	3,366	26,950	790	681,238
Accounts Receivable (Net of Allowances)	183,431	98,578	28,570	89,323	45	399,947
Interest Receivable	1,178	-	14	256	3	1,451
Due from Other Funds	49,805	28,528	3,176	53,531	-	135,040
Inventories	20,164	854	-	-	-	21,018
Due from Other Governments	-	-	21,798	-	-	21,798
Cash and Cash Equivalents - Restricted	82,567	123,417	115,607	733,888	-	1,055,479
Investments - Restricted	93,393	57,543	-	-	-	150,936
Interest Receivable - Restricted	8	905	-	-	-	913
Other Assets - Restricted	-	-	-	7,333	-	7,333
TOTAL CURRENT ASSETS	859,024	548,532	214,584	1,090,123	1,646	2,713,909
NONCURRENT ASSETS:						
Cash and Cash Equivalents - Restricted	-	-	42,894	281,969	-	324,863
Investments - Restricted	-	42,682	282,097	2,310,491	-	2,635,270
Interest Receivable - Restricted	-	-	429	4,204	-	4,633
Other Assets - Restricted	-	-	1,263	38,619	-	39,882
Due from Other Governments - Restricted	-	-	2,635	37,191	-	39,826
Other Assets	2,442	1,002	495	3,465	9,280	16,684
Property, Plant, and Equipment:						
Land	16,483	560	116,272	892,248	12,609	1,038,172
Structures, Equipment and Improvements	5,988,837	3,679,729	1,871,229	11,324,632	490,818	23,355,245
Accumulated Depreciation	(1,372,156)	(758,809)	(821,132)	(4,387,336)	(283,166)	(7,622,599)
Construction Work in Progress	431,409	72,682	144,755	1,860,563	-	2,509,409
Total Property, Plant and Equipment	5,064,573	2,994,162	1,311,124	9,690,107	220,261	19,280,227
TOTAL NONCURRENT ASSETS:	5,067,015	3,037,846	1,640,937	12,366,046	229,541	22,341,385
TOTAL ASSETS	5,926,039	3,586,378	1,855,521	13,456,169	231,187	25,055,294
DEFERRED OUTFLOWS	56,571	18,511	92,342	265,768	-	433,192
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 5,982,610	\$ 3,604,889	\$ 1,947,863	\$ 13,721,937	\$ 231,187	\$ 25,488,486

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago-Midway International Airport	Chicago-O'Hare International Airport	Chicago Skyway	Total
LIABILITIES						
CURRENT LIABILITIES:						
Voucher Warrants Payable	\$ 25,014	\$ 2,389	\$ 23,997	\$ 83,020	\$ -	\$ 134,420
Due to Other Funds	18,270	47,589	12,681	8,811	15	87,366
Accrued and Other Liabilities	215,797	53,252	632	12,571	-	282,252
Unearned Revenue	-	-	9	113,223	-	113,232
Current Liabilities Payable from Restricted Assets	175,968	180,960	115,403	733,888	-	1,206,219
TOTAL CURRENT LIABILITIES	435,049	284,190	152,722	951,513	15	1,823,489
NONCURRENT LIABILITIES:						
Revenue Bonds and Commercial Paper Payable	2,453,217	2,038,330	1,683,492	9,756,749	-	15,931,788
Line of Credit and TIFIA Loan Payable	-	-	-	278,756	-	278,756
Net Pension Liability	1,158,733	426,455	368,144	1,561,455	-	3,514,787
Derivative Instrument Liability	-	-	29,473	-	-	29,473
Other	1,577	-	1,954	-	-	3,531
TOTAL NONCURRENT LIABILITIES ...	3,613,527	2,464,785	2,083,063	11,596,960	-	19,758,335
TOTAL LIABILITIES	4,048,576	2,748,975	2,235,785	12,548,473	15	21,581,824
DEFERRED INFLOWS	205,620	82,204	35,333	137,174	1,534,242	1,994,573
NET POSITION:						
Net Investment in Capital Assets	2,574,298	931,047	(125,410)	1,437,834	220,261	5,038,030
Restricted Net Position:						
Debt Service	-	-	4,585	16,129	-	20,714
Capital Projects	8	205,696	25,968	183,442	-	415,114
Passenger Facility Charges	-	-	3,477	237,386	-	240,863
Airport/Airline Use Agreement	-	-	33,251	333,671	-	366,922
Airport General/Development Fund	-	-	-	187,387	-	187,387
Customer Facility Charge	-	-	13,100	22,460	-	35,560
Other	-	-	15,977	51,389	-	67,366
Unrestricted Net Position (Deficit)	(845,892)	(363,033)	(294,203)	(1,433,408)	(1,523,331)	(4,459,867)
TOTAL NET POSITION/(DEFICIT)	\$ 1,728,414	\$ 773,710	\$ (323,255)	\$ 1,036,290	\$ (1,303,070)	\$ 1,912,089

See notes to basic financial statements.

Exhibit 9
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago-Midway International Airport	Chicago-O'Hare International Airport	Chicago Skyway	Total
Operating Revenues:						
Charges for Services - Net of Provision for Doubtful Accounts of \$29,461 for Water and \$22,792 for Sewer	\$ 714,310	\$ 333,475	\$ 113,487	\$ 639,862	\$ -	\$ 1,801,134
Rent	-	-	74,253	247,385	-	321,638
Hilton Revenues	-	-	-	18,365	-	18,365
Other	22,268	484	-	-	-	22,752
Total Operating Revenues	736,578	333,959	187,740	905,612	-	2,163,889
Operating Expenses:						
Personnel Services	146,092	12,320	55,964	222,855	-	437,231
Contractual Services	65,577	4,776	20,783	140,982	-	232,118
Repairs and Maintenance	2,029	71,803	43,737	144,975	-	262,544
Commodities and Materials	22,962	-	-	-	-	22,962
Depreciation and Amortization	82,495	53,140	50,018	292,212	8,139	486,004
General Fund Reimbursements	89,354	54,467	-	-	-	143,821
Pension Expense	(47,881)	(23,853)	22,510	45,419	-	(3,805)
Hilton Expenses	-	-	-	20,157	-	20,157
Other	29,130	-	20,896	117,337	-	167,363
Total Operating Expenses	389,758	172,653	213,908	983,937	8,139	1,768,395
Operating Income (Loss)	346,820	161,306	(26,168)	(78,325)	(8,139)	395,494
Nonoperating Revenues (Expenses):						
Investment Income (Loss)	17,033	8,381	3,829	45,054	48	74,345
Interest Expense	(95,895)	(80,346)	(58,045)	(320,370)	-	(554,656)
Passenger Facility Charges	-	-	13,245	61,258	-	74,503
Customer Facility Charges	-	-	3,214	14,992	-	18,206
Noise Mitigation Costs	-	-	(703)	(5,872)	-	(6,575)
Cost of Issuance	-	-	-	(9,333)	-	(9,333)
Grant Revenues (1)	-	-	82,302	294,442	-	376,744
Final Settlement of 1983 Use and Lease Agreement	-	-	-	122,668	-	122,668
Other	4,674	3,747	132	9,320	18,533	36,406
Total Nonoperating Revenues (Expenses)	(74,188)	(68,218)	43,974	212,159	18,581	132,308
Transfers Out	(2,420)	(120)	-	-	-	(2,540)
Capital Grants	-	3,331	15,158	151,284	-	169,773
Net Income (Loss)	270,212	96,299	32,964	285,118	10,442	695,035
Net Position (Deficit) -						
Beginning of Year	1,458,202	677,411	(356,219)	751,172	(1,313,512)	1,217,054
Net Position (Deficit) - End of Year	\$ 1,728,414	\$ 773,710	\$ (323,255)	\$ 1,036,290	\$ (1,303,070)	\$ 1,912,089

(1) Coronavirus Aid, Relief, and Economic Security (CARES) Act Funds
See notes to basic financial statements.

Exhibit 10
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2020
(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	\$ 731,199	\$ 329,434	\$ 168,737	\$ 858,409	\$ -	\$ 2,087,779
Payments to Vendors	(114,867)	(29,509)	(108,378)	(396,932)	-	(649,686)
Payments to Employees	(146,092)	(51,175)	(49,710)	(208,837)	-	(455,814)
Transactions with Other City Funds	(132,473)	(38,244)	(1,061)	(134,847)	-	(306,625)
Cash Flows Provided By						
Operating Activities	337,767	210,506	9,588	117,793	-	675,654
Cash Flows from Capital and Related						
Financing Activities:						
Proceeds from Issuance of Bonds/Commercial						
Paper/IEPA Loans/TIFIA Loans/LOC	40,880	121,325	20,000	1,368,448	-	1,550,653
Acquisition and Construction of						
Capital Assets	(196,664)	(225,715)	(99,563)	(775,201)	-	(1,297,143)
Capital Grant Receipts	-	3,331	32,320	124,626	-	160,277
Proceeds from CARES Act Fund	-	-	60,719	294,442	-	355,161
Bond Issuance Costs	-	-	(2,654)	(9,949)	-	(12,603)
Payment to Refund Bonds	-	-	-	(1,426,082)	-	(1,426,082)
Principal Paid on Debt	(99,399)	(70,833)	(48,185)	(276,715)	-	(495,132)
Interest Paid	(113,208)	(86,048)	(76,045)	(465,052)	-	(740,353)
Passenger and Customer Facility Charges	-	-	18,158	89,602	-	107,760
Concessionaire Funds	-	-	-	-	8	8
Cash Flows Provided By (Used in) Capital						
and Related Financing Activities	(368,391)	(257,940)	(95,250)	(1,075,881)	8	(1,797,454)
Cash Flows from Non Capital Financing Activities:						
Noise Mitigation Program	-	-	(703)	(5,872)	-	(6,575)
Proceeds from miscellaneous						
settlements and agreements	-	-	132	911	-	1,043
Cash Flows (Used in)						
Non Capital Financing Activities	-	-	(571)	(4,961)	-	(5,532)
Cash Flows from Investing Activities:						
Purchases (Sale) of Investments, Net	11,561	33,123	68,495	414,386	(58)	527,507
Investment Income (Loss)	10,378	6,942	6,881	19,554	47	43,802
Cash Flows Provided By (Used in)						
Investing Activities	21,939	40,065	75,376	433,940	(11)	571,309
Net Decrease in Cash and						
Cash Equivalents	(8,685)	(7,369)	(10,857)	(529,109)	(3)	(556,023)
Cash and Cash Equivalents, Beginning of Year	103,483	135,608	211,411	1,723,808	811	2,175,121
Cash and Cash Equivalents, End of Year	\$ 94,798	\$ 128,239	\$ 200,554	\$ 1,194,699	\$ 808	\$ 1,619,098

Continued on following page.

Exhibit 10 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2020
(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)	\$ 346,820	\$ 161,306	\$ (26,168)	\$ (78,325)	\$ (8,139)	\$ 395,494
Adjustments to Reconcile:						
Depreciation, Amortization and Loss on Capital						
Asset Disposals	82,495	53,140	50,018	292,212	8,139	486,004
Pension Expense Other than Contribution	(92,258)	(40,972)	4,978	(25,625)	-	(153,877)
Provision for Uncollectible Accounts	29,461	22,792	21	-	-	52,274
Change in Assets and Liabilities:						
(Increase) in Receivables	(18,535)	(14,355)	(9,401)	(8,110)	-	(50,401)
(Increase) in Due From Other Funds	(6,461)	(5,863)	(1,368)	(7,557)	-	(21,249)
Increase (Decrease) in Voucher Warrants						
Payable and Due to Other Funds	5,219	38,448	1,314	(5,414)	-	39,567
(Decrease) in Unearned Revenue and						
Other Liabilities	(8,405)	(3,868)	(9,644)	(39,093)	-	(61,010)
(Decrease) in Inventories and						
Other Assets	(569)	(122)	(162)	(10,295)	-	(11,148)
Cash Flows from						
Operating Activities	<u>\$ 337,767</u>	<u>\$ 210,506</u>	<u>\$ 9,588</u>	<u>\$ 117,793</u>	<u>\$ -</u>	<u>\$ 675,654</u>
Supplemental Disclosure of						
Noncash Items:						
Capital asset additions in 2020						
with outstanding accounts payable,						
accrued, or other liabilities	<u>\$ 52,495</u>	<u>\$ 62,177</u>	<u>\$ 25,880</u>	<u>\$ 285,095</u>	<u>\$ -</u>	<u>\$ 425,647</u>
The fair value adjustments (loss) to						
investments for 2020	<u>\$ 5,122</u>	<u>\$ 2,889</u>	<u>\$ 645</u>	<u>\$ 18,300</u>	<u>\$ -</u>	<u>\$ 26,956</u>
The accretion adjustments to capital						
appreciation bonds for 2020	<u>\$ -</u>	<u>\$ 5,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,390</u>

See notes to basic financial statements.

Exhibit 11
CITY OF CHICAGO, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2020
(Amounts are in Thousands of Dollars)

	Pension Trust	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 166,505	\$ 5,971
Investments	-	2,622
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations	1,524,616	-
Stocks	4,416,191	-
Mortgages and Real Estate	652,634	-
Other	1,714,095	-
Property Tax Receivable	-	142,490
Accounts Receivable, Net	1,699,108	1,027
Due From City	87,153	-
Property, Plant, Equipment and other	657	-
Invested Securities Lending Collateral	400,045	-
Total Assets	\$ 10,661,004	\$ 152,110
Deferred Outflows	\$ 2,098	\$ -
LIABILITIES		
Voucher Warrants Payable	\$ 152,172	\$ 240
Accrued and Other Liabilities	-	151,870
Securities Lending Collateral	400,045	-
Total Liabilities	\$ 552,217	\$ 152,110
Deferred Inflows	\$ 119	\$ -
Total Liabilities and Deferred Inflows	\$ 552,336	\$ 152,110
NET POSITION		
Restricted for Pension Benefits	10,110,766	-
Total Net Position	\$ 10,110,766	\$ -

See notes to basic financial statements.

Exhibit 12
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2020
(Amounts are in Thousands of Dollars)

	Pension Trust	Custodial Funds
ADDITIONS		
Contributions:		
Employees	\$ 343,898	\$ -
City	1,681,711	-
Taxes Collected for Other Governments	-	145,930
Other Custodial Collections	-	6,010
Total Contributions	2,025,609	151,940
Investment Income:		
Net Depreciation in		
Fair Value of Investments	765,212	-
Interest, Dividends and Other	146,769	241
Investment Expense	(37,833)	-
Net Investment Income	874,148	241
Securities Lending Transactions:		
Securities Lending Income	3,278	-
Securities Lending Expense	(1,695)	-
Net Securities Lending Transactions	1,583	-
Total Additions	2,901,340	152,181
DEDUCTIONS		
Benefits and Refunds of Deductions	2,353,032	-
Administrative and General	17,985	-
Taxes Distributed to Other Governments	-	145,930
Other Custodial Disbursements	-	6,251
Total Deductions	2,371,017	152,181
Net Increase in Net Position	530,323	-
Net Position:		
Beginning of Year	9,580,443	-
End of Year	\$ 10,110,766	\$ -

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1) Summary of Significant Accounting Policies

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

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 1, 2020, the City adopted the following GASB Statements:

GASB Statement	Impact
GASB Statement No. 84, <i>Fiduciary Activities</i> (“GASB 84”)	Improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City adopted GASB 84 for the fiscal year ended December 31, 2020. The adoption of this standard resulted in the reclassification of certain funds that were previously classified as agency funds. These funds with total current assets of \$339.8 million and current liabilities of \$339.8 million are now classified within the general fund and special revenue funds.
GASB Statement No. 88, <i>Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements</i> (“GASB 88”)	Improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The City adopted GASB 88 for the fiscal year ended December 31, 2020, which required additional disclosures included in the debt footnote (see Note 9 and 10).
GASB Statement No. 90, <i>Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61</i> (“GASB 90”)	Improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The City adopted GASB 90 for the fiscal year ended December 31, 2020, and there was no impact to the City’s financial statements.
GASB Statement No. 83, <i>Certain Asset Retirement Obligations</i> (“GASB 83”)	Addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will have to recognize a liability based on the guidance in this statement. GASB 83 also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The City adopted GASB 83 for the fiscal year ended December 31, 2020, and there was no impact to the City’s financial statements.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020**

GASB Statement No. 92, <i>Omnibus 2020</i> ("GASB 92")	Aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. Certain elements of GASB 92 were effective in fiscal year 2020 and the adoption of the certain elements had no impact on the financial statements. The remainder of GASB 92 will be effective for the Airport beginning with its year ending December 31, 2022.
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Upcoming Accounting Standards—

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

GASB Accounting Standard	Required Year of Adoption
GASB Statement No. 87, <i>Leases</i> ("GASB 87")	2022
GASB Statement No. 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i> ("GASB 89")	2021
GASB Statement No. 91, <i>Conduit Debt Obligations</i> ("GASB 91")	2022
GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> ("GASB 93")	2022
GASB Statement No. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> ("GASB 94")	2023
GASB Statement No. 96, <i>Subscription-based Information Technology Arrangements</i> ("GASB 96")	2023
GASB Statement No. 97, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> ("GASB 97")	2022

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

Reporting Entity – The financial reporting entity consists of the City and its component units, which are legally separate organizations for which the City is financially accountable. The financial statements for the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental units, as required by the Municipal Code of Chicago (Code). The City includes the Chicago Public Library.

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

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

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

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

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

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

Blended Component Unit

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

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

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

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

Complete financial statements of the STSC can be obtained at www.salestaxsecuritizationcorporation.com.

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

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

The City reports the CCCF within the Service Concession and Reserve Fund. In 2020, the CCCF provided Small Business Resiliency Loans to eligible local small businesses to assist with the impact of the COVID-19 Pandemic. As of December 31, 2020, the loans receivable balance was \$18.9 million.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

constitutional provisions or enabling legislation.

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

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

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

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

Water Fund accounts for the operations of the Chicago Water System (Water). The Water system purifies and provides Lake Michigan water for 493,715 accounts that includes the City and the suburbs. The Water Fund operates two water purification facilities with a combined output pumping capacity of 2,160 million gallons per day and 12 pumping stations with a combined pumping capacity of 3,661 million gallons per day.

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

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

Chicago-O'Hare International Airport Fund records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines serving the Airport operate out of four terminal buildings with a total of 191 gates as of December 31, 2020. Three domestic terminal buildings, having a total of 171 aircraft gates serve the majority of O'Hare's domestic flights and certain international departures. Terminal 5 with 20 aircraft gates and four hardstand positions, serves the remaining international departures, all international arrivals, and some domestic flights.

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

Additionally, the City reports the following fiduciary funds:

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

Custodial Funds account for transactions for assets held by the City as agent for certain activities or for various entities, such as tax collected on behalf of another government.

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

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

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

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

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

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

c) Assets, liabilities, deferred inflows, deferred outflows, and net position or 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; commercial paper and State and Local Government Series (SLGS), domestic money market funds regulated and in good standing with the Securities and Exchange Commission and tax anticipation warrants issued by the City. The City is prohibited by ordinance from

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

investing in derivative instruments, as defined, without City Council approval. The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than or equal to one year are reported at amortized cost.

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

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

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

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

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

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

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

Municipal Employees' - The average term of securities loaned was 116 days at December 31, 2020. The cash collateral is invested in tri-party repurchase agreements and bank deposits which had a weighted average maturity of 30 days at December 31, 2020.

Laborers' - The average term of securities loaned was 73 days at December 31, 2020. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 31 days at December 31, 2020.

Policemen's - The average term of the Fund's loan was approximately 2.2 days as of December 31, 2020. Cash collateral was reinvested in indemnified repurchase agreements which had an interest sensitivity of 1 day at December 31, 2020.

Firemen's - The average term of securities loaned was 53 days in 2020. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 30 days at December 31, 2020.

- 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

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interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as expenses when used (consumption method). Governmental fund inventories are accounted for using the purchases method and represent nonspendable resources because they do not represent expendable available financial resources.
- iv) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted or committed in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or specific City Council action.

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The total interest expense (Governmental and Business Activities) incurred by the City during the current fiscal year was \$1,309.0 million, of which \$134.0 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:

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

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

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

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

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Sections 457 and 401(a). The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Third-party administrators who maintain the investment portfolio administer the Plan. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

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

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

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

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statement of net position. Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

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

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

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

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

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

- 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 and differences between projected and actual actuarial experience related to pensions, and other pension related changes. In the fund financials, grants that meet all of the eligibility criteria except for time availability and property taxes levied for a future period are also included in deferred inflows. Deferred inflows for OPEB represent the difference between expected and actual non-investment experience and assumption changes.
- xi) **Net Position** in the government-wide statements is classified in three components:
 - (1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - (2) Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or are legally restricted through constitutional provisions or enabling legislation.

Restricted net position for business activities are provided in Exhibit 8, Statement of Net Position, Proprietary Funds.

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(3) Unrestricted - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets." As of December 31, 2020, the unrestricted net position represents a deficit.

2) Reconciliation of Government-wide and Fund Financial Statements

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

i) The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$2,525.7 million are as follows (dollars in thousands):

Deferred inflows - property tax	\$ 2,099,694
Deferred inflows - grants	420,436
Deferred inflows - utility tax	5,569
Net adjustment to increase fund balance - total governmental funds - to arrive at net position - governmental activities	\$ 2,525,699

ii) Another element of that reconciliation explains that "Certain liabilities, deferred inflows and deferred outflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$43,810.0 million are as follows (dollars in thousands):

Long-term liabilities:	
Total bonds, notes and certificates payable	\$ (11,779,807)
Pension benefits	(29,443,464)
Other postemployment benefits	(1,963,340)
Pollution remediation	(43,635)
Claims and judgments	(1,030,153)
Total Long-term liabilities	(44,260,399)
Accounts payable - infrastructure retainage	(2,206)
Bonds, notes and other obligations payable current	55,319
Deferred outflows - unamortized loss on refunding	213,665
Deferred outflows - pension costs	1,967,763
Deferred outflows - other postemployment benefits costs.....	1,411,108
Deferred inflows - pension	(2,167,145)
Deferred inflows - other postemployment benefits.....	(69,784)
Accrued and other liabilities - compensated absences	(84,878)
Accrued and other liabilities - pension payable to pension funds	(873,413)
Net adjustment to reduce fund balance - total governmental funds - to arrive at net position - governmental activities	\$ (43,809,970)

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

i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the

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statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$29.9 million are as follows (dollars in thousands):

Capitalized asset expenditures	\$ 482,273
Donated assets	6,861
Depreciation expense	<u>\$ (459,231)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities	<u>\$ 29,903</u>

ii) Another element of that reconciliation states that “Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.” The details of this decrease of \$501.4 million are as follows (dollars in thousands):

Proceeds of debt	\$ (1,483,410)
Proceeds from line of credit	(500,000)
(Premium) / Discount	(202,804)
Payment to refunded bond escrow agent	1,532,295
Principal retirement	177,757
Payment of cost of issuance	1,560
Interest expense	<u>(26,748)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities .	<u>\$ (501,350)</u>

Another element of that reconciliation states that “Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this increase of \$551.0 million are as follows (dollars in thousands):

Claims and judgments	\$ 13,560
Pension costs	557,198
Other post employment benefit liabilities	(20,153)
Pollution remediation	203
Vacation	(3,293)
Inventory	<u>3,496</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities	<u>\$ 551,011</u>

3) Stewardship, Compliance and Accountability

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

- i) In October, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
- ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.

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- iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
 - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose.
 - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.
- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are included in "Unassigned" fund balance for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in are classified as revenues. For budgetary purposes prior years' resources used to cover current year budgetary expenditures are recorded as revenues. For budgetary purposes, grant reimbursements to other funds are counted as revenues and not netted against expenditures. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. For GAAP purposes, in-kind contributions and expenditures related to in-kind contributions are recorded as revenues and expenditures. Provision for doubtful account expenditures are not budgeted. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2020 is as follows (dollars in thousands):

	General Fund
Revenues, GAAP Basis	\$ 3,074,181
Add:	
Grant Reimbursements netted against expenditures.....	89,985
Proceeds of Debt	-
Line of Credit.....	450,000
Transfers In	500,484
Deduct:	
In-Kind Contribution	<u>(12,385)</u>
Revenues, Budgetary Basis	<u>\$ 4,102,265</u>
Expenditures, GAAP Basis	\$ 3,668,057
Add:	
Transfers Out	336,542
Grant Reimbursements netted against expenditures.....	89,985
Encumbered in 2020.....	19,684
Deduct:	
In-Kind Contribution	(12,385)
Payments on Prior Years' Encumbrances	(1,357)
Provision for Doubtful Accounts and Other.....	(350)
Expenditures, Budgetary Basis	<u>\$ 4,100,176</u>

- c) **Individual Fund Deficits** include the Chicago Skyway Fund, an Enterprise Fund, which has a deficit fund balance of \$1,303.1 million which management anticipates will be funded through recognition of deferred inflows. Midway International Airport Fund has a deficit fund balance of \$323.3 million which will be funded through future revenues. Federal State and Local Grants, a governmental fund, has a deficit fund balance of \$303.3 million and will be funded by the recognition of deferred grant inflows. The Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$725.6 million which will be funded through the recognition of deferred inflows. The Bond, Note Redemption and Interest Fund, a Debt Service Fund, has a deficit fund balance of \$3,417.0 million which will be funded through the amortization of the deferred inflow (reclassified to Due to Other Funds on the blended fund financials) associated with the City's sale of sales tax revenues to the STSC. The STSC is a blended component unit and for presentation purposes deferred

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inflows have been reclassified as internal balances. The Non-Major Special Revenue Funds have a deficit fund balance of \$71.7 million, which will be funded through future revenues.

4) Restricted and Unrestricted Cash, Cash Equivalents and Investments

a) **Investments** As of December 31, 2020, the City had the following Investments (dollars in thousands):

Investment Type	Maturities (in Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
City Funds					
U.S. Treasuries	\$ 25,908	\$ 22,703	\$ -	\$ -	\$ 48,611
State and Local	-	11,038	-	-	11,038
Agency MBS	-	-	74,974	509,942	584,916
Agency Bonds	90,263	1,043,899	16,822	-	1,150,984
Commercial Paper	2,681,063	1,001	-	-	2,682,064
Corporate ABS	68,881	219,190	73,854	-	361,925
Corporate Bonds	165,425	523,644	406,436	296,709	1,392,214
Corporate Equity	974	-	-	-	974
Money Market Funds	1,839,690	-	-	-	1,839,690
Municipal Bonds	151,202	424,595	271,441	284,118	1,131,356
Total City Funds	<u>\$ 5,023,406</u>	<u>\$ 2,246,070</u>	<u>\$ 843,527</u>	<u>\$ 1,090,769</u>	<u>\$ 9,203,772</u>

* In 2019, structured products issued by US Agencies were classified as Asset Backed Securities.
 In 2020, Asset Backed Securities were further divided into Agency MBS and Corporate ABS.

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

Pension Trust Funds					
U.S. and Foreign					
Government Agencies	\$ 55,185	\$ 141,294	\$ 143,940	\$ 243,021	\$ 583,440
Corporate Bonds	874,067	302,946	261,762	164,859	1,603,634
Corporate Equities	4,295,701	-	-	-	4,295,701
Pooled Funds	172,800	2,935	14,886	-	190,621
Real Estate	610,621	-	-	-	610,621
Securities Received from					
Securities Lending	400,045	-	-	-	400,045
Venture Capital	633,213	-	-	-	633,213
Certificates of Deposit and					
Other Short-term	260,313	-	-	-	260,313
Derivatives	218	-	-	-	218
Other	170,982	105,251	19,526	-	295,759
Total Pension Trust Funds	<u>\$ 7,473,145</u>	<u>\$ 552,426</u>	<u>\$ 440,114</u>	<u>\$ 407,880</u>	<u>\$ 8,873,565</u>
Total	<u>\$ 12,496,551</u>	<u>\$ 2,798,496</u>	<u>\$ 1,283,641</u>	<u>\$ 1,498,649</u>	<u>\$ 18,077,337</u>

City's Fair Value Measurements for Investments:

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

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets
- Level 2 - Observable inputs other than quoted market prices, and
- Level 3 - Unobservable Inputs

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

The City's investments measured at fair value as of December 31, 2020 are as follows (dollars in thousands):

Investments by Fair Value Level	Level 1	Level 2	Level 3
U.S. Treasuries	\$ -	\$ 33,617	\$ -
State and Local	-	11,038	-
Agency MBS	-	584,916	-
Agency Bonds	-	1,107,386	-
Commercial Paper	-	1,001	-
Commercial ABS	-	354,424	-
Corporate Bonds	-	1,388,767	-
Municipal Bonds	-	1,092,516	-
Total Investments at Fair Value	\$ -	\$ 4,573,665	\$ -

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for the City are \$4,630.1 million.

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Pension Trust Funds' Investments measured at fair value as of December 31, 2020 are as follows (Dollars in thousands):

Summary	Total	Level 1	Level 2	Level 3
U.S. and Foreign				
Government Agencies	\$ 583,440	\$ -	\$ 583,440	\$ -
Corporate Bonds	1,148,417	-	1,148,416	1
Corporate Equities	3,815,333	3,812,516	1,008	1,809
Pooled Funds	102,523	13,034	89,489	-
Securities Received from				
Securities Lending	400,045	-	400,045	-
Venture Capital	6,434	-	-	6,434
Certificates of Deposit and Other Short-term	210,502	24,701	185,776	25
Derivatives	218	-	218	-
Other	126,989	-	126,989	-
Subtotal	<u>6,393,901</u>	<u>3,850,251</u>	<u>2,535,381</u>	<u>8,269</u>

Pension Trust Funds' Investments measured at net asset value:	Unfunded Commitments	Redemption Frequency	Redemption Notice	
Corporate Bonds	\$ 455,217	\$ 20,072	Daily	5 days
Corporate Equities	480,368	-		
Pooled Funds	88,098	-		
Real Estate	610,621	59,721	Quarterly - Open-end, Note eligible - Closed - end, As needed, N/A, Illiquid	10,30 or 365 Days - Open-end, 30 - 45 days Not eligible, N/A
Venture Capital	626,779	165,624	Not eligible, As needed, N/A, Illiquid, Close-end	N/A, 30 - 95 days, Not eligible
Certificates of Deposit and Other Short-term	49,811	-		
Other *	168,770	27,260	Quarterly, Illiquid	45 Days, N/A
Subtotal	<u>2,479,664</u>			
Pension Trust Funds' Investments Total	<u>\$ 8,873,565</u>			

* Other includes Fixed Assets & Hedge Fund of Funds.

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

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

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

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

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

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

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

- i) *Interest Rate Risk* – The interest rate risk, or market risk, refers to the chance that investments in bonds – also known as fixed-income securities – will suffer as the result of unexpected interest rate changes. However, the City mitigates interest rate risks by diversifying portfolios to include a multitude of different bonds that have varying maturation schedules.
- ii) *Credit Risk* – With regard to credit risk, the Code limits the investments in securities to:
- (1) Interest-bearing general obligations of the United States and the State of Illinois;
 - (2) United States treasury bills and other non-interest-bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
 - (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City, the Chicago Board of Education, the Chicago Housing Authority, the Chicago Park District, the Chicago Transit Authority, and the City Colleges of Chicago;
 - (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
 - (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement. Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
 - (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in *Custodial Credit Risk – Cash and Certificates of Deposit* below;
 - (7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
 - (8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
 - (9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
 - (10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;
 - (11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;
 - (12) Bonds of companies organized in the United States with assets exceeding \$1.0 billion that, at the time of purchase, are rated not less than two classes above investment grade, or equivalent rating, by at least two accredited ratings agencies;
 - (13) Debt instruments of international financial institutions, including but not limited to the World Bank and

**CITY OF CHICAGO, ILLINOIS
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YEAR ENDED DECEMBER 31, 2020**

the International Monetary Fund, that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;

- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;
- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;
- (16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;
- (17) Bonds, notes, debentures, or other similar obligations of agencies of the United States rated, at the time of purchase, no less than AAA by at least two accredited rating agencies.
- (18) Asset-backed or agency mortgage-backed securities, any of which are rated at least investment grade by at least two accredited rating agencies, but no funds may be invested in: (1) obligations the payment of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral that pays no principal (e.g., MBS Interest-Only Strips); (2) obligations the payment of which represents the principal balance repayments from the underlying mortgage-backed security collateral that pays no interest (e.g., MBS Principal-Only Strips); (3) collateralized mortgage obligations ("CMOs") that have a stated final maturity date of greater than 10 years; and (4) CMOs the interest rate of which is determined in a manner that adjusts in the opposite direction to the changes in a market index (e.g., Inverse Floating Rate CMOs).
- (19) Interest in the Chicago Community Catalyst Fund.

Total holdings across all funds held by the City shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies.

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

<u>Quality Rating</u>	<u>City</u>	<u>Quality Rating</u>	<u>Pension Trust Funds</u>
Aaa/AAA	\$ 3,834,720	Aaa/AAA	\$ 158,827
Aa/AA	1,237,930	Aa/AA	85,624
A/A	824,351	A/A	209,459
Baa/BBB	230,210	Baa/BBB	249,103
Ba/BB	-	Ba/BB	129,237
B/B	-	B/B	107,395
Caa/CCC	-	Caa/CCC	21,482
Ca	-	Ca/CC	239
C/CC	-	CC/C	949
D/D	-	D/D	1,821
P1/A1	2,113,116	Not Rated	211,543
P2/A2	620,983	Other	385,326
MIG1/SP-1+	-		
MIG2/SP-1+	-		
Not Rated*	342,462		
Total Funds	<u>\$ 9,203,772</u>		<u>\$ 1,561,005</u>

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

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

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

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

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$725.3 million. 99.4 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. \$4.6 million was uncollateralized at December 31, 2020, and thus was subject to custodial credit risk.

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

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

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Foreign Currency Risk	
Argentine Peso.....	\$ 120
Australian Dollar.....	51,967
Brazilian Real.....	27,994
British Pound.....	172,690
Canadian Dollar.....	60,130
Chilean Peso.....	2,415
Chinese Yuan.....	4,992
Columbian Peso.....	4,379
Czech Republic Koruna.....	3,151
Danish Krone.....	51,490
Egyptian Pound.....	639
European Euro.....	376,459
HK Chinese Yuan Renminbi.....	18,599
Hong Kong Dollar.....	185,606
Hungarian Forint.....	1,212
Indian Rupee.....	38,901
Indonesian Rupiah.....	16,307
Japanese Yen.....	278,855
Kenyan Shilling.....	273
Kuwaiti Dinar.....	172
Malaysian Ringgit.....	3,260
Mexican Peso.....	16,555
New Israeli Shekel.....	7,542
New Taiwan Dollar.....	65,303
New Zealand Dollar.....	2,139
Norwegian Krone.....	16,857
Philippines Peso.....	4,605
Polish Zloty.....	3,422
Qatari Rial.....	428
Russian Ruble.....	3,222
Singapore Dollar.....	12,004
South African Rand.....	20,044
South Korean Won.....	74,742
Swedish Krona.....	52,440
Swiss Franc.....	83,873
Taiwan Dollar.....	7,834
Thailand Baht.....	6,990
Turkish Lira.....	1,299
United Arab Emirates Dirham.....	178
Vietnamese Dong.....	195
Total Pension Trust Funds	<u>\$ 1,679,283</u>

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 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	\$ 9,203,772
Investments - Pension Trust Funds	8,873,565
	<u>\$ 18,077,337</u>
Per Financial Statements:	
Restricted Investments	\$ 3,473,548
Unrestricted Investments	2,661,673
Investments with Fiduciary Funds	8,310,158
Investments with Escrow Agent	523,970
Invested Securities Lending Collateral	400,045
Investments Included as Cash and Cash Equivalents on the Statement of Net Position	2,707,943
	<u>\$ 18,077,337</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 multiple classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (Assessed Valuation) for that parcel. These percentages range from 10.0 percent for certain residential, commercial, and industrial property to 25.0 percent for other commercial and industrial property.

In addition, the City uses Tax Increment Financing (TIF) for Special Areas. TIF Funds are used to build and repair roads and infrastructure, clean polluted land and put vacant properties back to productive use, usually in conjunction with private development projects. Funds are generated by growth in the Equalized Assessed Valuation (EAV) of properties within a designated district over a period of 23 years. Funding levels for specific projects are coordinated with area plans and goals. When an area is declared a TIF district, a base EAV is established and the amount of property tax distributed annually among the seven taxing bodies in the city from that area is limited to that derived from the base EAV. As property values increase in the area, all property tax growth generated from any incremental EAV above the base EAV can be used to fund redevelopment projects within the TIF district. The increase, or increment, can be used to pay back bonds issued to pay upfront costs, or can be used on a pay-as-you-go basis for individual projects. At the conclusion of the 23-year period, the TIF district expires and the incremental EAV is returned to the base EAV and all of the property tax revenue from the area is distributed annually among the seven taxing bodies in the city.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year, the Illinois 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 of Illinois and subtracts total amounts of EAV in Tax Increment Financing Districts to arrive at the base amount (Tax Base) used in calculating the annual tax rates.

The County Clerk computes the annual tax rate by dividing the levy by the Tax Base and then computes the rate for each parcel of real property by aggregating the tax rates of all governmental units having jurisdiction over that particular parcel. The County Treasurer then issues the tax bills. Property taxes are deposited with the County Treasurer, who remits to the City its respective share of the collections. Taxes levied in one year become due and payable in two

CITY OF CHICAGO, ILLINOIS
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installments during the following year on March 1 and August 1 or 30 days from mailing of tax bills if later than July 1. The first installment is 55.0 percent of the prior year's tax bill. The second installment tax bill equals the total tax liability for the year minus the first installment tax bill amount.

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

6) Interfund Balances and Transfers

a) The following balances at December 31, 2020 represent due from/to balances among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General	\$ 328,989	\$ 263,367
Federal, State and Local Grants	38,810	358,920
Special Taxing Areas	355,911	2,536
Service Concession and Reserve	-	28,803
Bond, Note Redemption and Interest *	66,423	3,605,480
STSC Debt Service *	3,456,986	-
Community Development and Improvement Projects ..	7,006	18,822
Pension	130,633	87,154
Nonmajor Governmental Funds	310,160	464,664
Total Governmental Funds	4,694,918	4,829,746
Enterprise Funds:		
Water	49,805	18,270
Sewer	28,528	47,589
Chicago Midway International Airport	3,176	12,681
Chicago-O'Hare International Airport	53,531	8,811
Chicago Skyway	-	15
Total Enterprise Funds	135,040	87,366
Fiduciary activities:		
Pension Trust	87,154	-
Total Fiduciary activities	87,154	-
Total	\$ 4,917,112	\$ 4,917,112

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

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

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
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b) The following balances at December 31, 2020 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 500,484	\$ 336,542
Federal, State and Local Grants.....	-	4,000
Special Taxing Areas	17,271	35,612
Service Concession and Reserve	-	16,029
Bond, Note Redemption and Interest	164,055	115,001
STSC Debt Service *	-	164,055
Community Development and Improvement Projects ..	5,956	18,680
Pension	543,798	-
Nonmajor Governmental Funds *	170,689	709,794
Total Governmental Funds	<u>1,402,253</u>	<u>1,399,713</u>
Business-type activities:		
Water	-	2,420
Sewer	-	120
Total Business-type activities	<u>-</u>	<u>2,540</u>
Total	<u>\$ 1,402,253</u>	<u>\$ 1,402,253</u>

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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7) Capital Assets

a) **Capital Assets** activity for the year ended December 31, 2020 was as follows (dollars in thousands):

	<u>Balance January 1, 2020</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Balance December 31, 2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,409,286	\$ 1,652	\$ (39)	\$ 1,410,899
Works of Art and Historical Collections	48,345	323	(48)	48,620
Construction in Progress	505,052	365,911	(212,733)	658,230
Total capital assets, not being depreciated	<u>1,962,683</u>	<u>367,886</u>	<u>(212,820)</u>	<u>2,117,749</u>
Capital assets, being depreciated:				
Buildings and Other Improvements	2,787,209	58,431	(8)	2,845,632
Machinery and Equipment	1,698,959	96,567	(9,772)	1,785,754
Infrastructure	10,421,055	173,888	-	10,594,943
Total capital assets, being depreciated	<u>14,907,223</u>	<u>328,886</u>	<u>(9,780)</u>	<u>15,226,329</u>
Less accumulated depreciation for:				
Buildings and Other Improvements	1,267,589	72,129	(8)	1,339,710
Machinery and Equipment	1,407,448	61,808	(8,469)	1,460,787
Infrastructure	5,403,969	325,294	-	5,729,263
Total accumulated depreciation	<u>8,079,006</u>	<u>459,231</u>	<u>(8,477)</u>	<u>8,529,760</u>
Total capital assets, being depreciated, net	<u>6,828,217</u>	<u>(130,345)</u>	<u>(1,303)</u>	<u>6,696,569</u>
Total governmental activities	<u>\$ 8,790,900</u>	<u>\$ 237,541</u>	<u>\$ (214,123)</u>	<u>\$ 8,814,318</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,028,525	\$ 9,647	\$ -	\$ 1,038,172
Construction in Progress	2,075,543	1,140,116	(706,250)	2,509,409
Total capital assets, not being depreciated	<u>3,104,068</u>	<u>1,149,763</u>	<u>(706,250)</u>	<u>3,547,581</u>
Capital assets, being depreciated:				
Buildings and Other Improvements	21,639,277	848,991	(36,309)	22,451,959
Machinery and Equipment	844,261	63,126	(4,101)	903,286
Total capital assets, being depreciated	<u>22,483,538</u>	<u>912,117</u>	<u>(40,410)</u>	<u>23,355,245</u>
Less accumulated depreciation for:				
Buildings and Other Improvements	6,685,029	459,192	(7,875)	7,136,346
Machinery and Equipment	462,336	24,282	(365)	486,253
Total accumulated depreciation	<u>7,147,365</u>	<u>483,474</u>	<u>(8,240)</u>	<u>7,622,599</u>
Total capital assets, being depreciated, net	<u>15,336,173</u>	<u>428,643</u>	<u>(32,170)</u>	<u>15,732,646</u>
Total business-type activities	<u>\$ 18,440,241</u>	<u>\$ 1,578,406</u>	<u>\$ (738,420)</u>	<u>\$ 19,280,227</u>
Total Capital Assets	<u>\$ 27,231,141</u>	<u>\$ 1,815,947</u>	<u>\$ (952,543)</u>	<u>\$ 28,094,545</u>

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

Governmental activities:	
General Government	\$ 28,393
Public Safety	57,041
Streets and Sanitation	17,340
Transportation	335,468
Health	630
Cultural and Recreational	20,359
Total Depreciation Expense - Governmental activities	<u>\$ 459,231</u>
Business-type activities:	
Water	\$ 82,253
Sewer	50,964
Chicago Midway International Airport	50,018
Chicago-O'Hare International Airport	292,212
Chicago Skyway	8,027
Total Depreciation Expense - Business-type activities	<u>\$ 483,474</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$25.2 million for the year ended December 31, 2020.

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

2021	\$ 16,894
2022	14,355
2023	14,123
2024	13,948
2025	14,797
2026-2030	74,746
2031-2035	76,876
2036-2040	2,152
2041-2042	44
Total Future Rental Expense	<u>\$ 227,935</u>

b) **Lease Receivables**

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2020 (dollars in thousands):

2021	\$ 367,523
2022	365,349
2023	356,454
2024	338,974
2025	338,763
2026 - 2030	1,673,443
2031 - 2035	1,116,416
2036 - 2040	301,380
2041 - 2045	292,231
2046 - 2050	220,851
2051 - 2055	65,335
Total Minimum Future Rental Income	<u>\$ 5,436,719</u>

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Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel consumption 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 \$474.8 million, including contingent rentals of \$23.0 million.

Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2020 (dollars in thousands):

2021	\$	77,761
2022		78,968
2023		79,854
2024		80,813
2025		79,351
2026 - 2030		249,908
2031 - 2035		69,970
2036 - 2040		2,503
2041 - 2045		1,168
Total Minimum Future Rental Income	\$	<u>720,296</u>

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to \$137.6 million, including contingent rentals of \$51.2 million.

9) Short-term Debt

There was no short-term debt issued during 2020.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

10) Long-term Obligations

a) **Long-term Debt** activity for the year ended December 31, 2020 was as follows (in thousands):

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Amounts Due within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation and other debt	\$ 7,908,489	\$ 466,495	\$ 1,620,732	\$ 6,754,252	\$ 63,893
Line of Credit (LOC)	-	500,000	-	500,000	-
Total General Obligation Debt, other debt and LOC.....	<u>7,908,489</u>	<u>966,495</u>	<u>1,620,732</u>	<u>7,254,252</u>	<u>63,893</u>
Tax increment	16,195	-	4,135	12,060	4,375
Revenue	245,414	-	66,312	179,102	5,037
STSC	<u>2,641,865</u>	<u>1,016,915</u>	<u>3,000</u>	<u>3,655,780</u>	<u>3,150</u>
	10,811,963	1,983,410	1,694,179	11,101,194	76,455
Add unamortized premium/(discount)	193,890	202,804	54,070	342,624	-
Add accretion of capital appreciation bonds	<u>330,174</u>	<u>28,751</u>	<u>22,936</u>	<u>335,989</u>	<u>25,673</u>
Total bonds, notes and certificates payable	<u>11,336,027</u>	<u>2,214,965</u>	<u>1,771,185</u>	<u>11,779,807</u>	<u>102,128</u>
Other liabilities:					
Net pension liability	28,252,526	1,190,938	-	29,443,464	-
Net other postemployment benefits liability.....	828,787	1,134,553	-	1,963,340	-
Pollution remediation	43,838	-	203	43,635	-
Claims and judgments	<u>1,043,713</u>	<u>182,117</u>	<u>195,677</u>	<u>1,030,153</u>	<u>210,554</u>
Total other liabilities	<u>30,168,864</u>	<u>2,507,608</u>	<u>195,880</u>	<u>32,480,592</u>	<u>210,554</u>
Total governmental activities	<u>\$ 41,504,891</u>	<u>\$ 4,722,573</u>	<u>\$ 1,967,065</u>	<u>\$ 44,260,399</u>	<u>\$ 312,682</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water	\$ 2,497,156	\$ 11,017	\$ 99,399	\$ 2,408,774	\$ 104,492
Sewer	1,895,495	121,325	63,686	1,953,134	68,023
Chicago-O'Hare International Airport	10,047,551	1,219,115	1,657,100	9,609,566	194,650
Chicago Midway International Airport	<u>1,677,005</u>	<u>20,000</u>	<u>48,185</u>	<u>1,648,820</u>	<u>53,895</u>
	16,117,207	1,371,457	1,868,370	15,620,294	421,060
Add unamortized premium/(discount)	920,786	143,039	116,373	947,452	-
Add accretion of capital appreciation bonds	75,114	5,390	7,148	73,356	9,498
Net pension liability	<u>3,535,131</u>	<u>62,189</u>	<u>82,533</u>	<u>3,514,787</u>	<u>-</u>
Total business-type activities	<u>\$ 20,648,238</u>	<u>\$ 1,582,075</u>	<u>\$ 2,074,424</u>	<u>\$ 20,155,889</u>	<u>\$ 430,558</u>
Total long-term obligations	<u>\$ 62,153,129</u>	<u>\$ 6,304,648</u>	<u>\$ 4,041,489</u>	<u>\$ 64,416,288</u>	<u>\$ 743,240</u>

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

b) Issuance of New Debt

i) General Obligation Line of Credit

In December 2020, the City drew \$500.0 million from a new General Obligation Line of Credit to address 2020 fiscal year revenue shortfalls due to the COVID-19 pandemic. The Line of Credit has an extension provision to June 30, 2022. The interest rate as of December 31, 2020, was 1.9875 percent. The Line of Credit is a direct and general obligation of the City payable from any funds legally available but there is no specific property tax levy dedicated to the payment of debt service. In an Event of Default, the interest rate would be set at the Default Rate and all outstanding amounts may become immediately due. The Default Rate is equal to the greater of the then applicable interest rate plus 3 percent or 10.5 percent, provided, however, that the Default Rate shall never exceed the Maximum Rate of 18 percent. In addition, at December 31, 2020, the City had an unused line of credit of \$100.0 million.

ii) General Obligation Bonds

The General Obligation Bonds, Series 2020A (\$466.5 million) bonds were sold at a premium (\$89.4 million) in January 2020. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from January 1, 2021 to January 1, 2032. The net proceeds of \$551.6 million were used by the City to refund certain outstanding General Obligation bonds and to fund capitalized interest. The refunding of the bonds decreased the City's total debt service payments by \$104.6 million, resulting in a net economic gain of approximately \$91.3 million and a book gain of approximately \$3.3 million.

iii) Enterprise Fund Revenue Bonds and Notes

Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020A Non-AMT (\$494.3 million), Series 2020B Non-AMT Private Activity (\$137.2 million), Series 2020C Non-AMT (\$59.9 million), Series 2020D Taxable (\$465.8 million) and Series 2020E Non-AMT (\$61.9 million) were sold at a premium (\$143.1 million) in October 2020. The bonds have interest rates ranging from 0.96 percent to 5.00 percent and maturity dates from January 1, 2023 to January 1, 2040. The net proceeds of \$1,362.2 million were used to refund certain maturities (\$1,344.8 million) of General Airport Revenue Bonds outstanding, to fund the debt service reserve (\$6.6 million) and to pay the cost of issuance of the bonds (\$10.8 million). The current refunding of the bonds decreased the City's total debt service payments by \$241.3 million, resulting in a net economic gain of approximately \$179.2 million and a book loss of approximately \$10.7 million.

In 2020, \$20.0 million of Chicago Midway International Airport Commercial Paper Notes were issued. Outstanding Midway Commercial Paper Notes on December 31, 2020 were \$20.0 million. The proceeds were used to finance portions of the costs of authorized airport projects. At December 31, 2020, Midway had an unused line of credit of \$40.0 million. In an Event of Default, the Facility Fee rate that is in effect on the date of the default will increase by 1.00 percent per annum. In the event of long-term rating assigned to the Junior Lien Obligation Bonds, by either S&P or Fitch, the Facility Fee rate then in effect will increase by 1.00 percent per annum.

A loan agreement was signed on March 18, 2019, with the Illinois Environment Protection Agency as part of a 5-year rehabilitation program conducted throughout the city. Approximately 9 miles of 12-to-60-inch diameter sewer main will replace existing, aging sewer main. In 2020, the Sewer Fund drew \$29.8 million from this loan agreement. The loan agreement has an interest rate of 1.84 percent with a maturity from April 7, 2021 to October 7, 2040.

A loan agreement was signed on December 14, 2020, with the Illinois Environment Protection Agency of a 5-year rehabilitation program conducted throughout the city. Approximately 26,900 lineal feet of 12-to-60-inch diameter sewer main will replace existing, aging sewer main. In 2020, the Sewer Fund drew \$48.9 million from this loan agreement. The loan agreement has an interest rate of 1.84 percent with a maturity from April 9, 2021 to April 9, 2040.

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A loan agreement was signed on May 25, 2018, with the Illinois Environment Protection Agency as part of a 5-year sewer rehabilitation program conducted throughout the City. In 2020, the Sewer Fund drew \$26.1 million from this loan agreement. The loan agreement has an interest rate of 1.76 percent with a maturity from July 15, 2020 to January 15, 2040.

A loan agreement was signed on April 5, 2018, with the Illinois Environment Protection Agency to replace linings of aging sewer mains throughout the city. In 2020, the Sewer Fund drew \$1.1 million. Total funds drawn from this loan are \$17.6 million. The loan agreement has an interest rate of 1.76 percent with a maturity from October 26, 2019 to April 26, 2039.

A loan agreement was signed on April 5, 2018, with the Illinois Environment Protection Agency to replace 55 miles of existing sewer mains, throughout the city. In 2020, the Sewer Fund drew \$13.4 million. Total funds drawn from this loan are \$59.9 million. The loan agreement has an interest rate of 1.76 percent with a maturity from December 19, 2019 to December 19, 2038.

A loan agreement was signed on May 16, 2017, with the Illinois Environment Protection Agency as part of a 5-year rehabilitation program conducted throughout the city. Approximately 27,600 linear feet of 12 to 60 inch diameter sewer main will replace existing aging sewer main. In 2020, the Sewer Fund drew \$1.9 million. Total funds drawn from this loan are \$27.4 million. The loan agreement has an interest rate of 1.75 percent with the maturity dates from May 7, 2019 to November 7, 2038.

On April 13, 2018, a loan agreement was signed with the Illinois Environmental Protection Agency for the citywide water main replacement program. In 2020, the Water Fund drew \$10.9 million. Total funds drawn from this loan are \$106.1 million. The loan agreement has an interest rate of 1.76 percent with maturity dates from November 25, 2020 to May 25, 2039.

On May 27, 2014, a loan agreement was signed with the Illinois Environmental Protection Agency for the Eugene Sawyer Water Purification Plant. In 2020, the Water Fund drew \$0.1 million. Total funds drawn from this loan agreement are \$44.6 million. The loan agreement has an interest rate of 1.99 percent with maturity dates from March 9, 2018 to September 9, 2037.

iv) STSC Bonds and Notes

The Sales Tax Securitization Corporation Second Lien Sales Tax Securitization Bonds, Series 2020A bonds were sold at a premium in January 2020, while the Taxable Series 2020B bonds were sold at par. The Series 2020A bonds have interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from January 1, 2025 and January 1, 2040; the Taxable Series 2020B bonds have interest rates ranging from 2.128 percent to 3.411 percent and maturity dates from January 1, 2023 and January 1, 2043. The net proceeds of \$1,119.2 million were transferred to the City in exchange for a pledge of the City's Sales Tax Revenues and used by the City to refund or retire all or a portion of certain outstanding General Obligation bonds and to fund capitalized interest. The current refunding of the bonds decreased the City's total debt service payments by \$130.4 million, resulting in a net economic gain of approximately \$178.1 million and a book loss of approximately \$92.3 million.

- c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Except for the Business-type activities, bonds maturing and interest payable January 1, 2020 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2020 are as follows (dollars in thousands):

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Year Ending December 31,	General Obligation		Tax Increment	
	Principal	Interest	Principal	Interest
2021	\$ 91,270	\$ 405,135	\$ 4,375	\$ 494
2022	222,915	407,782	7,685	192
2023	215,151	397,973	-	-
2024	212,643	388,079	-	-
2025	217,421	378,579	-	-
2026-2030	1,292,244	1,715,271	-	-
2031-2035	1,946,159	1,248,778	-	-
2036-2040	1,668,876	581,600	-	-
2041-2045	673,611	129,132	-	-
2046-2048	166,830	18,679	-	-
	<u>\$ 6,707,120</u>	<u>\$ 5,671,008</u>	<u>\$ 12,060</u>	<u>\$ 686</u>

Amounts above exclude the Line of Credit as the timing of payments is not certain.

Year Ending December 31,	Revenue		Sales Tax Securitization Corporation		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 5,427	\$ 7,098	\$ 47,685	\$ 157,282	\$ 421,060	\$ 717,430
2022	5,831	6,835	79,165	155,207	339,533	712,330
2023	6,276	6,551	109,985	152,375	512,071	694,029
2024	6,734	6,261	113,600	148,762	562,501	670,937
2025	7,232	5,937	118,135	144,227	601,556	635,757
2026-2030	44,402	24,122	676,940	632,630	3,181,610	2,814,285
2031-2035	33,782	13,816	668,580	488,238	3,521,475	1,980,324
2036-2040	21,641	9,218	777,110	336,869	2,899,529	1,191,452
2041-2045	27,571	5,411	741,790	169,632	1,453,086	635,504
2046-2050	15,169	778	319,640	21,732	1,216,242	360,449
2051-2054	-	-	-	-	891,631	93,885
	<u>\$ 174,065</u>	<u>\$ 86,027</u>	<u>\$ 3,652,630</u>	<u>\$ 2,406,954</u>	<u>\$ 15,600,294</u>	<u>\$ 10,506,382</u>

For the debt requirements calculated above, interest rates for fixed rate bonds debt range from 0.12 percent to 7.781 percent and interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2020. Letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

O'Hare and Midway have variable rate bonds that may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate, or the fixed rate as determined by the remarketing agent, in consultation with the City. An irrevocable letter of credit provides for the timely payment of principal and interest on the O'Hare's and Midway's variable rate Bonds. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement. As of December 31, 2020, the principal balance of variable rate bonds was \$0 million and \$237.3 million for O'Hare and Midway, respectively.

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d) **Derivatives**

i) **Interest Rate Swaps**

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

	Changes in Fair Value		Fair Value at December 31, 2020		Notional Amount
	Classification	Amount	Classification	Amount	
Business-type Activities					
Hedges:					
	Deferred		Deferred		
	Outflow of		Outflow of		
Interest Rate Swaps	Resources	\$ (4,514)	Resources	\$ (29,473)	\$ 112,625

(2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instruments outstanding as of December 31, 2020, are as follows. The notional amounts of the swaps approximate the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps on a net basis for each related series of bonds, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The terms as of December 31, 2020, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termi- nation Date	Counter- party Credit Rating
Hedging Instruments						
Business-type Activities:						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D):						
Counterparty Goldman Sachs Bank USA...	\$ 67,575	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	\$ (17,469)	1/1/2035	A+/A+
Counterparty Wells Fargo Bank NA.....	45,050	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(12,004)	1/1/2035	AA-/A+
			Total	<u>\$ (29,473)</u>		

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

(3) *Fair Value.* As of December 31, 2020, the swaps had a negative fair value of \$29.4 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values.

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

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- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Rollover Risk.* The risk that the City may be exposed to rising variable interest rates if (i) the swap expires or terminates prior to the maturity of the bonds and (ii) the City is unable to renew or replace the swap.
- (9) *Swap payments and associated debt.* As of December 31, 2020, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2021	\$ 5,350	\$ 126	\$ 4,402	\$ 9,878
2022	5,675	120	4,171	9,966
2023	5,925	113	3,929	9,967
2024	6,200	105	3,677	9,982
2025	6,475	98	3,413	9,986
2026-2030	36,950	363	12,688	50,001
2031-2035	46,050	117	4,086	50,253
	<u>\$ 112,625</u>	<u>\$ 1,042</u>	<u>\$ 36,366</u>	<u>\$ 150,033</u>

e) **Debt Covenants**

- i) **Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal the greater of (i) 120 percent of the aggregate debt service requirement for the fiscal year on all the outstanding senior lien bonds, or (ii) the sum of (A) aggregate debt service requirements for the fiscal year on the outstanding senior lien bonds, plus (B) 110 percent of the aggregate debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding water commercial paper notes, plus (E) annual debt service requirement on any outstanding water line of credit. This requirement was met at December 31, 2020.
- ii) **Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal (A) 115 percent of the aggregate debt service requirement for the fiscal year on the outstanding senior lien bonds, plus (B) the sum of the aggregate annual debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) 115 percent of the aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding debt service on any outstanding wastewater line of credit and commercial paper notes. This requirement was met at December 31, 2020.
- iii) **Chicago Midway International Airport Fund** - The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires that the City fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for services rendered by the City in the operation of Midway in order that, in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the Trustee with respect to such Fiscal Year and any cash balance held in the Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient (a) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (b) to provide for the greater of (i) the amounts needed to make the Deposits required during such Fiscal Year into the Debt Service Funds, the Operations & Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate Debt Service for the Bond Year commencing during such Fiscal Year reduced by an amount equal to the sum of any amount held in any Capitalized Interest Account for disbursement during such Fiscal Year to pay interest on First Lien Bonds. These requirements were met at December 31, 2020.

The Master Indenture of Trust securing Chicago Midway Airport Second Lien Obligations requires that the City fix and establish and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for certain services rendered by the City in the operation of Midway in order that in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the First Lien Trustee or the Second Lien Trustee with respect to such Fiscal Year and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account under the First Lien Indenture for the Second Lien Indenture, will be at least sufficient (1) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (2) to provide for the greater of (A) or (B) as follows: (A) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above; or (B) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above or an amount not less than 110 percent of the sum of Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year, reduced by (X) any amount held in any Capitalized Interest Account for disbursement during such Bond Year to pay interest on First Lien Bonds, and (Y) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture under the Second Lien Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations. These requirements were met at December 31, 2020.

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During 2020, Midway received CARES Act funds of \$82.3 million. These funds are available for any airport purpose, including debt service payments, thus CARES Act funds has been included in the calculation of the debt service covenant.

- iv) **Chicago-O'Hare International Airport Fund** - The Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Senior Lien Obligations requires that the City will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of O'Hare in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (b) one and twenty-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations. This requirement was met at December 31, 2020.

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

The Indenture of Trust Securing Chicago O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds requires that, as long as any Bonds remain Outstanding, in each Fiscal Year, the City shall set the amount of the CFC (when multiplied by the total number of projected Contract Days) plus projected Facility Rent at an annual level sufficient to provide sufficient funds (1) to pay principal of and interest on the Bonds due in such Fiscal Year, (2) to reimburse the Rolling Coverage Fund, the Supplemental Reserve Fund, the Debt Service Reserve Fund and any Subordinate Reserve Fund for any drawings upon such Funds over a period not to exceed twelve months, as determined by the City, (3) to provide funds necessary to pay any "yield reduction payments" or rebate amounts due to the United States under the Indenture for which funds in the Rebate Fund or the CFC Stabilization Fund are not otherwise available, (4) to maintain the balance of the CFC Stabilization Fund in an amount of no less than the CFC Stabilization Fund Minimum Requirement and to reimburse any drawings below the CFC Stabilization Fund Minimum Requirement over a period not to exceed twelve months, as determined by the City, and (5) to maintain the balance of the Operation and Maintenance Fund in an amount of no less than the Operation and Maintenance Fund Requirement and to reimburse any drawings below the Operation and Maintenance Fund Minimum Requirement over a period of not to exceed twelve months, as determined by the City.

During 2020, O'Hare received CARES Act funds of \$294.4 million. These funds are available for any airport purpose, including debt service payments, thus CARES Act funds has been included in the calculation of the debt service covenant.

- 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

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to provide for their repayment, which is the responsibility of the borrowing entities. In addition, federal programs/grants, including Community Development Block Grants and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future programs/grants expenditures.

- g) **Defeased Bonds** have been removed from the Statement of Net Position because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2020 are as follows (dollars in thousands):

	<u>Amount</u> <u>Defeased</u>	<u>Outstanding</u>
General Obligation Emergency Telephone System - Series 1993	\$ 213,730	\$ 44,230
General Obligation Refunding Bonds - Series 1993B	11,550	7,190
General Obligation Neighborhoods Alive 21 Program - Series 2002B	5,730	5,730
General Obligation Project and Refunding Bonds - Series 2003B	13,775	13,775
General Obligation Project and Refunding Bonds - Series 2004A	75,835	-
Direct Access Bonds - Series 2005	48,824	-
General Obligation Project and Refunding Bonds - Series 2006A	67,785	-
City Colleges of Chicago Capital Improvement Project - Series 2007	30,185	-
General Obligation Project and Refunding Bonds - Series 2007A	229,295	-
General Obligation Project and Refunding Bonds - Series 2007C	132,375	-
General Obligation Project and Refunding Bonds - Series 2008B	11,720	8,365
General Obligation Project and Refunding Bonds - Series 2008C	39,090	-
General Obligation Bonds - Series 2008D	50,470	-
General Obligation Project and Refunding Bonds - Series 2008E	65,195	44,755
General Obligation Refunding Bonds - Series 2009A	389,950	-
General Obligation Project and Refunding Bonds - Series 2009B	22,470	-
General Obligation Project Bonds - Series 2010C	11,400	-
General Obligation Project Bonds - Series 2011B	16,845	-
General Obligation Project and Refunding Bonds - Series 2012B	96,420	-
General Obligation Project Bonds - Series 2012C	33,115	33,115
General Obligation Project and Refunding Bonds - Series 2014A	6,850	6,850
General Obligation Project and Refunding Bonds - Series 2014B	113,730	-
General Obligation Bonds - Series 2015A	13,845	13,845
General Obligation Bonds - Series 2015B	450,827	337,720
General Obligation Refunding Bonds - Series 2015C	111,710	111,710
General Obligation Project Bonds - Series 2017B	55,375	55,375
Lakefront Millennium Project Parking Facilities Bonds - Series 1998	149,880	29,810
Modern Schools Across Chicago Program - Series 2007G	14,250	-
Modern Schools Across Chicago Program - Series 2007K	3,435	-
Chicago Infrastructure Trust Notes	9,589	-
Motor Fuel Tax Revenue Bonds - Series 2008A	61,340	-
Sales Tax Revenue Bonds - Series 2002	110,580	104,090
Sales Tax Revenue Bonds - Series 2009A	68,730	-
Sales Tax Revenue Bonds - Series 2009B	2,150	-
Sales Tax Revenue Refunding Bonds - Series 2009C	20,012	20,012
Sales Tax Revenue Refunding Bonds - Series 2011A	214,340	214,340

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Defeased Bonds - Concluded:	Amount Defeased	Outstanding
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2004F	\$ 7,250	\$ 7,250
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2005C	140,600	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2005D	100,000	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2010A	13,645	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2010B	250,000	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2010C	171,450	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2010F	93,030	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011A	420,155	420,155
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011B	121,905	121,905
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011C	283,925	283,925
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2012A	167,435	167,435
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2012B	186,000	186,000
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2013A	32,845	32,845
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2013B	16,305	16,305
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013C	2,135	2,135
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013D	6,570	6,570
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2015B	53,490	53,490
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2015D	2,820	2,820
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2016B	2,105	2,105
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds - Series 2010A	24,965	-
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds - Series 2010B	51,305	-
Chicago Midway International Airport Second Lien Revenue Refunding Bonds - Series 2010C	60,090	-
Special Transportation Revenue Bonds - Series 2001	118,715	69,570
	<u>\$ 5,299,142</u>	<u>\$ 2,423,422</u>

11) Pension Funds and Other Postemployment Benefits

a) Pension

General Information about the Pension Plan

Plan Description – Eligible City employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers');

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the Policemen’s Annuity and Benefit Fund of Chicago (Policemen’s); and the Firemen’s Annuity and Benefit Fund of Chicago (Firemen’s). The plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by Plan members. Certain employees of the Chicago Board of Education participate in Municipal Employees’ or Laborers’. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that may be obtained at www.meabf.org, www.labfchicago.org, www.chipabf.org, and www.fabf.org.

Benefits provided - The Plans provide retirement, disability, and death benefits as established by State of Illinois law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen’s and Firemen’s, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees’ and Laborers’, those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees’ and Laborers’, those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. Public Act 100-0023 (P.A. 100-0023), which established the requirements for Tier 3 employees, includes a provision for Tier 2 employees to elect to be considered as Tier 3 employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee’s highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

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

Employees covered by benefit terms - At December 31, 2020, the following employees were covered by the benefit terms:

	Municipal				
	Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries					
currently receiving benefits	25,471	3,646	13,900	5,221	48,238
Inactive employees entitled					
to but not yet receiving benefits	20,139	1,486	801	124	22,550
Active employees	31,327	2,564	12,715	4,697	51,303
	<u>76,937</u>	<u>7,696</u>	<u>27,416</u>	<u>10,042</u>	<u>122,091</u>

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

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For Policemen's and Firemen's, Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to the Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, \$792 million; and in payment year 2020, \$824 million. Additionally, P.A. 99-0506 requires that beginning in payment year 2021, the City's annual contributions to PABF and FABF each be an amount actuarially determined to be sufficient to produce a funding level of 90 percent for each such Plan by the end of 2055.

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

Net Pension Liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial reports were provided by each of the pension funds.

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Inflation	2.50%	2.25%	2.25%	2.25%
Salary Increases	3.50%-7.75% (a)	3.00% (b)	3.50% (c)	3.50%-25.00% (d)
Investment Rate of Return .	7.00% (e)	7.25% (e)	6.75%	6.75% (e)

- (a) (1.50%-6.50% for 2020-2022), varying by years of service
- (b) plus a service-based increase in the first 9 years
- (c) plus additional percentage related to service
- (d) varying by years of service
- (e) net of investment expense

Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table (Blue Collar mortality table for Laborers' and Firemen's) and Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table for Policemen's for males or females, with generational mortality improvement scales using MP-2016 for Municipal Employees', MP-2017 for Laborers' and Firemen's, and MP-2018 for Policemen's as appropriate. Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table (Blue Collar mortality table for Laborers' and Firemen's) and Pub-2010 Amount-weighted Safety Employee Mortality Table for Policemen's. Disabled mortality rates were based on the Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table for Policemen's and RP-2014 Blue Collar Healthy Annuitant Mortality Table for Firemen's.

The mortality actuarial assumptions used in the December 31, 2020 valuation were adjusted based on the results of actuarial experience study for the period as noted below:

- Municipal Employees' - January 1, 2012 - December 31, 2016
- Laborers' - January 1, 2012 - December 31, 2016
- Policemen's - January 1, 2014 - December 31, 2018
- Firemen's - January 1, 2012 - December 31, 2016

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

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target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class:	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Municipal Employees'	Laborers'	Policemen's	Firemen's
Equity	-	-	-	60.0%	-	-	-	6.68%
Domestic equity	26.0%	-	-	-	7.30%	-	-	-
U.S. equity	-	25.0%	21.0%	-	-	5.30%	5.68%	-
Non U.S. equity	-	20.0%	21.0%	-	-	5.30%	6.85%	-
Global equity	5.0%	-	-	-	7.50%	-	-	-
Global low volatility equity ..	-	5.0%	-	-	-	4.20%	-	-
International equity	17.0%	-	-	-	7.50%	-	-	-
Fixed income	25.0%	20.0%	22.0%	20.0%	2.30%	(1.20%)	1.11%	2.19%
Hedge funds	10.0%	10.0%	7.0%	-	5.50%	2.80%	3.30%	-
Infrastructure	2.0%	-	-	-	7.30%	-	-	-
Private debt	-	3.0%	-	-	-	7.40%	-	-
Private equity	5.0%	4.0%	-	-	10.80%	9.10%	-	-
Private markets	-	-	17.0%	-	-	-	7.41%	-
Global asset allocation	-	-	5.0%	-	-	-	3.89%	-
Real estate	10.0%	10.0%	7.0%	8.0%	6.00%	3.40%	5.42%	5.75%
Private real assets	-	3.0%	-	-	-	4.90%	-	-
Other investments	-	-	-	12.0%	-	-	-	4.66%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>				

Discount Rate

Municipal Employees' - The Single Discount Rate used to measure the total pension liability as of December 31, 2020 was 7.0 percent. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service cost of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Laborers' - A Single Discount Rate of 6.84 percent was used to measure the total pension liability as of December 31, 2020. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 2.00 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's - A Single Discount Rate of 6.28 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 2.00 percent (based on the most recent date available on or before the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to

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determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's - A Single Discount Rate of 6.30 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 2.12 percent (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 99-0506. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through the year 2077. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied thereafter to determine the total pension liability.

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

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Total pension liability					
Service cost	\$ 236,302	\$ 39,216 *	\$ 286,537 *	\$ 109,487	\$ 671,542
Interest	1,190,694	191,099	942,623	410,128	2,734,544
Benefit changes	-	-	-	-	-
Differences between					
expected and actual experience	100,938	(18,992)	61,914	174,717	318,577
Assumption changes	-	44,034	260,021	30,468	334,523
Benefit payments including refunds	(973,478)	(169,056)	(841,598)	(366,160)	(2,350,292)
Pension plan administrative expenses	-	(3,616)	(4,359)	-	(7,975)
Net change in total pension liability	554,456	82,685	705,138	358,640	1,700,919
Total pension liability:					
Total pension liability - Beginning	17,260,356	2,775,649	14,789,602	6,542,491	41,368,098
Total pension liability - Ending (a)	\$ 17,814,812	\$ 2,858,334	\$ 15,494,740	\$ 6,901,131	\$ 43,069,017
Plan fiduciary net position					
Contributions-employer	\$ 496,992	\$ 73,744	\$ 739,441	\$ 368,423	\$ 1,678,600
Contributions-employee	157,798	18,064	113,622	54,414	343,898
Net investment income (loss)	335,403	163,057	271,891	105,367	875,718
Benefit payments including					
refunds of employee contribution	(973,478)	(169,056)	(841,598)	(366,160)	(2,350,292)
Administrative expenses	(7,118)	(3,616)	(4,359)	(2,991)	(18,084)
Other	-	-	472	13	485
Net change in plan fiduciary net position ..	9,597	82,193	279,469	159,066	530,325
Plan fiduciary net position - beginning	4,080,642	1,187,549	3,162,429	1,149,821	9,580,441
Plan fiduciary net position - ending (b)	\$ 4,090,239	\$ 1,269,742	\$ 3,441,898	\$ 1,308,887	\$ 10,110,766
Net pension liability-ending (a)-(b)	\$ 13,724,573	\$ 1,588,592	\$ 12,052,842	\$ 5,592,244	\$ 32,958,251

* Includes pension plan administrative expense

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Changes in Actuarial Assumptions: Changes in the municipal bond rate resulted in a decrease in the single discount rate for Laborers', Policemen, and Firemen. See discount rate section above.

The change in the single discount rate and other assumptions increased the net pension liability by \$44.0 million for Laborers' and \$260.0 million for Policemen and \$30.5 million for Firemen. These changes are being amortized into expense over a four year period for Laborers' and a six year period for Policemen and Firemen.

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

Municipal Employees' - The following presents the net pension liability as of December 31, 2020, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (dollars in thousands):

		Current	
	1% Decrease	Discount Rate	1% Increase
Net pension liability December 31, 2020			
Municipal Employees' discount rate	6.00%	7.00%	8.00%
Municipal Employees' net pension liability	\$ 15,939,911	\$ 13,724,573	\$ 11,883,470

Laborers' - The following presents the net pension liability as of December 31, 2020, calculated using the discount rate of 6.84 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.84 percent) or 1 percentage point higher (7.84 percent) than the current rate (dollars in thousands):

		Current	
	1% Decrease	Discount Rate	1% Increase
Net pension liability December 31, 2020			
Laborers' discount rate	5.84%	6.84%	7.84%
Laborers' Employees' net pension liability	\$ 1,928,493	\$ 1,588,592	\$ 1,303,413

Policemen's - The following presents the net pension liability as of December 31, 2020, calculated using the discount rate of 6.28 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.28 percent) or 1 percentage point higher (7.28 percent) than the current rate (dollars in thousands):

		Current	
	1% Decrease	Discount Rate	1% Increase
Net pension liability December 31, 2020			
Policemen's Employees' discount rate	5.28%	6.28%	7.28%
Policemen's Employees' net pension liability	\$ 13,984,310	\$ 12,052,842	\$ 10,444,664

Firemen's - The following presents the net pension liability as of December 31, 2020, calculated using the discount rate of 6.30 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.30 percent) or 1 percentage point higher (7.30 percent) than the current rate (dollars in thousands):

		Current	
	1% Decrease	Discount Rate	1% Increase
Net pension liability December 31, 2020			
Firemen's Employees' discount rate	5.30%	6.30%	7.30%
Firemen's Employees' net pension liability	\$ 6,430,419	\$ 5,592,244	\$ 4,891,244

Pension plan fiduciary net position

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

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

For the year ended December 31, 2020, the City recognized pension expense/(benefit) of (\$628.9) million for Municipal Employees', \$1,018.8 million for Policemen's, \$593.7 million for Firemen's, and (\$39.8) million for Laborers', for a total pension expense of \$943.8 million. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Municipal Employees'		Laborers'		Policemen's		Firemen's	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 128,972	\$ 35,551	\$ 4,298	\$ 18,745	\$ 52,791	\$ 289,486	\$ 160,185	\$ 71,851
Changes of assumptions	-	1,486,238	49,772	3,346	1,112,455	134,491	482,726	10,987
Net difference between projected and actual earnings on pension plan investments	-	101,620	-	94,334	-	41,899	-	54,075
Total	<u>\$ 128,972</u>	<u>\$ 1,623,409</u>	<u>\$ 54,070</u>	<u>\$ 116,425</u>	<u>\$ 1,165,246</u>	<u>\$ 465,876</u>	<u>\$ 642,911</u>	<u>\$ 136,913</u>

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

Year ended December 31:	Municipal Employees'	Laborers'	Policemen's	Firemen's
2021	\$ (1,514,351)	\$ (18,753)	\$ 113,634	\$ 158,629
2022	66,693	5,474	141,144	178,923
2023	(51,675)	(32,347)	77,942	77,127
2024	4,896	(16,729)	176,474	44,033
2025	-	-	160,594	32,847
2026	-	-	29,582	-
Thereafter	-	-	-	14,439
Total	<u>\$ (1,494,437)</u>	<u>\$ (62,355)</u>	<u>\$ 699,370</u>	<u>\$ 505,998</u>

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

For the year ended December 31, 2020, the City reported a pension benefit of \$10.4 million, deferred inflows of \$284.9 million and deferred outflows of \$208.0 million related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension expense/(benefit) over a period of five years.

Payable to the Pension Plans

At December 31, 2020, the City reported a payable of \$873.4 million in accrued and other liabilities for the outstanding amount of contributions to the pension plans required for the year ended December 31, 2020.

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

General Information about the OPEB Plan

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

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

Benefits provided

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

With respect to the Fraternal Order of Police, as of the date of this report, negotiations are ongoing regarding a new collective bargaining agreement which covers the retiree health benefits. Under the “maintenance of effort” protocols, the provisions of the prior agreement are honored until a new agreement is signed. Under the prior agreement, certain employees retiring at age 55 or later are entitled to healthcare benefits comparable to those described in the preceding paragraph, with the employees required to contribute 2 percent of their pension for health care coverage.

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

Prior reporting was based upon an assumed expiration date of 2022 for the CBA benefit. The City’s position is to eliminate all post-retirement health benefits except for statutorily required benefits and benefits under the Settlement Plan for the Korshak and Window closed group members. At this time, it is not known whether or when the CBA special early retirement health benefits will be specifically eliminated, modified, or extended. Therefore, this year’s reporting of liabilities is based upon the assumption of indefinite continuation of benefits. This is a change in assumption from 2019, which assumed that the expiration date of the benefits for new retirements would be December 31, 2022. The City does not believe that the CBA benefit will be indefinite.

Non-CBA – Korshak/Window Group. Members who were annuitants as of May 2003, and who became annuitants before June 30, 2005 (and their eligible dependents) were entitled to lifetime subsidized coverage as defined in the Settlement Plan. As of January 1, 2014, the City promised to provide a healthcare plan with a subsidy of 55 percent of the cost of that plan to those City annuitants who retired prior to August 23, 1989 (Window group), and 50 percent of the cost for those other eligible members in the Korshak group. These are lifetime benefits provided to this defined, closed retiree group. The eligible members were defined as the

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Korshak/Window group in the Settlement Plan, which provided post-retirement health benefits for most City employees until the expiration of benefits in 2013 for all members other than the Korshak/Window group.

In 2017, the Illinois Appellate Court, in the Underwood v. City of Chicago case, held that current and future annuitants hired prior to the execution of the now expired 2003 Korshak settlement agreement (which covered most of the City employees and retirees) subject to certain eligibility requirements, were entitled to receive lifetime fixed rate monthly subsidies equal to the subsidy amounts provided in the 1983 and 1985 amendments to the Pension Code. Those subsidies are, for Policemen's and Firemen's, \$21 per month or \$55 per month, depending on the annuitant's Medicare eligibility, and for Municipal Employees' and Laborers', \$25 per month for those annuitants who are 65 or older with at least 15 years of service. Upon remand, the circuit court later ruled that the Pension Funds are obligated to make the subsidy payments to the annuitants. Regardless, the City is still statutorily obligated to make contributions to the Pension Funds in accordance with applicable levels required by the tax levy statutes. The Pension Funds issued retroactive payments for the 1983 and 1985 subsidies for the period of time of January 1, 2017, through December 31, 2019 and continue to make the required monthly subsidy payments from December 31, 2019. Liabilities for these subsidies have been accrued within the applicable pension funds and are not reflected in the City's OPEB reporting.

Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

Employees covered by benefit terms – At December 31, 2020, the following employees were covered by the benefit terms:

	CBA Benefits	Non-CBA Benefits	Total
Active employees	17,542	31,506	49,048
Inactive employees or beneficiaries currently receiving benefits	3,190	2,606	5,796
Inactive employees entitled to but not yet receiving benefits	-	-	-
Total	20,732	34,112	54,844

Net OPEB Liability

The City's net OPEB liability of \$1,963.3 million was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The net OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method:	Entry Normal Age
Asset Valuation Method:	Market Value
Funding Policy:	Pay as You Go
Discount Rate:	2.00%
Health Care Trend Rates:	Graded 7.00% to ultimate rate of 5.00%
Retirement Age:	Varies by Bargaining Group – Rates are Graded by age and service

The valuation assumptions reflected the actuarial experience studies prepared by the Pension Funds. The discount rate of 2.00 percent was used to measure the total OPEB liability. This Discount Rate was based upon the average 20-year general obligation AA Municipal Bond rate index reported by Fidelity Fixed Income Market Data for the period ending December 31, 2020.

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Mortality Assumptions

<i>Bargaining Plan Members</i>		<i>Mortality Table Name</i>	<i>Scaling</i>	<i>Mortality Improvement</i>
<i>Fire</i>	<i>Post Retirement</i>	RP-2014 Healthy Annuitant Mortality Table, Sex Distinct, Blue Collar	106% M 98% F	Generational – Scale MP-2017
	<i>Pre-Retirement</i>	RP-2014 Employee Mortality Table (Blue Collar mortality table)	92% M 100% F	Generational – Scale MP-2017
<i>Police</i>	<i>Post Retirement</i>	Pub-2010 Amount-Weighted Safety Healthy Retiree Mortality Table, Sex Distinct	119% M 102% F	Generational – Scale MP-2018
	<i>Pre-Retirement</i>	Pub-2010 Amount Weighted Safety Healthy Employee Mortality Tables, Sex Distinct	100%	Generational – Scale MP-2018
<i>Municipal</i>	<i>Post Retirement</i>	RP-2014 Healthy Annuitant Mortality Table	100%	Generational – Scale MP-2016
	<i>Pre-Retirement</i>	RP-2014 Healthy Annuitant Mortality Table	120%	Generational – Scale MP-2016
<i>Laborers</i>	<i>Post Retirement</i>	RP-2014 Blue Collar Healthy Annuitant Mortality Table, Sex Distinct	117% M 102% F	Generational – Scale MP-2017 2-Dimensional
	<i>Pre-Retirement</i>	P-2014 Blue Collar Employee Mortality Table, Sex Distinct	109% M 103% F	Generational – Scale MP-2017 2-Dimensional

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

	<u>CBA Benefits</u>	<u>Non-CBA Benefits</u>	<u>Total</u>
Total OPEB liability			
Service cost	\$ 12,215	\$ 12,697	\$ 24,912
Interest	16,357	5,331	21,688
Benefit changes (Contribution Increases) .	(82,923)	-	(82,923)
Differences between			
expected and actual experience	(6,712)	(11,185)	(17,897)
Assumption changes	1,261,663	1,597	1,263,260
Benefit payments including refunds	(56,528)	(17,959)	(74,487)
OPEB plan administrative expense	-	-	-
Net change in total OPEB liability	<u>1,144,072</u>	<u>(9,519)</u>	<u>1,134,553</u>
Total OPEB liability:			
Total OPEB liability - Beginning	<u>625,224</u>	<u>203,563</u>	<u>828,787</u>
Total OPEB liability - Ending (a)	<u>1,769,296</u>	<u>194,044</u>	<u>1,963,340</u>
Plan fiduciary net position			
Contributions-employer	56,528	17,959	74,487
Contributions-employee	-	-	-
Net investment income (loss)	-	-	-
Benefit payments including			
refunds of employee contribution	(56,528)	(17,959)	(74,487)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability-ending (a)-(b)	<u>\$ 1,769,296</u>	<u>\$ 194,044</u>	<u>\$ 1,963,340</u>

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Assumption changes reflect a change in the discount rate from 2.74 percent for beginning of the year values to 2.00 percent for the disclosure date, and the change from an assumed date of termination of the program from 2022 to an ongoing basis with no specific termination date. In addition, assumptions regarding future retiree contribution increases were included in the end of year determinations such that contributions would increase by 1.5 percent for retirements between 2025 and 2028 and increase again in 2029 by 1.5 percent for retirements thereafter.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00 percent) or 1 percentage point higher (3.00 percent) than the current discount rate (dollars in thousands):

	1% Decrease 1.00%	Current Discount Rate 2.00%	1% Increase 3.00%
CBA Benefits	\$ 1,900,376	\$ 1,769,296	\$ 1,646,843
Non-CBA Benefits	209,087	194,044	181,738
Total	<u>\$ 2,109,463</u>	<u>\$ 1,963,340</u>	<u>\$ 1,828,581</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 4.00 percent) or 1 percentage point higher (8.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (dollars in thousands):

	1% Decrease 6.00%-4.00%	Current Trend Rates 7.00%-5.00%	1% Increase 8.00%-6.00%
CBA Benefits	\$ 1,560,770	\$ 1,769,296	\$ 2,012,915
Non-CBA Benefits	174,700	194,044	217,484
Total	<u>\$ 1,735,470</u>	<u>\$ 1,963,340</u>	<u>\$ 2,230,399</u>

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

For the year ended December 31, 2020, the City recognized OPEB expense/(benefit) of \$94.6 million. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	CBA Benefits		Non-CBA Benefits		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	\$ 15,738	\$ 30,545	\$ 19,932	\$ 15,342	\$ 35,670	\$ 45,887
Assumption Changes	1,358,276	6,843	17,162	17,054	1,375,438	23,897
Total	<u>\$ 1,374,014</u>	<u>\$ 37,388</u>	<u>\$ 37,094</u>	<u>\$ 32,396</u>	<u>\$ 1,411,108</u>	<u>\$ 69,784</u>

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

Year Ending December 31:	<u>CBA Benefits</u>	<u>Non-CBA Benefits</u>	<u>Total</u>
2021	\$ 129,853	\$ 1,114	\$ 130,967
2022	129,853	1,114	130,967
2023	129,853	1,114	130,967
2024	129,853	1,114	130,967
2025	129,853	1,114	130,967
Thereafter	687,361	(872)	686,489
	<u>\$ 1,336,626</u>	<u>\$ 4,698</u>	<u>\$ 1,341,324</u>

12) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; certain benefits for and injuries to employees, 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 with an excess liability insurance policy covering claims excess of the self-insured retention of \$20,000,000. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Position as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2020, the total amount of non-Enterprise Fund claims was \$653.4 million and Enterprise Fund was \$96.4 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 614,961	\$ 594,235
Claims incurred and change in estimates	670,439	620,026
Claims paid on current and prior year events	<u>(535,587)</u>	<u>(599,300)</u>
Balance, December 31	<u>\$ 749,813</u>	<u>\$ 614,961</u>

13) Expenditure of Funds and Appropriation of Fund Balances

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

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allocated in one or more of the previous three categories, are considered “Unassigned” until such allocation is completed.

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

Fund Balance Classifications

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

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development Improvement Projects	Other Governmental Funds
Nonspendable Purpose:								
Inventory	\$ 31,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STSC Blended Balance *	-	-	-	-	-	3,456,986	-	-
Restricted Purpose:								
Capital Projects	-	-	1,936,832	-	-	-	450,830	91,191
Grants	-	9,965	-	-	-	-	-	-
Debt Service	-	-	-	-	-	99,096	-	-
Committed Purpose:								
Budget and Credit Rating Stabilization	-	-	-	724,506	-	-	-	-
Repair, Maintenance and City Services	-	-	-	-	-	-	-	255,920
Assigned Purpose:								
Future obligations	131,000	-	-	-	-	-	-	240
Assigned for Future Unassigned	196,716	(313,269)	-	(1,450,094)	(3,416,987)	-	-	(71,751)
Total Government Fund Balance	<u>\$ 359,485</u>	<u>\$ (303,304)</u>	<u>\$ 1,936,832</u>	<u>\$ (725,588)</u>	<u>\$ (3,416,987)</u>	<u>\$ 3,556,082</u>	<u>\$ 450,830</u>	<u>\$ 275,600</u>

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

At the end of the fiscal year, total encumbrances amounted to \$19.7 million for the General Operating Fund, \$101.2 million for the Special Taxing Areas Fund, \$63.1 million for the Capital Projects Fund and \$6.6 million for the Non Major Special Revenue Fund.

14) Deferred Outflows and Inflows of Resources

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

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The components of the deferred outflows of resources and deferred inflows of resources at December 31, 2020 are as follows (dollars in thousands):

	Governmental Activities	Business-type Activities
Deferred Outflows of Resources:		
Deferred outflows from pension activities	\$ 1,882,848	\$ 108,351
Deferred outflows from other post employment benefits activities	1,411,108	-
Changes in proportionate share of pension contributions	84,915	123,112
Unamortized deferred bond refunding costs	213,665	172,256
Derivatives	-	29,473
Total Deferred Outflows of Resources	\$ 3,592,536	\$ 433,192
Deferred Inflows of Resources:		
Deferred inflows from pension activities	\$ 2,007,483	\$ 335,140
Deferred inflows from other post employment benefits activities	69,784	-
Changes in proportionate share of pension contributions	159,662	125,191
Long-Term lease and Service concession arrangements	1,450,094	1,534,242
Total Deferred Inflows of Resources	\$ 3,687,023	\$ 1,994,573

The components of the deferred inflows of resources related to the governmental funds at December 31, 2020 are as follows (dollars in thousands):

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Pension	Other Governmental Funds	Total Governmental Funds
Governmental Funds:								
Deferred inflow of resources:								
Property Taxes	\$ -	\$ -	\$ 722,761	\$ -	\$ 483,213	\$ 859,998	\$ 33,722	\$ 2,099,694
Utility Taxes	-	-	-	-	-	-	5,569	5,569
Grants	-	420,436	-	-	-	-	-	420,436
Long-term Lease and Concession Agreements	-	-	-	1,450,094	-	-	-	1,450,094
Total Governmental Funds	\$ -	\$ 420,436	\$ 722,761	\$ 1,450,094	\$ 483,213	\$ 859,998	\$ 39,291	\$ 3,975,793

15) Commitments and Contingencies

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

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

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As of December 31, 2020, the City has entered into contracts for approximately \$229.1 million for construction projects. As of December 31, 2020, the Enterprise Funds have entered into contracts for approximately \$937.6 million for construction projects.

The City's pollution remediation obligation of \$43.6 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

16) Concession Agreements

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

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

In November 2006, the Chicago Park District entered into an agreement to transfer its ownership interests in three underground downtown public parking garages to the City, all of which are adjacent to a fourth underground downtown public parking garage built by and already owned by the City. In December 2006, the City completed a long-term concession and lease agreement of the four-garage system to a private operator to manage the garages and collect parking and related revenues for the 99-year term of the agreement. The City received an upfront payment of \$563.0 million, of which \$347.8 million was transferred by the City to the Chicago Park District, and the remainder was used to pay off the outstanding bonds that financed the construction of the City's original garage. The City recognized a deferred inflow that will be amortized and recognized as revenue over the term of the agreement. The City recognizes \$5.7 million of revenue for each year through 2105.

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

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

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

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

17) Tax Abatements

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

Tax Abatement Agreements Entered into Directly by the City

The Boeing Company

The City entered into a Tax Reimbursement Payment Agreement with The Boeing Company ("Boeing") as of November 1, 2001. The relocation of Boeing constituted a substantial public benefit from its creation of not less than 500 permanent FTE jobs and through payment of various taxes and governmental charges and was expected to foster further economic growth and development in the City.

Boeing may submit to the City for each year of the agreement an annual reimbursement form for reimbursement of an amount equal to the portion of the Boeing General Real Estate Taxes paid during such calendar year to the City, the Board of Education of the City of Chicago and the City Library Fund, in aggregate. In the form, Boeing must certify compliance with the terms of the agreement including, without limitation, Boeing continues to meet certain operational criteria, occupies not less than 125,000 rentable square feet at the building as its corporate headquarters, has at least \$25.0 billion in annual world-wide revenues, and employs a minimum of 500 full time employees within Chicago.

The above listed real estate taxes are reimbursed by way of an annual payment to Boeing in an amount equal to the allocable share of the real estate taxes. The City is entitled to terminate the agreement and/or recover certain payments if Boeing does not comply with the terms of the agreement. For the 2020 reporting period, the tax reimbursement to Boeing totaled \$1.78 million.

Tax Increment Financing

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

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

For the 2020 reporting period, the amount of property tax revenue forgone by the City due to the agreements under the Tax Increment Allocation Redevelopment Act amounts to \$67.3 million on an accrual basis of accounting.

Tax Abatement Agreements Entered Into By Other Governments

Cook County

Cook County provides tax reductions under numerous programs with individuals, local businesses, and developers. The objective of the agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, reutilization of abandoned property, and increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once

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the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor's Office. Upon approval by the County Assessor's Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

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

In the absence of the incentive, the property tax would be assessed at 25 percent of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For the 2020 reporting period, the amount of property tax revenue forgone by the City due to these incentives is estimated at \$19.4 million.

18) Subsequent Events

Ratings

In April 2021, S&P Global Ratings revised its rating outlook on the City's O'Hare International Airport Senior Lien General Airport Revenue Bonds and Midway International Airport Revenue Bonds from negative to stable.

In May 2021, Kroll Bond Rating Agency revised its rating outlook on the City's O'Hare International Airport Senior Lien General Airport Revenue Bonds and Midway International Airport Revenue Bonds from negative to stable.

COVID-19

The City of Chicago provides essential services to residents, businesses and visitors and continues to operate throughout this pandemic. The City continues to operate its normal course of business. Revenues have continued to grow during 2021. The City fully transitioned to Phase 5 of the Governor's State of Illinois Coronavirus Response Plan on June 11, 2021.

In 2021, the City has been awarded over \$2.98 billion in federal assistance in response to the impact of COVID-19 to be used to cover expenses as the City is recovering from the public health emergency, including COVID-19 response and recovery, mitigation and prevention, providing food, healthcare and mental health support, housing and shelters, ongoing communication and outreach, rental assistance, supporting small businesses, funding for first responders and funding to support airport operations. In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and will receive reimbursements for eligible costs under this grant. The City expects the additional funding and grants to improve its liquidity and strengthen its ability to withstand expected decreases in revenues during Fiscal Year 2021.

O'Hare and Midway

In February 2021, the FAA announced that it had allocated approximately \$60.0 million of grant assistance under the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) to O'Hare, plus an additional \$8.9 million specifically related to Concessions Relief. In June 2021, the FAA announced that it had allocated approximately \$253.6 million of grant assistance under the American Rescue Plan Act (ARPA) to the Airport, plus an additional \$35.0 million specifically related to Concessions Relief. The City can draw on CRRSAA and ARPA funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the City has applied the use of CRRSAA and ARPA funds to mitigate

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the adverse impacts on rates and charges paid by the airlines, PFC and CFC shortfalls and to ensure sufficient funding to pay for debt service. The City expects the CRRSA Act funding to improve its liquidity and strengthen its ability to withstand expected decreases in revenues during Fiscal Years 2021 and 2022 that it anticipates as a result of the current and ongoing effects of the COVID-19 pandemic.

In February 2021, the FAA announced that it had allocated approximately \$16.5 million of grant assistance under CRRSAA to Midway, plus an additional \$2.2 million specifically related to Concessions Relief. In June 2021, the FAA announced that it had allocated approximately \$62.8 million of grant assistance under ARPA to the Airport, plus an additional \$8.6 million specifically related to Concessions Relief. The City can draw on CRRSAA and ARPA funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the City has applied the use of CRRSAA and ARPA funds to mitigate the adverse impacts on rates and charges paid by the airlines and to ensure sufficient funding to pay for debt service. The City expects the CRRSA Act funding to improve its liquidity and strengthen its ability to withstand expected decreases in revenues during Fiscal Years 2021 and 2022 that it anticipates as a result of the current and ongoing effects of the COVID-19 pandemic.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Municipal Employees ¹ :	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 236,302	\$ 228,465	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
Interest	1,190,694	1,159,253	1,123,348	915,711	878,369	909,067
Benefit changes	-	-	-	-	-	2,140,009
Differences between expected and actual experience	100,938	16,676	95,540	(177,755)	(127,119)	(109,835)
Assumption changes	-	-	-	(7,431,191)	(578,920)	8,711,755
Benefit payments including refunds	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Pension plan administrative expenses	-	-	-	-	-	-
Net change in total pension liability	\$ 554,456	\$ 451,742	\$ 526,218	\$ (7,008,875)	\$ (67,599)	\$ 11,051,776
Total pension liability - beginning	17,260,356	16,808,614	16,282,396	23,291,271	23,358,870	12,307,094
Total pension liability - ending (a)	\$ 17,814,812	\$ 17,260,356	\$ 16,808,614	\$ 16,282,396	\$ 23,291,271	\$ 23,358,870
Plan fiduciary net position						
Contributions-employer	\$ 496,992	\$ 418,269	\$ 349,574	\$ 261,764	\$ 149,718	\$ 149,225
Contributions-employee	157,798	146,645	138,400	134,765	130,391	131,428
Net investment income	335,403	560,940	(204,975)	610,515	281,419	114,025
Benefit payments including refunds of employee contribution	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Administrative expenses	(7,118)	(6,740)	(6,639)	(6,473)	(7,056)	(6,701)
Other	-	-	-	5,394	-	-
Net change in plan fiduciary net position	\$ 9,597	\$ 166,462	\$ (639,838)	\$ 117,791	\$ (305,200)	\$ (438,059)
Plan fiduciary net position - beginning	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427	5,179,486
Plan fiduciary net position - ending (b)	\$ 4,090,239	\$ 4,080,642	\$ 3,914,180	\$ 4,554,018	\$ 4,436,227	\$ 4,741,427
Net pension liability - ending (a)-(b)	\$ 13,724,573	\$ 13,179,714	\$ 12,894,434	\$ 11,728,378	\$ 18,855,044	\$ 18,617,443
Plan fiduciary net position as a percentage of the total pension liability	22.96 %	23.64 %	23.29 %	27.97 %	19.05 %	20.30 %
Covered payroll*	\$ 1,861,905	\$ 1,802,790	\$ 1,734,596	\$ 1,686,533	\$ 1,646,939	\$ 1,643,481
Employer's net pension liability as a percentage of covered payroll	737.13 %	731.07 %	743.37 %	695.41 %	1,144.85 %	1,132.81 %

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

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

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

Laborers':	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost *	\$ 39,216	\$ 38,522	\$ 40,801	\$ 80,232	\$ 82,960	\$ 38,389
Interest	191,099	188,347	183,135	154,047	150,166	153,812
Benefit changes	-	-	-	150	-	384,033
Differences between expected and actual experience	(18,992)	(8,820)	15,143	(62,178)	(30,428)	(46,085)
Assumption changes	44,034	32,846	(11,788)	(1,074,754)	(62,905)	1,175,935
Benefit payments including refunds	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Pension plan administrative expenses	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Net change in total pension liability	\$ 82,685	\$ 82,245	\$ 63,297	\$ (1,063,538)	\$ (18,970)	\$ 1,549,710
Total pension liability - beginning	2,775,649	2,693,404	2,630,107	3,693,645	3,712,615	2,162,905
Total pension liability - ending (a)	\$ 2,858,334	\$ 2,775,649	\$ 2,693,404	\$ 2,630,107	\$ 3,693,645	\$ 3,712,615
Plan fiduciary net position						
Contributions-employer	\$ 73,744	\$ 59,346	\$ 47,844	\$ 35,457	\$ 12,603	\$ 12,412
Contributions-employee	18,064	18,143	17,837	17,411	17,246	16,844
Net investment income	163,057	184,027	(75,219)	207,981	57,997	(22,318)
Benefit payments including refunds of employee contribution	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Administrative expenses	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Other	-	-	661	-	-	-
Net change in plan fiduciary net position	\$ 82,193	\$ 92,866	\$ (172,871)	\$ 99,814	\$ (70,917)	\$ (149,436)
Plan fiduciary net position - beginning	1,187,549	1,094,683	1,267,554	1,167,740	1,238,657	1,388,093
Plan fiduciary net position - ending (b)	\$ 1,269,742	\$ 1,187,549	\$ 1,094,683	\$ 1,267,554	\$ 1,167,740	\$ 1,238,657
Net pension liability - ending (a)-(b)	\$ 1,588,592	\$ 1,588,100	\$ 1,598,721	\$ 1,362,553	\$ 2,525,905	\$ 2,473,958
Plan fiduciary net position as a percentage of the total pension liability	44.42 %	42.78 %	40.64 %	48.19 %	31.61 %	33.36 %
Covered payroll **	\$ 207,195	\$ 211,608	\$ 211,482	\$ 208,442	\$ 208,155	\$ 204,773
Employer's net pension liability as a percentage of covered payroll	766.71 %	750.49 %	755.96 %	653.68 %	1,213.47 %	1,208.15 %

* Includes pension plan administrative expenses

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

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

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

Policemen's:	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost *	\$ 286,537	\$ 240,383	\$ 242,998	\$ 237,333	\$ 220,570	\$ 213,585
Interest	942,623	944,739	931,731	917,720	851,098	832,972
Benefit changes	-	24,216	-	-	606,250	-
Differences between expected and actual experience	61,914	(68,010)	(281,151)	(299,923)	1,801	(105,969)
Assumption changes	260,021	1,140,418	(259,052)	238,975	112,585	-
Benefit payments including refunds	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Pension plan administrative expenses	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Net change in total pension liability	\$ 705,138	\$ 1,476,344	\$ (141,204)	\$ 341,371	\$ 1,080,358	\$ 259,303
Total pension liability - beginning	14,789,602	13,313,258	13,454,462	13,113,091	12,032,733	11,773,430
Total pension liability - ending (a)	\$ 15,494,740	\$ 14,789,602	\$ 13,313,258	\$ 13,454,462	\$ 13,113,091	\$ 12,032,733
Plan fiduciary net position						
Contributions-employer	\$ 739,441	\$ 581,936	\$ 588,035	\$ 494,483	\$ 272,428	\$ 572,836
Contributions-employee	113,622	110,792	107,186	103,011	101,476	107,626
Net investment income	271,891	369,982	(137,977)	412,190	142,699	(5,334)
Benefit payments including refunds of employee contribution	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Administrative expenses	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Other	472	32	1,600	97	1,413	3,092
Net change in plan fiduciary net position	\$ 279,469	\$ 257,340	\$ (216,886)	\$ 257,047	\$ (193,930)	\$ (3,065)
Adjustment as of January 1, 2019	-	(91)	-	-	-	-
Plan fiduciary net position - beginning	3,162,429	2,905,180	3,122,066	2,865,019	3,058,949	3,062,014
Plan fiduciary net position - ending (b)	\$ 3,441,898	\$ 3,162,429	\$ 2,905,180	\$ 3,122,066	\$ 2,865,019	\$ 3,058,949
Net pension liability - ending (a)-(b)	\$ 12,052,842	\$ 11,627,173	\$ 10,408,078	\$ 10,332,396	\$ 10,248,072	\$ 8,973,784
Plan fiduciary net position as a percentage of the total pension liability	22.21 %	21.38 %	21.82 %	23.20 %	21.85 %	25.42 %
Covered payroll**	\$ 1,195,980	\$ 1,228,987	\$ 1,205,324	\$ 1,150,406	\$ 1,119,527	\$ 1,086,608
Employer's net pension liability as a percentage of covered payroll	1007.78 %	946.08 %	863.51 %	898.15 %	915.39 %	825.85 %

* Includes pension plan administrative expense

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

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

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

Firemen's:	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 109,487	\$ 102,141	\$ 97,143 *	\$ 93,367 *	\$ 94,115 *	\$ 87,203 *
Interest	410,128	408,586	410,821	371,622	342,085	338,986
Benefit changes	-	-	-	-	227,213	-
Differences between expected and actual experience	174,717	(65,213)	(56,418)	26,954	24,110	(7,981)
Assumption changes	30,468	190,954	382,611	414,219	(74,373)	176,282
Benefit payments including refunds	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Pension plan administrative expenses	-	-	(3,285)	(3,172)	(3,217)	(3,149)
Net change in total pension liability	\$ 358,640	\$ 290,131	\$ 506,210	\$ 596,892	\$ 323,174	\$ 313,324
Total pension liability - beginning	6,542,491	6,252,360	5,746,150	5,149,258	4,826,084	4,512,760
Total pension liability - ending (a)	\$ 6,901,131	\$ 6,542,491	\$ 6,252,360	\$ 5,746,150	\$ 5,149,258	\$ 4,826,084
Plan fiduciary net position						
Contributions-employer	\$ 368,423	\$ 255,382	\$ 249,684	\$ 228,453	\$ 154,101	\$ 236,104
Contributions-employee	54,414	46,623	45,894	47,364	48,960	46,552
Net investment income	105,367	161,082	(58,000)	140,570	60,881	7,596
Benefit payments including refunds of employee contribution	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Administrative expenses	(2,991)	(3,226)	(3,285)	(3,172)	(3,217)	(3,149)
Other	13	507	6	22	(53)	7
Net change in plan fiduciary net position	\$ 159,066	\$ 114,031	\$ (90,363)	\$ 107,139	\$ (26,087)	\$ 9,093
Plan fiduciary net position - beginning	1,149,821	1,035,790	1,126,153	1,019,014	1,045,101	1,036,008
Plan fiduciary net position - ending (b)	\$ 1,308,887	\$ 1,149,821	\$ 1,035,790	\$ 1,126,153	\$ 1,019,014	\$ 1,045,101
Net pension liability - ending (a)-(b)	\$ 5,592,244	\$ 5,392,670	\$ 5,216,570	\$ 4,619,997	\$ 4,130,244	\$ 3,780,983
Plan fiduciary net position as a percentage of the total pension liability	18.97 %	17.57 %	16.57 %	19.60 %	19.79 %	21.66 %
Covered payroll **	\$ 500,368	\$ 457,082	\$ 456,969	\$ 469,407	\$ 478,471	\$ 465,232
Employer's net pension liability as a percentage of covered payroll	1,117.63 %	1,179.80 %	1,141.56 %	984.22 %	863.22 %	812.71 %

* Includes pension plan administrative expenses

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

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

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

Municipal Employees':

Years Ended December 31,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll *	Contributions as a percentage of Covered Payroll
2011	\$ 611,756	\$ 147,009	\$ 464,747	\$ 1,605,993	9.15 %
2012	690,823	148,859	541,964	1,590,794	9.36 %
2013	820,023	148,197	671,826	1,580,289	9.38 %
2014	839,039	149,747	689,292	1,602,978	9.34 %
2015	677,200	149,225	527,975	1,643,481	9.08 %
2016	961,770	149,718	812,052	1,646,939	9.09 %
2017	1,005,457	261,764	743,693	1,686,533	15.52 %
2018	1,049,916	349,574	700,342	1,734,596	20.15 %
2019	1,117,388	418,269	699,119	1,802,790	23.20 %
2020	1,167,154	496,992	670,162	1,861,905	26.69 %

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

Laborers':

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a percentage of Covered Payroll
2011	\$ 57,259	\$ 12,779	\$ 44,480	\$ 195,238	6.55 %
2012	77,566	11,853	65,713	198,790	5.96 %
2013	106,199	11,583	94,616	200,352	5.78 %
2014	106,019	12,161	93,858	202,673	6.00 %
2015	79,851	12,412	67,439	204,773	6.06 %
2016	117,033	12,603	104,430	208,155	6.05 %
2017	124,226	35,457	88,769	208,442	17.01 %
2018	129,247	47,844	81,403	211,482	22.62 %
2019	148,410	59,346	89,064	211,608	28.05 %
2020	155,794	73,744	82,050	207,195	35.59 %

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

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

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

Policemen's:

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a percentage of Covered Payroll
2011	\$ 402,752	\$ 174,035	\$ 228,717	\$ 1,034,404	16.82 %
2012	431,010	197,885	233,125	1,015,171	19.49 %
2013	474,177	179,521	294,656	1,015,426	17.68 %
2014	491,651	178,158	313,493	1,074,333	16.58 %
2015	785,501	575,928	209,573	1,086,608	53.00 %
2016	785,695	273,840	511,855	1,119,527	24.46 %
2017	910,938	494,580	416,358	1,150,406	42.99 %
2018	924,654	589,635	335,019	1,205,324	48.92 %
2019	933,770	581,968	351,802	1,228,987	47.35 %
2020	1,037,582	739,913	297,669	1,195,980	61.87 %

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

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

Firemen's:

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a percentage of Covered Payroll
2011	\$ 250,056	\$ 82,870	\$ 167,186	\$ 425,385	19.48 %
2012	271,506	81,522	189,984	418,965	19.46 %
2013	294,878	103,669	191,209	416,492	24.89 %
2014	304,265	107,334	196,931	460,190	23.32 %
2015	323,545	236,104	87,441	465,232	50.75 %
2016	333,952	154,101	179,851	478,471	32.21 %
2017	372,845	228,453	144,392	469,407	48.67 %
2018	412,220	249,684	162,536	456,969	54.64 %
2019	442,045	255,382	186,663	457,082	55.87 %
2020	466,556	368,423	98,133	500,368	73.63 %

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

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

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

Actuarial Methods and Assumptions:	Municipal Employees'		Laborers'		Policemen's		Firemen's
Actuarial valuation date.....	12/31/2020	(a)	12/31/2020		12/31/2020		12/31/2020
Actuarial cost method.....	Entry age normal		Entry age normal		Entry age normal		Entry age normal
Asset valuation method.....	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market
Actuarial assumptions:							
Inflation	2.50%		2.25%		2.25%		2.25%
Salary increases	3.50% - 7.75%	(b)	3.00%	(c)	3.50%	(d)	3.50 - 25.00% (e)
Investment rate of return	7.00%	(f)	7.25%	(g)	6.75%		6.75%
Retirement Age	(h)		(i)		(j)		(k)
Mortality	(l)		(m)		(n)		(o)
Other information	(p)		(q)		(q)		(p)

- (a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the end of the year.
- (b) (1.50%-6.50% for 2020-2022), varying by years of service.
- (c) Plus a service-based increase in the first 9 years.
- (d) Plus service based increases consistent with bargaining contracts.
- (e) Varying by years of service.
- (f) Net of investment expense
- (g) Net of investment expense, including inflation
- (h) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2017).
For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011).
For employees first hired on or after July 6, 2017, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).
- (i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2017, valuation pursuant to an experience study of the period January 1, 2012, through December 31, 2016.
- (j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2019, actuarial valuation pursuant to an experience study of the period January 1, 2014, through December 31, 2018.
- (k) Retirement rates are based on the recent experience of the Fund (effective December 31, 2017).
- (l) Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females, and projected generationally using scale MP-2016. Pre-retirement mortality rates were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.
- (m) Post Retirement Mortality: Scaling factors of 117% for males, and 102% for females of the RP-2014 Blue Collar Healthy Annuitant mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales. No adjustment is made for post-disabled mortality.
Pre Retirement Mortality: Scaling factors of 109% for males, and 103% for females of the RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales.
- (n) Post-Retirement Healthy mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 119% for males and 102% for females, set forward one year for males. Pre-Retirement mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Employee Mortality Tables weighted 100% for males and 100% for females. Disabled Mortality: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 129% for males and 112% for females, set forward one year for males. Future mortality improvements are reflected by projecting the base mortality tables forward using the MP-2018 projection scale.
- (o) Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.
- (p) Other assumptions: Same as those used in the December 31, 2020, actuarial funding valuation.
- (q) The actuarial valuation is based on the statutes in effect as of December 31, 2020.

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

CBA Benefits:	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 12,215	\$ 3,398	\$ 3,954
Interest	16,357	14,760	15,049
Benefit changes	(82,923) *	(10) **	-
Differences between expected and actual experience	(6,712)	19,330	(35,640)
Assumption changes	1,261,663	253,605	(9,990)
Benefit payments including refunds	(56,528)	(51,717)	(49,972)
OPEB plan administrative expense	-	-	-
Net change in total OPEB liability	<u>\$ 1,144,072</u>	<u>\$ 239,366</u>	<u>\$ (76,599)</u>
Total OPEB liability - beginning	<u>625,224</u>	<u>385,858</u>	<u>462,457</u>
Total OPEB liability - ending (a)	<u>\$ 1,769,296</u>	<u>\$ 625,224</u>	<u>\$ 385,858</u>
Plan fiduciary net position			
Contributions-employer	\$ 56,528	\$ 51,717	\$ 49,972
Contributions-employee	-	-	-
Net investment income	-	-	-
Benefit payments including			
refunds of member contribution	(56,528)	(51,717)	(49,972)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 1,769,296</u>	<u>\$ 625,224</u>	<u>\$ 385,858</u>
Covered employee payroll***	\$ 1,657,041	\$ 1,631,705	\$ 182,222
Total OPEB liability as a percentage of covered employee payroll	106.77 %	38.32 %	211.75 %

*Contribution Increases

**Cadillac tax & Subsidy

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

Note:

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - Concluded

Last Three Years (dollars are in thousands)

Non-CBA Benefits:	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 12,697	\$ 14,904	\$ 10,673
Interest	5,331	11,869	9,411
Benefit changes	-	(106,959) *	-
Differences between expected and actual experience	(11,185)	24,481	(7,490)
Assumption changes	1,597	(20,946)	22,922
Benefit payments including refunds	(17,959)	(18,560)	(20,606)
OPEB plan administrative expense	-	-	-
Net change in total OPEB liability	<u>\$ (9,519)</u>	<u>\$ (95,211)</u>	<u>\$ 14,910</u>
Total OPEB liability - beginning	<u>203,563</u>	<u>298,774</u>	<u>283,864</u>
Total OPEB liability - ending (a)	<u>\$ 194,044</u>	<u>\$ 203,563</u>	<u>\$ 298,774</u>
Plan fiduciary net position			
Contributions-employer	\$ 17,959	\$ 18,560	\$ 20,606
Contributions-employee	-	-	-
Net investment income	-	-	-
Benefit payments including			
refunds of member contribution	(17,959)	(18,560)	(20,606)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 194,044</u>	<u>\$ 203,563</u>	<u>\$ 298,774</u>
Covered employee payroll**	\$ 1,161,573	\$ 1,153,439	\$ 2,580,360
Total OPEB liability as a percentage of			
covered employee payroll	16.71 %	17.65 %	11.58 %

*Cadillac tax & Subsidy

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

Note:

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

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

To the Honorable Lori Lightfoot,
Mayor, and Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2021. Our report includes a reference to other auditors who audited the financial statements of the City's Pension Trust Funds, as described in our report on the City's financial statements. The financial statements of the City's Pension Trust Funds were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City's Pension Trust Funds.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Deloitte & Touche LLP

June 30, 2021

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2020

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

Finding 2020-001

Criteria

Sufficient levels of accounting personnel that are proficient in the standards issued by Government Accounting Standards Board ("GASB") are required to ensure nonroutine transactions are properly accounted for and reported.

Condition

Due to the size and diversity of the City's business operations, the financial accounting and reporting is very complex. In addition to the traditional governmental services, the City also owns and operates a water and wastewater utility, two international airports, and several other large enterprise operations. Department of Finance staff are required to possess specific accounting expertise to fulfill the increased accounting and reporting requirements brought about by the GASB. Among other things, the requirements mandate the Department of Finance to maintain its books for governmental activities on two different bases of accounting – the modified accrual basis of accounting for day-to-day accounting and financial reporting; and, the full accrual basis for year-end reporting for government-wide financial statements, which further complicates the accounting and financial reporting. Additionally, the City had to account for and report \$1.46 billion in federal assistance received in response to the impact of COVID-19. The Department of Finance is not currently adequately staffed, thereby creating competing demands of their time and ability to timely review nonroutine transactions with complex technical accounting requirements.

Cause

The Department of Finance experienced significant turnover and retirements in a short period of time that resulted in a lack of resources during critical financial reporting periods.

Effect

The consideration of nonroutine transactions and related disclosures may not be completed in an effective manner causing delays and inefficiencies in the overall year-end closing and financial reporting process and exposed the City to the risk of error in recording and reporting nonroutine accounting transactions.

Recommendation

Evaluate the current responsibilities of the Department of Finance and ensure that technically proficient personnel fill recently created vacancies, and ensure that succession planning is in place. Consider performing a compensation study to improve the application response rates to current job listings.

Management Response

Due to the complexities of funding received in response to the COVID-19 pandemic, an influx of retirements and separations and the inability to attract new personnel during the COVID-19 pandemic, the lack of adequate resources impacted the timeliness of completing the financial statements. The City is working on ways to attract new hires and obtain resources for both operational and administrative needs, as we continue to work through the COVID-19 response during 2021 and in future years.

CITY OF CHICAGO

Chicago, Illinois

REPORT ON FEDERAL AWARDS

For the Year Ended December 31, 2020

CITY OF CHICAGO

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INDEPENDENT AUDITORS' REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable Lori E. Lightfoot, Mayor,
and the Members of the City Council
City of Chicago, Illinois

Report on Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the City of Chicago, Illinois for the year ended December 31, 2020, and the related notes (the "financial statement").

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the City of Chicago, Illinois for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly US, LLP

Chicago, Illinois
July 30, 2021

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency / Program / Grant Title or Cluster Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2020 Federal Expenditures	2020 Non-Federal Expenditures	2020 Sub recipient Expenditures
I. Department of Agriculture					
A. Food and Nutrition Service					
Child Nutrition Cluster					
Summer Food Service Program for Children					
(passed through Illinois Department of Public Health)					
Summer Food Program 2014	10.559	55280004C	\$ (52)	\$ -	-
Summer Food Program 2017	10.559	85280111F	2,594	-	-
Summer Food Program 2019	10.559	IL058N1099	9,539	-	-
			<u>12,081</u>	-	-
Total Child Nutrition Cluster			<u>12,081</u>	-	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children					
(passed through Illinois Department of Human Services)					
Women, Infants and Children Program 2019	10.557	FCSYQ00825	2,063,270	-	647,152
Women, Infants and Children Program 2020	10.557	FCSZQ00825	2,198,088	-	592,857
			<u>4,261,358</u>	-	<u>1,240,009</u>
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			<u>4,261,358</u>	-	<u>1,240,009</u>
Total Food and Nutrition Service			<u>4,273,439</u>	-	<u>1,240,009</u>
B. Natural Resources Conservation Service					
Environmental Quality Incentives Program					
Conservation Innovation Grant Program	10.912	69-3A75-17-55	406,956	-	249,506
			<u>406,956</u>	-	<u>249,506</u>
Total Natural Resources Conservation Service			<u>406,956</u>	-	<u>249,506</u>
Total Department of Agriculture			<u>4,680,395</u>	-	<u>1,489,515</u>
II. Department of Housing and Urban Development					
A. Assistant Secretary for Community Planning and Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants					
Community Development Block Grant YR42	14.218	B16MC170006	17,573	-	-
Community Development Block Grant YR43	14.218	B17MC170006	39,640	-	-
Community Development Block Grant YR44	14.218	B18MC170006	2,096,483	-	(674)
Community Development Block Grant YR45	14.218	B19MC170006	970,037	-	735,984
Community Development Block Grant YR46	14.218	B20MC170006	67,394,741	-	30,634,587
Neighborhood Stabilization Program (NSP1) HERA 2009	14.218	B08MN170002	11,541	-	-
COVID-19 Community Development Block Grant Coronavirus (CDGB-CV)	14.218	B20MW170006	3,132,537	-	2,988,380
			<u>73,662,552</u>	-	<u>34,358,277</u>
Total CDBG - Entitlement Grants Cluster			<u>73,662,552</u>	-	<u>34,358,277</u>
Emergency Solutions Grant Program					
Emergency Solutions Grant 2018	14.231	E-18-MC-17-0006	427,410	427,410	265,407
Emergency Solutions Grant 2019	14.231	E19-MC-17-0006	227,058	227,058	4,933
Emergency Solutions Grant 2020	14.231	E-20-MC-17-0006	5,992,377	5,992,377	5,754,948
COVID-19 Emergency Solutions Grant 2020 - CARES ACT	14.231	E-20-MW-17-0006	2,983,964	-	2,924,603
			<u>9,630,809</u>	<u>6,646,845</u>	<u>8,949,891</u>
Home Investment Partnerships Program					
HOME 2015	14.239	M15MC170201	46,882	-	-
HOME 2016	14.239	M16MC170201	88,793	-	(8,765)
HOME 2017	14.239	M17MC170201	4,391,406	-	49,817
HOME 2018	14.239	M18MC170201	2,915,906	-	201,621
HOME 2020	14.239	MZ0MC170201	1,606,965	-	-
			<u>9,049,952</u>	-	<u>242,673</u>
Housing Opportunities for Persons with AIDS					
HOPWA 2016/2018	14.241	ILH16F001	(3,591)	-	(3,591)
HOPWA 2019/2021	14.241	ILH19F001	217,013	-	312,765
HOPWA 2020/2022	14.241	ILH20F001	9,812,806	-	9,349,357
HOPWA Housing & Healthy Study 2019/2021	14.241	ILH180010	486,960	-	476,311
COVID-19 HOPWA Housing & Healthy Study - CARES ACT 2020/2023	14.241	ILH2001W023(1W)	150,911	-	150,911
COVID-19 HOPWA - 2020/2022 CARES ACT	14.241	ILH20FH001	1,106,091	-	1,106,091
			<u>11,770,190</u>	-	<u>11,391,844</u>
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)					
ARRA Neighborhood Stabilization Program (NSP II) 2010	14.256	B09LNIL0025	17,786	-	-
			<u>17,786</u>	-	-
Neighborhood Stabilization Program					
Neighborhood Stabilization Program (NSP III) 2011	14.264	B11MN170002	4,637	-	-
			<u>4,637</u>	-	-

See notes to schedule of expenditures of federal awards.

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency / Program / Grant Title or Cluster Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2020 Federal Expenditures	2020 Non-Federal Expenditures	2020 Sub recipient Expenditures
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) CDBG - Disaster Recovery Program for Hurricane Sandy & Other Disasters 2013	14.269	B13MS170001	\$ 3,052,064	\$ -	-
			3,052,064	-	-
Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			3,052,064	-	-
Total Assistant Secretary for Community Planning and Development			107,187,990	6,646,845	54,942,685
B. Assistant Secretary for Public and Indian Housing					
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers (passed through Chicago Housing Authority) Chicago Housing Authority 2017/2018	14.871	11907	(983)	-	(983)
			(983)	-	(983)
Total Housing Voucher Cluster			(983)	-	(983)
Moving to Work Demonstration Program (passed through Chicago Housing Authority) Chicago Housing Authority 2019/2020 Chicago Housing Authority Home Modification Program	14.881 14.881	12303 12297	1,132,073 67,843	-	755,327 67,843
			1,199,916	-	823,170
Total Office of Public and Indian Housing			1,198,933	-	822,187
C. Office of Lead Hazard Control and Healthy Homes					
Lead Hazard Reduction Demonstration Grant Program Lead Hazard Reduction Demonstration Grant Program 2019	14.905	ILLHB06710-18	290,638	-	88,475
			290,638	-	88,475
Total Office of Lead Hazard Control and Healthy Homes			290,638	-	88,475
Total Department of Housing and Urban Development			108,677,561	6,646,845	55,853,347
III. Department of the Interior					
A. National Park Service					
Historic Preservation Fund Grants-In-Aid African American Civil Rights (AACR) Preservation Grants	15.904	P18AF00073	176,906	-	-
			176,906	-	-
Total Department of The Interior			176,906	-	-
IV. Department of Justice					
A. Office of Justice Programs					
Coronavirus Emergency Supplemental Funding Program COVID-19 Coronavirus Emergency Supplemental Program - 2020	16.034	2020VDBX1542	34,522	-	-
			34,522	-	-
Crime Victim Assistance (passed through Illinois Criminal Justice Information Authority) Services to Victims of Domestic Violence Help Line 2019/2020 Services to Victims of Domestic Violence Help Line 2020/2021	16.575 16.575	217115 218115	368,921 113,233	-	-
			482,154	-	-
Crime Victim Assistance/Discretionary Grants Law Enforcement - Based Victim Specialist - 2019/2022	16.582	2019V3GX0053	101,396	-	-
			101,396	-	-
Project Safe Neighborhoods Project Safe Neighborhoods - PSN FY 2017	16.609	2017-GP-BX-0001	201,249	-	-
			201,249	-	-
Special Data Collections and Statistical Studies NCS-X Implementation PG - 2019/2021	16.734	2019FUCXK018	489,433	-	-
			489,433	-	-
Edward Byrne Memorial Justice Assistance Grant Program Edward Byrne Memorial Justice Assistance 2017 Edward Byrne Memorial Justice Assistance 2018	16.738 16.738	2017-DJ-BX-0023 2018-DJ-BX-0598	860,316 103,784	-	576,216 -
			964,100	-	576,216
Criminal and Juvenile Justice and Mental Health Collaboration Program Justice and Mental Health Collaboration - 2018	16.745	2018MOBX0032	51,183	-	-
			51,183	-	-

See notes to schedule of expenditures of federal awards.

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency / Program / Grant Title or Cluster Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2020 Federal Expenditures	2020 Non-Federal Expenditures	2020 Sub recipient Expenditures
Byrne Criminal Justice Innovation Program Byrne Criminal Justice Innovation Program 2017	16.817	2017-AJ-BX-0005	\$ 1,559	\$ -	\$ -
			1,559	-	-
Justice Reinvestment Initiative Justice Reinvestment Initiative - 2019	16.827	2019ZBBX0007	50,621	-	-
			50,621	-	-
Body Worn Camera Policy and Implementation Body Worn Camera Policy and Implementation - 2017	16.835	2017-BC-BX-0030	44,100	50,328	-
Body Worn Camera Policy and Implementation - 2018	16.835	2018-BC-BX-0025	334,256	-	-
Body Worn Camera Policy and Implementation - 2018	16.835	2018-BC-BX-0025	-	317,845	-
			378,356	368,173	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program Comprehensive Opioid Abuse Site-Based - 2019	16.838	2019ARBXK003	341,182	-	-
			341,182	-	-
Total Office of Justice Programs			3,095,755	368,173	576,216
B. Office on Violence Against Women (OVW)					
Violence Against Women Formula Grants (passed through Illinois Criminal Justice Information Authority)					
VAWA - Domestic Violence Multi-Dicipline - 2020	16.588	617070	38,224	18,469	-
VAWA - Sexual Assault Multi-Discipline - 2020	16.588	617060	50,063	18,093	-
			88,287	36,562	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (passed through Cook County's States Attorney's Office)					
Improving Criminal Justice Response to Domestic Violence - 2019/2022	16.590	N/A	73,855	-	38,650
			73,855	-	38,650
Total Office on Violence Against Women Office (OVW)			162,142	36,562	38,650
C. Office of Community Oriented Policing Services					
Public Safety Partnership and Community Policing Grants					
Community Policing Development - 2016/2021	16.710	2016CKWX0026	80,197	-	-
Cops Hiring Program - 2017	16.710	2017LULWX0006	1,764,075	1,775,752	-
Law Enforcement Mental Health & Wellness ACT - 2019-2021	16.710	2019MHWXK005	18,730	-	-
			1,863,002	1,775,752	-
Total Office of Community Oriented Policing Services			1,863,002	1,775,752	-
D. Criminal Division					
Equitable Sharing Program					
Asset Forfeiture Program	16.922	N/A	2,952,612	-	-
			2,952,612	-	-
Total Criminal Division			2,952,612	-	-
E. Office of Juvenile Justice and Delinquency Prevention					
Gang Resistance Education and Training GREAT Program 2008	16.737	2010JVFX0019	(906)	-	-
			(906)	-	-
Total Office of Juvenile Justice and Delinquency Prevention			(906)	-	-
Total Department of Justice			8,072,605	2,180,487	614,866
V. Department of Labor					
A. Employment Training Administration					
Senior Community Service Employment Program (passed through Illinois Department on Aging/ National Council for Senior Citizens)					
Senior Community Service Employment Program 2019/2020	17.235	V9-20-12	323,554	-	125,759
Senior Community Service Employment Program 2020/2021	17.235	V9-20-12	205,045	-	45,492
			528,599	-	171,251
Total Employment Training Administration			528,599	-	171,251
Total Department of Labor			528,599	-	171,251

See notes to schedule of expenditures of federal awards.

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency / Program / Grant Title or Cluster Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2020 Federal Expenditures	2020 Non-Federal Expenditures	2020 Sub recipient Expenditures
VI. Department of Transportation					
A. Federal Aviation Administration					
Airport Improvement Program					
Federal Airport Midway Field Development	20.106	N/A	\$ 12,311,919	\$ -	\$ -
COVID-19 Federal Airport Midway CARES Act	20.106	N/A	76,385,300	-	-
Federal Airport O'Hare Field Development	20.106	N/A	133,341,470	-	-
COVID-19 Federal Airport O'Hare CARES Act	20.106	N/A	294,441,928	-	-
			<u>516,480,617</u>	<u>-</u>	<u>-</u>
Total Federal Aviation Administration			516,480,617	-	-
B. Federal Highway Administration					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
(passed through Illinois Department of Transportation)					
Create Program & RR Support Service	20.205	N/A	22,168	-	-
Transportation Planning	20.205	N/A	1,754	-	-
Transportation Planning and Programming	20.205	N/A	74,245	18,561	-
Transportation Planning and Programming	20.205	N/A	222,244	-	-
Transportation Planning and Programming	20.205	N/A	455,699	-	-
Weber Spur Trail (PHASE I & II)	20.205	N/A	57,517	14,379	-
Grand Avenue Improvements: Chicago to Damen	20.205	N/A	10,586	-	-
Bike Sharing Program	20.205	N/A	(38,818)	(12,305)	-
Lakefront Bicycle Trail-Navy Pier Flyover	20.205	N/A	355,683	-	-
Arterial Street Resurfacing Project 62 far South Area	20.205	N/A	(6,656)	-	-
Lake Street (Ashland Avenue - Kennedy Expressway)	20.205	N/A	116,700	-	-
West Loop Terminal Plan Phase II	20.205	N/A	5,851	-	-
Oakwood Boulevard Viaduct at the Illinois Central Railroad Tracks	20.205	N/A	206	-	-
Webster Street Bridge Over North Branch Of Chicago River	20.205	N/A	21,086	-	-
LaSalle Street Bridge Over Main Branch of Chicago River	20.205	N/A	656	-	-
Van Buren Street Bridge Over Main Branch of Chicago River	20.205	N/A	(1,404)	-	-
Grand Avenue Bridge Over Main Branch of Chicago River	20.205	N/A	8,640	-	-
Advanced Traffic Controller Signal, Controller Upgrade & Timing Program	20.205	N/A	328,549	-	-
Street for Cycling Project #1	20.205	N/A	(673,070)	-	-
Safe Routes to School: Safe Routes to High School	20.205	N/A	53,840	-	-
Grand Avenue Improvements - Sec V - Pulaski road to Chicago Avenue	20.205	N/A	101,766	25,441	-
Milwaukee Avenue - Belmont to Logan	20.205	N/A	123,787	-	-
Lake Front Bicycle Trail #3 Over the Chicago River	20.205	N/A	15,730	-	-
Bridge & Viaduct Painting - Contract #5	20.205	N/A	(51,067)	-	-
Bridge & Viaduct Painting - Contract #6	20.205	N/A	(130)	-	-
Western Avenue Over Belmont Viaduct Removal Corridor Improvements	20.205	N/A	45	-	-
Streets for Cycling Phase IV - 3B Construction	20.205	N/A	1,364	-	-
Street for Cycling Phase V-1	20.205	N/A	25,840	-	-
Lake Front Bicycle Trail #2 (Navy Pier Flyover)	20.205	N/A	1,352,869	-	-
Commuter Bicycle Parking & Promotion	20.205	N/A	238,363	-	-
Milwaukee Avenue - Belmont Avenue to Addison Street	20.205	N/A	(175,439)	-	-
Oakwood Blvd. Viaduct Over Metra/ICRR	20.205	N/A	185,369	-	-
Create Program & RR Support Service	20.205	N/A	40,798	-	-
Milwaukee Avenue - Belmont to Addison Street	20.205	N/A	48,414	-	-
Arterial Street Resurfacing Project 76 - North Area	20.205	N/A	(12,964)	-	-
Arterial Street Resurfacing Project 76 - Central Area	20.205	N/A	17,179	-	-
Arterial Street Resurfacing Project 77 - Far South Area	20.205	N/A	6,902	-	-
South Water Viaduct from Stetson Avenue to Beaubien	20.205	N/A	2,057	-	-
Lake Front Bicycle Trail #2 (Navy Pier Flyover)	20.205	N/A	132,334	-	-
41st Street Pedestrian Bridge Over Lake Shore Drive (STP)	20.205	N/A	(1,097,302)	-	-
Oakwood Blvd. Viaduct Over Metra/ICRR - STP	20.205	N/A	3,145,050	-	-
Bridge Inspection Services	20.205	N/A	4,032,723	-	-
Lakefront Bicycle Trail #3 (Navy Pier Flyover) Over the Chicago River (STP)	20.205	N/A	5,876,757	-	-
North Branch Riverwalk Underbridge Connection at Addison Street	20.205	N/A	638,579	-	-
North Branch Riverwalk Underbridge Connection at Addison Street	20.205	N/A	120,095	-	-
Structural Inspection of Bridge at Various Locations Citywide	20.205	N/A	(63,783)	-	-
Pershing Road Improvement Ashland Avenue to Dan Ryan Expressway	20.205	N/A	1,632	-	-
Roosevelt Road, Western to LSD Traffic Control Interconnect	20.205	N/A	603	151	-
Damen Avenue/Elston Avenue/Fullerton Avenue	20.205	N/A	87	4	-
Montrose Harbor Bridges and Underpass Improvement	20.205	N/A	148,278	-	-
Pedestrian Bridge Over Metra 43rd Street	20.205	N/A	3,550	-	-
Chicago Area Alternative Fuels	20.205	N/A	29,225	-	-
Adams Street Viaduct Over Union Station & Adams Bascule Rehab	20.205	N/A	(27,966)	-	-
Intelligent Transportation System Centralized Traffic Management Center	20.205	N/A	1,106,566	-	-
Columbus Avenue at Maplewood - CREATE GS11	20.205	N/A	43,535	-	-
Columbia Drive Bridge Over Jackson Park Lagoon	20.205	N/A	478	-	-
Stony Island Avenue Interconnect - Midway Plaisance to 95th Street	20.205	N/A	27,063	-	-
Enhanced Travel Information and Arterial Monitoring Systems - Midway Airport Area	20.205	N/A	45,323	-	-
Chicago Streets for Cycling PH IV - Project 1A	20.205	N/A	(10,465)	-	-
Chicago Streets for Cycling Phase IV - Project 3A	20.205	N/A	1,337	-	-
Lakefront Bicycle Trail #3 (Navy Pier Flyover) Over The Chicago River (CMAQ)	20.205	N/A	11,707,433	-	-
Walk to Transit: Series I & II	20.205	N/A	2,728	-	-
Irving Park Road Bridge Over the North Branch of the Chicago River	20.205	N/A	513,488	-	-
Blue Island Streetscape Improvement Project, West 19th Street - West 21st Street	20.205	N/A	90,659	-	-
Lincoln Village Pedestrian and Bicycle Bridge Over North Shore Channel at Hood Avenue	20.205	N/A	(87,649)	-	-
Blue Island Streetscape Improvement Project, West 19th Street - West 21st Street	20.205	N/A	16,566	-	-
Randolph Corridor Improvement Study	20.205	N/A	169,589	-	-
ADA Ramps Improvement Project 55 & 59 North Area	20.205	N/A	157,535	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 79	20.205	N/A	(98,643)	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 80	20.205	N/A	(30,000)	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 81	20.205	N/A	(50,000)	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 82	20.205	N/A	(2,418)	-	-

See notes to schedule of expenditures of federal awards.

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Highway Planning and Construction (cont.)					
Arterial Street Resurfacing Project 83 - North Area	20.205	N/A	\$ 6,634,280	\$ -	-
Arterial Street Resurfacing Project 84 - Central Area	20.205	N/A	6,190,609	-	-
Arterial Street Resurfacing Project 85 - South Area	20.205	N/A	3,814,192	-	-
Arterial Street Resurfacing Project 86 - far South Area	20.205	N/A	3,784,295	-	-
Irving Park Road Bridge Over the North Branch of the Chicago River	20.205	N/A	3,432,261	-	-
Blue Island Streetscape Improvement Project, West 19th Street - West 21st Street	20.205	N/A	606,470	-	-
43rd Street Bicycle Pedestrian Bridge - ITEP	20.205	N/A	35,649	-	-
ADA Ramp Improvement Project No. 56 & 60 (Central)	20.205	N/A	4,491,208	-	-
Roosevelt Rd. From Western Ave. to LSD	20.205	N/A	4,005	-	-
Streets for Cycling - Phase VII (Program Management)	20.205	STN-5-702	478,979	-	-
Walk to Transit Series III	20.205	N/A	2,004	-	-
Pedestrian Countdown Signals (various Locations) - Construction	20.205	N/A	333,124	-	-
Chicago Avenue, Latrobe Ave to Kedzie Ave	20.205	N/A	119,690	-	-
Complex Intersections Framework Plan	20.205	19-1439-9531	210,548	-	-
Chicago/Oak Park Traffic Safety & Mobility	20.205	20-143916448	15,704	-	-
Economic Benefits of Create	20.205	20-1439-16352	146,714	-	-
43rd Street Bicycle Pedestrian Bridge - TAP	20.205	N/A	1,646,691	-	-
North Avenue Viaduct Vertical Clearance Improvement/Ashland Ave. To Elston Ave.	20.205	N/A	214,673	-	-
ADA Ramp Improvement Project 56 & 60 - Ccentral Area	20.205	N/A	161,450	-	-
43rd Street Bicycle Pedestrian Bridge - STP	20.205	N/A	82,245	-	-
Lincoln Village Pedestrian and Bike Bridge Over North Shore Channel at Hood Avenue	20.205	N/A	180,804	-	-
Cicero Avenue Bascula Bridge - Sanitary and Ship Canal Rehabilitation	20.205	N/A	221,196	-	-
Chicago Safe Routes to School	20.205	N/A	998,705	-	-
			<u>63,284,842</u>	<u>46,231</u>	<u>-</u>
Total Highway Planning and Construction Cluster			63,284,842	46,231	-
Total Federal Highway Administration			63,284,842	46,231	-
C. Federal Railroad Administration					
Railroad Development (passed through Illinois Department of Transportation)					
95th / Eggleston - Create GS21A	20.314	N/A	491,291	-	-
			<u>491,291</u>	<u>-</u>	<u>-</u>
Total Federal Railroad Administration			491,291	-	-
D. Federal Transit Administration					
Federal Transit Cluster					
Federal Transit -- Capital Investment Grants					
Union Station Transportation and Central Loop BRT	20.500	IL-03-0282-00	411,655	102,914	-
Transit Red/Blue Line	20.500	N/A	517	-	-
Union Station Transportation and Central Loop BRT	20.500	IL-03-0282-00	83,402	20,850	-
			<u>495,574</u>	<u>123,764</u>	<u>-</u>
Federal Transit - Formula Grants					
Washington Wabash Loop Elevated CTA Station	20.507	IL-95-X010	627,541	-	-
Washington Wabash Loop Elevated CTA Station	20.507	IL-95-X027-01	200,228	22,248	-
Union Station Transportation Center	20.507	IL-95-X013-03	324,614	81,153	-
Western Avenue TSP (Howard to 79th Street)	20.507	IL-95-X030	3,970	-	-
Clark/Division CTA Subway Station	20.507	IL-95-X010-03	400,200	-	-
State / Lake Loop Elevated	20.507	IL-2016-002-01	1,758,010	-	-
			<u>3,314,563</u>	<u>103,401</u>	<u>-</u>
Total Federal Transit Cluster			3,810,137	227,165	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research					
Corridor Study Technical Assistance 2018	20.505	CPP-2018-01	4,457	-	-
			<u>4,457</u>	<u>-</u>	<u>-</u>
Transit Services Programs Cluster					
New Freedom Program					
Accessible Pedestrian Signals (APS) in the Central Loop - TIF Funded - Ward 42	20.521	IL-16-X013-00	22,937	-	-
Accessible Pedestrian Signals (APS) in the Central Loop	20.521	IL-57-X025-XX	66,399	-	-
			<u>89,336</u>	<u>-</u>	<u>-</u>
Total Transit Services Programs Cluster			89,336	-	-
Total Federal Transit Administration			3,903,930	227,165	-
E. National Highway Traffic Safety Administration					
Highway Safety Cluster					
State and Community Highway Safety (passed through Illinois Department of Transportation)					
IDOT Sustained Traffic Enforcement Program 2019	20.600	OP-20-0270	157,875	-	-
			<u>157,875</u>	<u>-</u>	<u>-</u>

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National Priority Safety Programs (passed through Illinois Department of Transportation)					
Local Alcohol Program 2019	20.616	AP-20-0269	\$ 186,089	\$ -	\$ -
Injury Prevention 2019	20.616	PB-20-0268	43,672	-	-
Injury Prevention (Pedestrian and Bicycle Safety Initiative)	20.616	PB-20-0249, 12-02	483,695	-	-
			<u>713,456</u>	-	-
Total Highway Safety Cluster			<u>871,331</u>	-	-
Total National Highway Traffic Safety Administration			<u>871,331</u>	-	-
F Office of the Secretary (OST) Administration Secretariate					
National Infrastructure Investments (passed through Illinois Department of Transportation)					
41st Street Pedestrian Bridge Over Lake Shore Drive (TIGER)	20.933	N/A	1,039,547	-	1,039,547
			<u>1,039,547</u>	-	<u>1,039,547</u>
Total Office of the Secretary (OST) Administration Secretariate			<u>1,039,547</u>	-	<u>1,039,547</u>
Total Department of Transportation			<u>586,071,558</u>	<u>273,396</u>	<u>1,039,547</u>
VII. Department of Treasury					
Equitable Sharing					
Treasury Forfeiture Fund	21.016	N/A	668,410	-	-
			<u>668,410</u>	-	-
Coronavirus Relief Fund					
COVID-19 CoronaVirus Relief Fund (passed through Illinois Department of Public Health)	21.019		405,981,362	-	45,099,324
COVID-19 Contact Tracing	21.019	05180110H	32,461,476	-	19,703,302
			<u>438,442,838</u>	-	<u>64,802,626</u>
Total Department of Treasury			<u>439,111,248</u>	-	<u>64,802,626</u>
VIII. National Endowment for the Arts					
Promotion of the Arts Grants to Organizations and Individuals					
COVID-19 NEA CARES ACT	45.024	1882299-95-20	250,000	-	-
NEA Artworks - 2020/2021	45.024	1862745-62-20	32,334	12,000	-
			<u>282,334</u>	<u>12,000</u>	-
Promotion of the Arts Partnership Agreements (passed through Illinois Arts Council)					
IAC - Community Arts Acces Program (CAAP)	45.025	180989161-18	140,200	35,050	-
			<u>140,200</u>	<u>35,050</u>	-
Total National Endowment for the Arts			<u>422,534</u>	<u>47,050</u>	-
IX. Institute of Museum and Library Services					
Grants to States					
(passed through Office of Secretary of State, Illinois State Library)					
COVID-19 Personal Protective Equipment for Illinois Public Libraries	45.310	LS246531OLS2	40,457	-	-
Project Next Generation - 2019/2020	45.310	20SL488022	38,800	-	-
Project Next Generation - 2020/2021	45.310	21SL498146	12,350	-	-
			<u>91,607</u>	-	-
Total Institute of Museum and Library Services			<u>91,607</u>	-	-
X. Environmental Protection Agency					
A. Office of Water					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds (passed through Illinois Environmental Protection Agency)					
Water Pollution Control 2017	66.458	L175396	38,846,160	-	-
			<u>38,846,160</u>	-	-
Total Clean Water State Revolving Fund Cluster			<u>38,846,160</u>	-	-
B. Office of Solid Waste and Emergency Response					
Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements					
Anadarko Streeterville Removal	66.802	00E02452	178,126	-	-
			<u>178,126</u>	-	-

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Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements Brownfields Assessment Program FY 2016/2021	66.818	BF00E02063	\$ 182,614	\$ -	\$ 3,875
			182,614	-	3,875
Total Office of Solid Waste and Emergency Response			360,740	-	3,875
C. Office of the Administrator					
Performance Partnership Grants (passed through Illinois Environmental Protection Agency) Air Pollution Control Program 2018	66.605	FA-19202	279,077	-	-
			279,077	-	-
Total Office of the Administrator			279,077	-	-
Diesel Emission Reduction Act (DERA) National Grants Diesel-to-Electric Ground Support Equipment (GSE) Replacement Project (ORD)	66.039	DE-00E02339	606,306	-	-
			606,306	-	-
Total Environmental Protection Agency			40,092,283	-	3,875
XI. Department of Health and Human Services					
A. Administration for Community Living					
Aging Cluster					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (passed through Illinois Department on Aging)					
COVID-19 Area Plan on Aging - CARES Act 2020/2021	93.044	CAREST32012	1,193,791	-	1,066,405
Area Plan on Aging 2018/2019	93.044	T31912	854,416	-	(7,385)
Area Plan on Aging 2019/2020	93.044	T32012	984,517	-	160,174
Area Plan on Aging 2020/2021	93.044	T32112	240,745	-	21,185
			3,273,469	-	1,240,379
Special Programs for the Aging - Title III, Part C - Nutrition Services (passed through Illinois Department on Aging)					
COVID-19 Area Plan on Aging - CARES Act 2020/2021	93.045	CAREST32012	3,982,399	-	3,982,399
Area Plan on Aging 2018/2019	93.045	T31912	283,223	-	243,070
Area Plan on Aging 2019/2020	93.045	T32012	3,086,914	-	2,174,483
Area Plan on Aging 2020/2021	93.045	T32112	813,246	-	472,742
COVID-19 Families First Coronavirus Response Act - Older Americans Act	93.045	COVID2012	1,991,197	-	1,991,197
			10,156,979	-	8,863,891
Nutrition Services Incentive Program (passed through Illinois Department on Aging)					
Area Plan on Aging 2018/2019	93.053	T31912	91,346	-	91,346
Area Plan on Aging 2019/2020	93.053	T32012	1,279,844	-	1,279,844
			1,371,190	-	1,371,190
Total Aging Cluster			14,801,638	-	11,475,460
Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals (passed through Illinois Department on Aging)					
Area Plan on Aging 2018/2019	93.042	T31912	17,128	-	-
Area Plan on Aging 2019/2020	93.042	T32012	51,310	-	-
COVID-19 Area Plan on Aging - CARES ACT	93.042	CAREST2012	32,093	-	-
			100,531	-	-
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services (passed through Illinois Department on Aging)					
Area Plan on Aging 2018/2019	93.043	T31912	88,779	-	88,779
Area Plan on Aging 2019/2020	93.043	T32012	52,328	-	52,328
			141,107	-	141,107
National Family Caregiver Support, Title III, Part E (passed through Illinois Department on Aging)					
COVID-19 Area Plan on Aging - CARES Act 2020/2021	93.052	CAREST2012	274,353	-	247,719
Area Plan on Aging 2018/2019	93.052	T31912	421,590	-	-
Area Plan on Aging 2019/2020	93.052	T32012	876,146	-	54,934
Area Plan on Aging 2020/2021	93.052	T32112	62,927	-	27,914
			1,635,016	-	330,567
Special Programs for the Aging - Title IV and Title II Discretionary Projects and Programs (passed through AGE Options)					
Senior Medicare Patrol - 2020/2021	93.048	90MPPG003603	5,000	-	5,000
Senior Medicare Patrol 2019/2020	93.048	90MPPG0036-02-00	2,500	-	2,500
			7,500	-	7,500

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Medicare Enrollment Assistance Program (passed through Illinois Department on Aging)					
Medicare Improvements for Patients and Providers ACT (MIPPA) 2019/2020	93.071	MIPPA2012	\$ 96,242	\$ -	\$ -
Medicare Improvements for Patients and Providers ACT (MIPPA) 2020/2021	93.071	MIPPA2112	89,398	-	-
			185,640	-	-
Alzheimer's Disease Program Initiative (ADPI)					
Alzheimer's Disease Programs Initiative - Grants to States and Communities	93.470	90ADPI003301	62,534	-	-
			62,534	-	-
Total Administration for Community Living			16,933,966	-	11,954,634
B. Administration for Children and Families					
Community Services Block Grant (passed through Illinois Department of Commerce and Economic Opportunity)					
Community Services Block Grant 2018	93.569	18-231036	(95)	-	(95)
COVID-19 Community Services Block Grant CARES Act	93.569	20-211036	1,670,470	-	1,658,495
Community Services Block Grant 2020	93.569	20-231036	11,136,675	-	5,323,678
			12,807,050	-	6,982,078
Head Start Cluster					
Head Start					
Base Headstart 2015/2016	93.600	05CH8460/02	(777)	-	(777)
Base Headstart 2016/2017	93.600	05CH8460/03	(8,141)	-	(8,141)
Base Headstart 2017/2018	93.600	05CH8460/04	(18,780)	-	(18,780)
Base Headstart 2018/2019	93.600	05CH8460/05	(8,539)	-	(19,494)
Base Headstart 2019/2020	93.600	05CH8460-06	88,710,097	-	74,902,200
Base Headstart 2020/2021	93.600	05CH011895	5,966,391	-	5,278,405
Early Headstart 2018/2019	93.600	05CH8460/05	(21)	-	(653,922)
Early Headstart 2019/2020	93.600	05CH8460-06	26,825,907	-	24,344,264
Early Headstart 2020/2021	93.600	05CH011895	1,943,958	-	1,674,980
Early Headstart Child Care Partnership 2017/2018	93.600	05HP0001/03	(1,880)	-	(1,880)
Early Headstart Child Care Partnership 2018/2019	93.600	05HP0001/04	(20)	-	-
Early Headstart Child Care Partnership 2019/2020	93.600	05HP0001-05	13,284,423	-	11,306,517
Early Headstart Child Care Partnership 2020/2021	93.600	05HP000439	880,147	-	769,536
Early Headstart Expansion	93.600	05HP000150-01	3,451,063	-	3,227,966
Early Headstart Expansion	93.600	05HP000150-02	222,435	-	203,854
COVID-19 Base Headstart CARES ACT Supplement	93.600	05CH8460-06-C3	1,062,120	-	945,340
COVID-19 Base Headstart CARES ACT Supplement	93.600	05CH8460-06-C3	4,144,893	-	3,707,180
COVID-19 Early Headstart Child Care Partnership CARES ACT Supplement	93.600	05HP0001-05-C3	599,738	-	537,718
COVID-19 Early Headstart Expansion CARES ACT Supplement	93.600	05HP000150-01C3	69,212	-	58,412
			147,122,226	-	126,253,378
Total Head Start Cluster			147,122,226	-	126,253,378
Social Services Block Grant (passed through Illinois Department of Human Services)					
High Risk Infant Follow-Up / HealthWorks 2019/2020	93.667	FCSYU05018	(248,063)	-	-
Title XX - Donated Funds Initiative - A.S.N. 2019/2020	93.667	FCSYJ00048	283,846	-	283,846
Title XX - Donated Funds Initiative - A.S.N. 2020/2021	93.667	FCSZJ00048	331,512	-	227,326
Title XX - Donated Funds Initiative - Challenge 2019/2020	93.667	FCSYJ00229	61,414	-	94,976
Title XX - Donated Funds Initiative - Challenge 2020/2021	93.667	FCSZJ00229	88,929	-	84,410
Title XX - Donated Funds Initiative - Dare 2019/2020	93.667	FCSYJ00231	209,982	-	209,982
Title XX - Donated Funds Initiative - Dare 2020/2021	93.667	FCSZJ00231	200,658	-	141,354
Chicago Family Connects 2020/2021	93.667	FCSZU05470	306,348	-	-
			1,234,626	-	1,041,894
Total Administration for Children and Families			161,163,902	-	134,277,350
C. Centers for Disease Control and Prevention					
Public Health Emergency Preparedness					
Public Health Emergency Preparedness 2018	93.069	NU90TP921901-01	181,021	-	-
Public Health Emergency Preparedness 2019	93.069	NU90TP922033-01	5,042,232	-	1,661
Public Health Emergency Preparedness 2020	93.069	NU90TP922033-02	3,517,593	-	-
			8,740,846	-	1,661
Public Health Emergency Preparedness 2020 - Direct Assistance	93.069	6NU90TP922033-02-01	140,170	-	-
			140,170	-	-
Total Public Health Emergency Preparedness (PHEP)			8,881,016	-	1,661
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
TB Control and Elimination 2019	93.116	1U52PS004659-05	(526)	-	-
Tuberculosis Elimination and Laboratory	93.116	NU52PS910172	887,943	-	-
			887,417	-	-
Acquired Immunodeficiency Syndrome (AIDS) Activity					
Strategic Partnership & Planning to Support Ending HIV	93.118	NU65PS923703	308,664	-	-
			308,664	-	-

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Injury Prevention and Control Research and State and Community Based Programs					
Overdose Data to Action 2019/2020	93.136	NU17CE924986	\$ 626,910	\$ -	\$ 251,879
Overdose Data to Action 2020/2021 (passed through Illinois Department of Public Health)	93.136	NU17CE924986	1,573,681	-	-
Dating Matters	93.136	03282003H	18,000	-	-
			2,218,591	-	251,879
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children					
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2018	93.197	6NUE2EH001376-01	(2,138)	-	-
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2019	93.197	6NUE2EH001376-02	134,609	-	62,392
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2020	93.197	6NUE2EH001376-02	44,445	-	29,533
			176,916	-	91,925
Immunization Cooperative Agreements					
Immunization and Vaccines for Children 2019	93.268	NU23IP922613-01	2,021,447	-	135,929
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	421,086	-	98,843
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	58,794	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	10,568	-	-
Immunization and Vaccines for Children 2020	93.268	NH23IP922613	2,406,303	-	168,442
			4,918,198	-	403,214
Immunization and Vaccines for Children 2020 - Direct Assistance					
Vaccines	93.268	6U23IP000732-05	41,994,422	-	-
Personnel	93.268	6U23IP000732-05	128,182	-	-
Other	93.268	6U23IP000732-05	4,976	-	-
			42,127,580	-	-
Total Immunization Cooperative Agreements			47,045,778	-	403,214
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)					
Building Epidemiology and Health IT Capacity Program 2019	93.323	NU50CK000556-01	517,711	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	6NU50CK000556-01	1,801,166	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556-01	10,197,701	-	990,838
Epidemiology and Laboratory Capacity for Infectious Diseases 2020	93.323	NU50CK000556-02	462,652	-	-
			12,979,230	-	990,838
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response					
COVID-19 Public Health Crisis Response - COVID-19	93.354	NU90TP922073	8,207,005	-	-
			8,207,005	-	-
HIV Prevention Activities - Health Department Based					
Integrated HIV Surveillance and Prevention 2018	93.940	NU62PS924560-01	(398)	-	(398)
Integrated HIV Surveillance and Prevention 2019	93.940	PS924560-02	14,392	-	955,853
Integrated HIV Surveillance and Prevention 2020	93.940	PS924560-03	6,539,477	-	2,763,209
HIV Prevention 2015	93.940	5U62PS003644	(197)	-	(197)
			6,553,274	-	3,718,467
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance					
Medical Monitoring Project 2019	93.944	NU62PS004943	266,970	-	-
Medical Monitoring Project 2020	93.944	NU62PS924603	129,524	-	2,430
HIV Behavioral Surveillance 2020	93.944	PS005083-05	309,417	-	191,570
			705,911	-	194,000
Sexually Transmitted Diseases (STD) Prevention and Control Grants					
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2019	93.977	PS005128-01	75,521	-	-
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2020	93.977	PS005128-02	1,377,697	-	60,000
			1,453,218	-	60,000
Total Centers for Disease Control and Prevention			89,417,020	-	5,711,984
D. Office of the Secretary					
Teenage Pregnancy Prevention Program					
Teen Pregnancy Prevention 2019	93.297	TP2AH000034-05	260,980	-	23,233
			260,980	-	23,233
National Bioterrorism Hospital Preparedness Program					
Hospital Preparedness Program (HPP) 2018	93.889	6NU90TP921901-01	246,595	-	-
Hospital Preparedness Program (HPP) 2019	93.889	U3REP190582-01	1,634,347	-	951,201
COVID-19 Bioterrorism Hospital Preparedness Program (HPP) 2020	93.889	U3REP190582-01	60,162	-	60,162
Bioterrorism Hospital Preparedness Program (HPP) 2020	93.889	U3REP190582-02	606,688	-	158,519
			2,547,792	-	1,169,882
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities					
HPP Ebola Preparedness & Response Activities 2015	93.817	1U3REP150522-01	559,894	-	524,259
			559,894	-	524,259
Total Office of the Secretary			3,368,666	-	1,717,374

See notes to schedule of expenditures of federal awards.

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency / Program / Grant Title or Cluster Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2020 Federal Expenditures	2020 Non-Federal Expenditures	2020 Sub recipient Expenditures
E. Health Resources and Services Administration					
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B					
Ending the HIV Epidemic-Ryan White	93.686	UT8H33950-01	\$ 636,045	\$ -	\$ 154,078
			636,045	-	154,078
HIV Emergency Relief Project Grants					
Ryan White HIV Care Act - Part A Emergency Relief 2018	93.914	2H89HA00008-28	(2,105)	-	(2,105)
Ryan White HIV Care Act - Part A Emergency Relief 2019	93.914	2H89HA00008-29	5,839,539	-	8,712,406
Ryan White HIV Care Act - Part A Emergency Relief 2020	93.914	89HA00008-30	19,818,044	-	16,945,177
COVID-19 Ryan White HIV/AIDS Program Part A - COVID-19 Response	93.914	H9AHA36920	552,634	-	537,014
			26,208,112	-	26,192,492
Maternal and Child Health Services Block Grant to the States (passed through Illinois Department of Public Health)					
Dental Sealant 2018	93.994	6B04MC29341	53,956	-	-
Maternal and Child Health Block Grant 2017	93.994	B04MC29341	52,763	-	-
Maternal and Child Health Block Grant 2019	93.994	06380013H	1,607,455	-	5,494
Maternal and Child Health Block Grant 2020	93.994	B04MC29341	1,647,099	-	15,412
			3,361,273	-	20,906
Total Health Resources and Services Administration			30,205,430	-	26,367,476
F. Substance Abuse and Mental Health Services Administration					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
First Responders Comprehensive Addiction and Recovery 2018	93.243	1H79SP080314	226,684	-	-
Chicago Southside Early Diversion 2018 - FED	93.243	1H79SM080512	25,600	-	-
Resiliency in the Communities After Stress and Trauma ReCAST 2018	93.243	79SM063522-03	(423)	-	-
Resiliency in Communities After Stress and Trauma (RECAST)	93.243	5H79SM063522	620,342	-	257,273
Resiliency in Communities After Stress and Trauma (RECAST)	93.243	5H79SM063522	132,016	-	69,928
			1,004,219	-	327,201
Block Grants for Prevention and Treatment of Substance Abuse (passed through Illinois Department of Human Services)					
Substance Abuse and AIDS Prevention Program 2019/2020	93.959	43CYZ03560	44,517	-	-
Substance Abuse Prevention Program 2020/2021	93.959	43CZZ03560	94,344	-	-
			138,861	-	-
Total Substance Abuse and Mental Health Services Administration			1,143,080	-	327,201
Total Department of Health and Human Services			302,232,064	-	180,356,019
XII. Corporation for National and Community Service					
Corporation for National and Community Service					
Foster Grandparent/Senior Companion Cluster					
Foster Grandparent Program					
Foster Grandparent Program 2019/2020	94.011	18SFNIL005	220,514	-	-
Foster Grandparent Program 2020/2021	94.011	18SFNIL005	215,961	-	-
			436,475	-	-
Senior Companion Program					
Senior Companion Program 2019/2020	94.016	18SCNIL001	106,571	-	-
Senior Companion Program 2020/2021	94.016	18SCNIL001	188,506	-	-
			295,077	-	-
Total Foster Grandparent/Senior Companion Cluster			731,552	-	-
Total Corporation for National and Community Service			731,552	-	-
XIII. Social Security Administration					
Social Security - Work Incentives Planning and Assistance Program					
Work Incentives Planning and Assistance Program 2019/2020	96.008	5WIP15050430-05-00	103,451	-	-
Work Incentives Planning and Assistance Program 2020/2021	96.008	6WIP15050430-05-01	111,287	-	-
			214,738	-	-
Total Social Security Administration			214,738	-	-
XIV. Department of Homeland Security					
A. Federal Emergency Management Agency					
Assistance to Firefighters Grant					
Assistance to Firefighters 2018	97.044	EMW-2018-FO-04038	229,210	-	-
			229,210	-	-

See notes to schedule of expenditures of federal awards.

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency / Program / Grant Title or Cluster Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2020 Federal Expenditures	2020 Non-Federal Expenditures	2020 Sub recipient Expenditures
Port Security Grant Program					
Port Security Grant Program 2017	97.056	EMW-2017-PU-00427-S01	\$ 131,174	\$ -	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00207-S01	37,656	-	-
Port Security Grant Program 2017/CFD	97.056	EMW-2017-PU-00029-S01	77,222	-	(1,875)
Port Security Grant Program 2017/CFD	97.056	EMW-2017-PU-00039-S01	540,728	-	-
Port Security Grant Program 2017/CFD	97.056	EMW-2017-PU-00039-S01	173,310	-	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00040-S01	537,879	-	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00040-S01	179,293	-	-
Port Security Grant Program 2019/CFD	97.056	EMW-2019-PU-00086-S01	321,495	107,165	-
			<u>1,998,757</u>	<u>107,165</u>	<u>(1,875)</u>
Homeland Security Grant Program					
(passed through Illinois Emergency Management Agency)					
Urban Areas Security Initiative Grant 2015	97.067	15UASICHGO	(14,724)	-	-
Urban Areas Security Initiative Grant 2017	97.067	17UASICHGO	7,161,764	-	-
Urban Areas Security Initiative Grant 2018	97.067	18UASICHGO	15,586,352	-	-
			<u>22,733,392</u>	<u>-</u>	<u>-</u>
Rail and Transit Security Grant Program					
(passed through Chicago Transit Authority)					
Transit Security Grant Program 2017	97.075	EMW-2017-RA-00010-S01	134,637	-	-
Transit Security Grant Program 2018	97.075	EMW-2018-RA-00019-S01	946,331	-	-
Transit Security Grant Program 2019	97.075	EMW-2019-RA-00017-S01	6,709,441	-	-
			<u>7,790,409</u>	<u>-</u>	<u>-</u>
Preparing for Emerging Threats and Hazards					
Complex Coordinator Terrorist Attacks 2016	97.133	EMW-2016-GR-00095-S01	75,592	-	-
			<u>75,592</u>	<u>-</u>	<u>-</u>
Total Federal Emergency Management Agency			<u>32,827,360</u>	<u>107,165</u>	<u>(1,875)</u>
B. Assistant Secretary for Countering Weapons of Mass Destruction					
Securing the Cities Program					
Securing the Cities Program 2018	97.106	16DNSTC00001-02-00	630,635	-	-
Securing the Cities Program 2019	97.106	16DNSTC00001	326,997	-	-
			<u>957,632</u>	<u>-</u>	<u>-</u>
Total Domestic Nuclear Detection Office			<u>957,632</u>	<u>-</u>	<u>-</u>
Total Department of Homeland Security			<u>33,784,992</u>	<u>107,165</u>	<u>(1,875)</u>
XV. Research and Development Cluster					
Department of Health and Human Services					
National Institutes of Health					
National Center for Advancing Translational Sciences					
(passed through Northwestern University)					
C3 Clinical and Translational Research - Northwestern University 2020	93.350	5UL1TR001422	43,781	-	-
(passed through University of Chicago)					
C3 Clinical and Translational Research - University of Chicago 2020	93.350	5UL1TR001422	32,530	-	-
			<u>76,311</u>	<u>-</u>	<u>-</u>
Total Department of Health and Human Services			<u>76,311</u>	<u>-</u>	<u>-</u>
Total Research and Development Cluster			<u>76,311</u>	<u>-</u>	<u>-</u>
TOTALS			<u>\$ 1,524,964,953</u>	<u>\$ 9,254,943</u>	<u>\$ 304,329,171</u>

See notes to schedule of expenditures of federal awards.

CITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2020

NOTE 1 – REPORTING ENTITY

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

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

U.S. Department of Agriculture	\$ 4,680,395
U.S. Department of Housing and Urban Development	108,677,561
U.S. Department of the Interior	176,906
U.S. Department of Justice	8,072,605
U.S. Department of Labor	528,599
U.S. Department of Transportation	586,071,558
U.S. Department of Treasury	439,111,248
U.S. National Endowment for the Arts	422,534
U.S. Institute of Museum and Library Services	91,607
U.S. Environmental Protection Agency	40,092,283
U.S. Department of Health and Human Services	302,232,064
Research and Development Cluster	76,311
U.S. Corporation for National and Community Service	731,552
U.S. Social Security Administration	214,738
U.S. Department of Homeland Security	<u>33,784,992</u>
Total Expenditures of Federal Awards	<u>\$ 1,524,964,953</u>

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

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the City of Chicago under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of the City of Chicago and accordingly, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Chicago.

CITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2020

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Certain financial awards were received by the City in the form of noncash awards. These noncash awards are included on the schedule under CFDA Nos. 93.069 and 93.268. The schedule of expenditures of federal awards includes a column titled Non-Federal Expenditures. Amounts reported in this column include the City's required match for federal programs.

The City has a cost allocation plan for allocation of common and indirect costs related to grant programs. The amounts allocated to 2020 grant programs are based primarily on 2019 budgeted amounts. Variances between actual costs and budgeted amounts are adjusted on a prospective basis. A copy of the cost allocation plan is kept on file at the City. The City's cost allocation plan for 2020 has been prepared on a Direct Cost Base that does conform to the direct cost bases in the Uniform Guidance. The City's 2020 Cost Allocation Plan (Local Organization Cost Allocation Plan – LOCAP) was provided for review and negotiation to the City's indirect cost cognizant agency and is pending negotiation and approval, expected in 2021.

The City has not elected to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance. Individual City departments' indirect cost rate proposals (ICRP's) for 2020 have been prepared on a Salaries and Wages plus all Fringe Benefits (S&W+FB) Direct Cost Base that does conform to the OMB Uniform Guidance.

The 2020 Indirect Cost Rate Agreements related to the ICRP's for the Chicago Departments of Planning and Development, Housing, Public Health, and Family and Support Services were negotiated, approved, and signed by the City's indirect cost cognizant agency which included provisional indirect cost rates for these departments extending from 1/01/2020 through 12/31/2022.

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

The state contract for the Child Care program (federal cluster 93.575/93.596), passed through the Illinois Department of Human Services (IDHS), has been considered a Type A cluster for audit testing purposes each year. The final allocation of federal expenditures varies depending on the most recent available information provided by IDHS and may be reported under both CFDA numbers or just one of the individual CFDA numbers. For FY2020 the Child Care program was confirmed by IDHS as non-federal funding.

CITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2020

NOTE 4 – SUBSEQUENT EVENTS

COVID-19

The City of Chicago provides essential services to residents, businesses and visitors and continues to operate throughout the COVID-19 pandemic. The City continues to operate its normal course of business. Revenues have continued to grow during 2021. The City fully transitioned to Phase 5 of the Governor's State of Illinois Coronavirus Response Plan on June 11, 2021. In 2021, the City has been awarded over \$2.98 billion in federal assistance in response to the impact of COVID-19 to be used to cover expenses as the City is recovering from the public health emergency, including;

- COVID-19 response and recovery
- mitigation and prevention
- providing food, healthcare, and mental health support
- housing and shelters
- ongoing communication and outreach
- rental assistance
- supporting small businesses
- funding for first responders
- funding to support airport operations

In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and will receive reimbursements for eligible costs under this grant.

O'Hare and Midway Airports

In February 2021, the Federal Aviation Administration (FAA) announced that it had allocated approximately \$60.0 million of grant assistance under the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) to O'Hare, plus an additional \$8.9 million specifically related to Concessions Relief. In June 2021, the FAA announced that it had allocated approximately \$253.6 million of grant assistance under the American Rescue Plan Act (ARPA) to O'Hare, plus an additional \$35.0 million specifically related to Concessions Relief. The City can draw on CRRSAA and ARPA funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the City has applied the use of CRRSAA and ARPA funds to mitigate the adverse impacts on rates and charges paid by the airlines, PFC and CFC shortfalls and to ensure sufficient funding to pay for debt service.

In February 2021, the FAA announced that it had allocated approximately \$16.5 million of grant assistance under CRRSAA to Midway, plus an additional \$2.2 million specifically related to Concessions Relief. In June 2021, the FAA announced that it had allocated approximately \$62.8 million of grant assistance under ARPA to Midway, plus an additional \$8.6 million specifically related to Concessions Relief. The City can draw on CRRSAA and ARPA funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the City has applied the use of CRRSAA and ARPA funds to mitigate the adverse impacts on rates and charges paid by the airlines and to ensure sufficient funding to pay for debt service.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

To the Honorable Lori E. Lightfoot, Mayor,
and the Members of the City Council
City of Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Chicago, Illinois' (City of Chicago) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Chicago's major federal programs for the year ended December 31, 2020. The City of Chicago's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Chicago's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Chicago's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Chicago's compliance.

Opinion on Each of the Major Federal Programs

In our opinion, the City of Chicago complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results of our audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

City of Chicago's Response to Findings

The City of Chicago's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The City of Chicago's response provided in the corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response provided in the corrective action plan.

Report on Internal Control Over Compliance

Management of the City of Chicago is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Chicago's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Chicago's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, and 2020-004, that we consider to be significant deficiencies.

City of Chicago's Response to Findings

The City of Chicago's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The City of Chicago's response provided in the corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response provided in the corrective action plan.

Purpose of this Report

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

Baker Tilly US, LLP

Chicago, Illinois
July 30, 2021

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

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

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

 yes X no

FEDERAL AWARDS

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: *unmodified*

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

 X yes no

Auditee qualified as low-risk auditee?

 X yes no

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

 \$ 4,574,895

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants
14.218	CDBG – Entitlement Grants Cluster: COVID-19 Community Development Block Grants/Entitlement Grants
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
16.922	Equitable Sharing Program
20.106	Airport Improvement Program
20.106	COVID-19 Airport Improvement Program
21.019	COVID-19 Coronavirus Relief Fund
93.268	Immunization Cooperative Agreements
93.268	COVID-19 Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response
93.569	Community Services Block Grant
93.569	COVID-19 Community Services Block Grant

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

2020-001 was reported by other auditors in a separate report.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2020

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2020-002

CFDA No.	14.218 Community Development Block Grant
Federal Agency	U.S. Department of Housing and Urban Development
Pass-through Agency	Not applicable
Award Number / Year	B-20-MC-17-0006 / 2020
City Departments	Department of Law

Criteria: Per guidance provided in 2 CFR part 200.430, charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: 1) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; 2) Be incorporated into the official records of the non-federal entity; and 3) Reasonably reflect the total activity for which the employee is compensated by the non-federal entity, not exceeding 100% of compensated activities.

Condition/Context: The Department of Law uses semi-annual certification forms to document employee salaries and wages. Two out of the forty payroll transactions sampled were related to employees within the Department of Law. Of these payroll transactions selected, both employees from the Department of Law had variances between the amount charged to the award and the amount that should have been charged to the award based on the employees' time actually spent on the grant as documented on the semi-annual certification forms. An entry was not made to true up the amount charged to the grant as there was no reconciliation completed by this department to verify time and effort spent on the grant. This resulted in an overcharge of payroll expenditures to the grant. The sample was not statistically valid.

Effect: The department overcharged two employees' salaries to the federal award.

Questioned Costs: Questioned costs were determined to be \$2,961 for CFDA No. 14.218. This amount was calculated by comparing the information on the semi-annual certifications to the actual charges made to the program for the employees and pay periods selected.

Cause: The department does not have a consistent system for obtaining and reviewing the necessary supporting documentation and/or making look-back adjustments to record actual time and effort as required under the Uniform Guidance for payroll changes.

Recommendation: We recommend the Department of Law consider participation in the City's electronic process for tracking grant time, including consistent use of quarterly reconciliations and completing the resulting adjustments that are derived from these reconciliations.

Views of Responsible Officials: See Corrective Action Plan.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

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

FINDING 2020-003

CFDA Nos. 14.218 Community Development Block Grant
93.268 COVID-19 Immunization Cooperative Agreements

Federal Agencies U.S. Department of Housing and Urban Development
U.S. Department of Health and Human Services

Pass-through Agency Not applicable

Award Number / Year B-20-MC-17-0006 / 2020
1 NH23IP922613-01-00 / 2020

City Departments Department of Housing (DOH)
Department of Family and Support Services (DFSS)
Department of Public Health (CDPH)

Criteria: Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282) that are codified in 2 CFR Part 170, direct recipients of grants or cooperative agreements who make first tier subawards of \$30,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS. The subaward data reported must accurately represent the key data elements supported by the source documentation. These key data elements include the following: Subaward date, subawardee DUNS #, amount of subaward, subaward obligation / action date, and subaward number. This reporting must happen no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made.

Condition/Context: Subawards sampled across major programs were found to be submitted beyond the due date, not reported at all, or reported using the wrong amount. Sample sizes and errors found during testing are noted below. Our sample was not statistically valid.

CFDA No.	Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
14.218	20	6	14	1	0
	Dollar Amount of Tested Transactions \$4,145,339	Subaward not reported \$474,055	Report not timely \$4,145,339	Subaward amount incorrect \$48,789	Subaward missing key elements \$0
CFDA No.	Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
93.268 COVID-19	2	0	1	0	0
	Dollar Amount of Tested Transactions \$405,000	Subaward not reported \$0	Report not timely \$75,000	Subaward amount incorrect \$0	Subaward missing key elements \$0

Effect: The City is not in compliance with the reporting guidelines required by FFATA.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2020

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

FINDING 2020-003 (cont.)

Questioned Costs: None noted.

Cause: Due to staff turnover and transitioning, the DOH and DFSS did not have a sufficient amount of trained staff available to report their first tier subawards through FSRS in a timely manner. In addition, the subawards reported by DFSS weren't being reviewed in detail for accuracy compared to the subawards' source documentation. The award in question for CDPH was a COVID supplemental add-on to the original award agreement and it was not identified by department personnel in the reporting system.

Recommendation: We recommend the City ensure that reporting under FFATA is completed for all relevant subawards by the required deadline, and the key data elements reported for each of the subawards is reviewed for accuracy compared to the subawards' source documentation.

Views of Responsible Officials: See Corrective Action Plan.

FINDING 2020-004

CFDA No. 16.922 Equitable Sharing Program

Federal Agency U.S. Department of Justice

Pass-through Agency Not applicable

Award Numbers / Years N/A / 2020

City Department Chicago Police Department (CPD)

Criteria: Per guidance provided in the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies, the Equitable Sharing Annual Certification report is to be submitted no later than 2 months after the grantee's fiscal year-end.

Condition/Context: CPD did not submit its Equitable Sharing Annual Certification (ESAC) report by the 2-month deadline (March 1) after the City's fiscal year-end.

Effect: CPD was out of compliance with the Equitable Sharing program's reporting requirements until the ESAC report was submitted on May 21, 2021, the date the report was submitted.

Questioned Costs: None noted

Cause: The ESAC report was submitted late because CPD was waiting for the U.S. Department of Justice to complete follow up concerning a program review that was in process.

Recommendation: We recommend that CPD review its current process for preparing, approving and submitting its ESAC report and implement procedures to ensure that the ESAC report is submitted within 2 months after the City's fiscal year end (March 1 of each year).

Views of Responsible Officials: See Corrective Action Plan.

**CITY OF CHICAGO, ILLINOIS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020**



CITY OF CHICAGO



DEPARTMENT OF FINANCE

CORRECTIVE ACTION PLAN
Year Ended December 31, 2020

FINDING 2020-002

As a result of the 2020 Single Audit, the Department of Law received an audit finding for inaccurately charging salary cost to the Community Development Block Grant (CDBG), based on completed semi-annual certification forms, which were not properly reconciled against the appropriate funding source. As a corrective action response, the Law Department will no longer directly charge employees to the CDBG program, all employees will be charged to a non-federal funding source as of January 1, 2022.

Latoya Vaughn, Deputy Budget Director, in the Office of Budget and Management will be responsible for ensuring that this corrective action plan is implemented by January 1, 2022.

FINDING 2020-003

As a result of the 2020 Single Audit, the Department of Housing (DOH) received an audit finding for non-compliance regarding the timely reporting for subawards under the Community Development Block Grant (CDBG) program. Currently, the FSRS does not provide any notifications when the federal agency uploads the contract, which would allow the City to report against the associated contract. In the absence of this notification, the DOH has established an internal system to monitor the FFATA System monthly to confirm the uploading of the contract and will ensure that all contracts are uploaded within 30 days of the contract execution. When the federal agency uploads the grant award in FSRS, DOH will utilize the subaward source documentation to guide the FFATA data entry, which will be reviewed internally by DOH staff. After the data is uploaded and upon submission, DOH will record screenshots that identify the date and time of the submission. This information will be submitted to the Office of Budget and Management (OBM) and a copy will also be maintained electronically for reference at DOH.

Alessandra Budnik, Contracts Administrator in the DOH, will be responsible for ensuring that this corrective action plan is implemented by January 1, 2022.

As a result of the 2020 Single Audit, the Department of Family and Support Services (DFSS) received an audit finding for non-compliance regarding the timely reporting for subawards under the Community Development Block Grant (CDBG) program. Currently, the FSRS does not provide any notifications when the federal agency uploads the contract, which would allow the City to report against the associated contract. In the absence of this notification, the Department of Family and Support Services (DFSS) has established an internal system to monitor the FFATA System monthly to confirm the uploading of the contract and will ensure that all contracts are uploaded within 30 days of the contract execution. In addition, all information entered will be verified by DFSS staff for accuracy prior to submission, based on support documentation. When the federal agency uploads the contract in FSRS, DFSS will utilize the subaward source documentation to guide the FFATA data entry, which will be reviewed internally by DFSS staff. After the data is uploaded and upon submission, DFSS will record screenshots that identify the date and time of the submission. This information will be submitted to the Office of Budget and Management (OBM) and a copy will also be maintained electronically for reference at DFSS.

Raymond Barrett, Director of Research and Development, in the DFSS will be responsible for ensuring that the corrective action plan for DOH and DFSS is implemented by January 1, 2022.

CITY OF CHICAGO

CORRECTIVE ACTION PLAN Year Ended December 31, 2020

FINDING 2020-003 (cont.)

As a result of the 2020 Single Audit, the Department of Public Health (DPH) received an audit finding for non-compliance regarding the timely reporting for subawards under the Immunization Cooperative Agreements program. Currently, the FSRS does not provide any notifications when the federal agency uploads the contract, which would allow the City to report against the associated contract. In the absence of this notification, the CDPH Contracts Team maintains a contract status spreadsheet that documents milestones related to the contracting process. CDPH will add a grant number field next to the FFATA data. Having the grant number adjacent to the FFATA data would inform the Contract Administrator of the specific grant number that needs to be entered and allow for the timely FSRS submission compliant with 2 CFR Part 170.

John Pfeiffer, Contracts Administrator, in the DPH will be responsible for ensuring that the corrective action plan for DPH is implemented by January 1, 2022.

FINDING 2020-004

The COVID-19 pandemic presented unprecedented challenges for the city throughout fiscal year 2020 and into 2021. Chicago departments adjusted work schedules, had many staff teleworking, had staff out on medical leave and many tasks that were delayed because of the pandemic were coming due simultaneously. These reasons collectively attributed to unanticipated delays to the submission of the ESAC report. The process for ESAC information gathering, reviews and signatures experienced delays with many of the staff working remotely and accessing information electronically, all simultaneous to addressing ongoing COVID-19 requests/setbacks.

The annual ESAC report is compiled by the Managing Deputy Director of Administration of the Office of Public Safety Administration (OPSA) on behalf of the Chicago Police Department (CPD). To ensure future submissions are submitted timely, the OPSA will review requirements prior to the close of the fiscal year, disseminate action plans to all necessary parties prior to the end of the year and conduct more aggressive follow-up within the first 2 months of the new year.

One month before the current budget fiscal year ends, the OPSA Managing Deputy Director of Administration will instruct OPSA Finance staff to begin the reconciliation of revenues and expenditures of the Equitable Sharing Program, and to ensure expenditures are appropriately categorized as defined in the Equitable Sharing Certification guidelines. The OPSA Finance staff will also prepare memorandums requesting additional information needed to complete the ESAC to each party responsible, all with a due date of mid-January of the following year. The memos will be addressed to:

- CPD General Counsel of Office of Legal Affairs requesting the Civil Rights cases be obtained from the City of Chicago Department of Law.
- CPD Bureau of Counterterrorism seeking any non-cash equipment/items received, verifying any transfers To/From other participating law enforcement agencies, and ensuring the proceeds from the sales of any non-cash equipment/items sold are deposited back into the Equitable Sharing Funds.
- The City of Chicago Department of Finance (Comptroller) requesting the interest and investment income earned through December 31st, the Single Audit Information, and the jurisdiction finance contact information.

CITY OF CHICAGO

CORRECTIVE ACTION PLAN Year Ended December 31, 2020

FINDING 2020-004 (cont.)

In January of the following year, the OPSA Finance staff will complete the reconciliation of the revenues and expenditures through December 31st and enter the revenues and expenditures and the responses received from CPD into the eShare Portal to complete and print the draft ESAC by the end of January. This will allow one month for all reviews to be conducted. Once the ESAC reviews are complete, and the ESAC is ready for signature, the OPSA Managing Deputy Director of Administration will prepare a memo addressed to the CPD Superintendent to accompany the final ESAC for signature.

CPD Superintendent will sign as the Agency Head and OPSA will then forward the ESAC to the Chicago Office of Budget and Management (OBM) Budget Director. The Budget Director will meet with the Mayor's Chief of Staff for review and obtain Chief of Staff signature as the Governing Body Head.

The Budget Director will return the fully executed ESAC to OPSA, and OPSA will forward to the CPD Chief of Bureau of Counterterrorism, who will have a member of his/her staff with eShare Administrator rights review the fully signed ESAC, enter the electronic signatures and dates for the Agency Head and the Governing Body in the Share portal, and then submit the ESAC by the required deadline. The fully executed ESAC will be returned to OPSA for record retention.

**CITY OF CHICAGO, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**



CITY OF CHICAGO



DEPARTMENT OF FINANCE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2020

FINDING 2019-001

CFDA Nos.	93.069 Public Health Emergency Preparedness 93.940 HIV Prevention Activities – Health Department Based
Federal Agency	U.S. Department of Health and Human Services
Pass-through Agency	Not applicable
Award Numbers/Years	NU90TP921901, NU90TP922033, NU62PS924560/2019,2020
City Department	Department of Public Health

For these federal programs, the department supervisors approve time of employees. There were three instances out of forty payroll transactions sampled for CFDA No. 93.940 and one instance out of forty payroll transactions sampled for CFDA No. 93.069 where an employee was charged to an award, but the time was not properly approved by a supervisor. The samples were not statistically valid.

2020 STATUS

For each period ending the 3rd and 4th quarters of 2020, CDPH PAR Liaisons and Deputies were provided with the Supervisor Approval Rating reports detailing time entered by staff that had not yet been approved by the supervisors. Subsequent reports were produced and distributed detailing the status of entries. For supervisors that had not yet completed their approvals by the final report out, and had not reported any issues preventing them from doing so, the Liaisons and Deputies were instructed to work with CDPH-HR on appropriate disciplinary actions.

Due to the increased programmatic and administrative impact COVID-19 has had on the department (and the City), CDPH did not have the capacity to conduct training with OBM. However, on January 13th, 2021 the CDPH Deputy Commissioner-Finance and Administration hosted a meeting with the department's PAR liaisons to revisit their requirements and supporting reports to assist them in obtaining PAR entry and approval compliance. CDPH is committed to improving its PAR processing to ensure compliance with City policies and procedures and grantor guidelines.

Finding 2019-001 was not repeated in FY2020.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2020

FINDING 2018-003

CFDA No.	16.922 Equitable Sharing Program
Federal Agency	U.S. Department of Justice
Pass-through Agency	Not applicable
Award Number / Year	N/A / 2018
City Department	Chicago Police Department (CPD)

CPD does not maintain an inventory listing of certain equipment obtained using funding from the Equitable Sharing Program. CPD was not able to adequately demonstrate that proper equipment records were being maintained and properly tracked for the Equitable Sharing Program.

2020 STATUS

On May 14, 2021, the City's Office of Public Safety Administration (OPSA) submitted an updated Inventory Control Policy for all the City of Chicago Public Safety Departments including the Police Department, to the Lead Auditor, Audit and Review Division, Office of Justice Programs, U.S. Department of Justice. The submission was in follow-up response to the subject independent auditor's Finding 2018-003 and the subsequent DOJ-OIG Audit Report No. 50-20-007. After review of the City's updated policy document the DOJ requested additional documentation related to equipment acquired with Federal funds, including equipment purchased with Equitable Sharing Funds during the scope of the audit. OPSA compiled the additional documentation and provided to DOJ via correspondence dated July 20, 2021.

The OPSA provided similar documentation for equipment purchased with Equitable Sharing Funds during the scope of the FY2020 independent audit sufficient to evidence compliance with uniform guidance for Finding 2018-003 and the auditors determined that the finding is not repeated for FY2020.