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

Comprehensive Annual Financial Report
For the Years Ended December 31, 2015 and 2014

Rahm Emanuel, Mayor
Carole L. Brown, Chief Financial Officer
Erin Keane, City Comptroller
Ginger S. Evans, Commissioner

2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CHICAGO MIDWAY INTERNATIONAL AIRPORT

Table of Contents

PART I - INTRODUCTORY SECTION

PART II - FINANCIAL SECTION
Independent Auditors Report and Financial Statements

.

Basic Financial Statements

REQUIRED SUPPLEMENTAL INFORMATION

ADDITIONAL INFORMATION
Calculations of Coverage

PART III - STATISTICAL SECTION (Unaudited)

PART I

INTRODUCTORY SECTION

CHICAGO DEPARTMENT OF AVIATION
CITY OF CHICAGO

June 30, 2016

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

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

Responsibility for both the accuracy of the data and completeness, and fairness of the presentation, including all disclosures, rests with the City of Chicago ("City") Chicago Department of Aviation and Comptroller's Office. The purpose of the CAFR is to provide complete and accurate information that complies with reporting requirements. The Chicago Midway International Airport's Management's Discussion and Analysis ("MD&A") can be found immediately following the independent auditors' report.

ECONOMIC CONDITION AND OUTLOOK

The Airport provides regional travelers with access to service by a number of airlines that generally specialize in low-fare, point-to-point, origin and destination ("O&D") passenger service. The Airport's major attributes that allow it to enjoy a unique market niche include the Airport's location proximate to a large O&D passenger base, its accessibility, and its low per-passenger cost structure. In 2015, Midway's passenger enplanements grew by 4.8 percent — making Midway one of the fastest growing large hub airports in the country. In fact, 2015 was the busiest year in Midway's 88-year history – a major milestone for an airport when the aviation industry is still recovering the global economic crisis. .

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

REPORTING ENTITY

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

MAJOR INITIATIVES

The City has made significant investment in Midway to address growing passenger demand, security, safety and community relations. With the completion of the $2 billion capital program including the terminal development program, the CDA continues to strategically plan for the future passenger demand at the Airport.

In August 2015, the Mayor announced the Midway Modernization Program which includes $248 million investment at Midway create 1,700 permanent and construction jobs. The Midway Modernization Program is focused on enhancing the passenger's travel experience and growing non-airline airport revenue. It includes three key projects:

- Passenger Security Checkpoint Expansion project – This $83 million project will construct an 80,000 square foot security pavilion to increase the number of TSA lanes. This project is in design in 2015 and construction will begin in 2016.

- Terminal Parking Garage Expansion project – This $131 million project will construct a 1,400 space addition to the existing Terminal Parking Garage. The existing garage is closed due to high demand nearly 3-4 days per week. This project will provide for more premium parking spaces. This project is in design in 2015 and construction will begin in 2016.

- Concessions Redevelopment Program – In September 2015, the Department issued a Request for Proposal for the redevelopment and transformation of the Midway concessions program.

In 2015, Midway completed the rehabilitation of Runway 4L 22R and Taxiway P Configuration to maintain airfield infrastructure and ensure operational efficiencies of aircraft movements. Midway also completed the installation of the arrestor bed on Runway 13C. All of the airport's surface parking lots were rehabilitated in 2015. Finally, the Airport continues to invest in our surrounding community and expended $12 million as part of the on-going residential sound insulation program. To date, Midway has completed the sound insulation of 41 schools and more than 10,000 homes in the community near Midway.

The future ongoing capital program also includes the noise mitigation projects, cyclical rehabilitations of the major runways and taxiways, expansion of the security checkpoint and expansion of the terminal parking structure in order to maintain and enhance operational capability, operational efficiency and greater airfield safety and to maximize non-airline revenue opportunities.

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

FINANCIAL INFORMATION

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

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

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

RELEVANT FINANCIAL POLICIES

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

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

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its CAFR for the fiscal year ended December 31, 2014. This was the 18th consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of

Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Ginger S. Evans

Ginger S. Evans
Commissioner
Chicago Department of Aviation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago Midway International Airport

Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

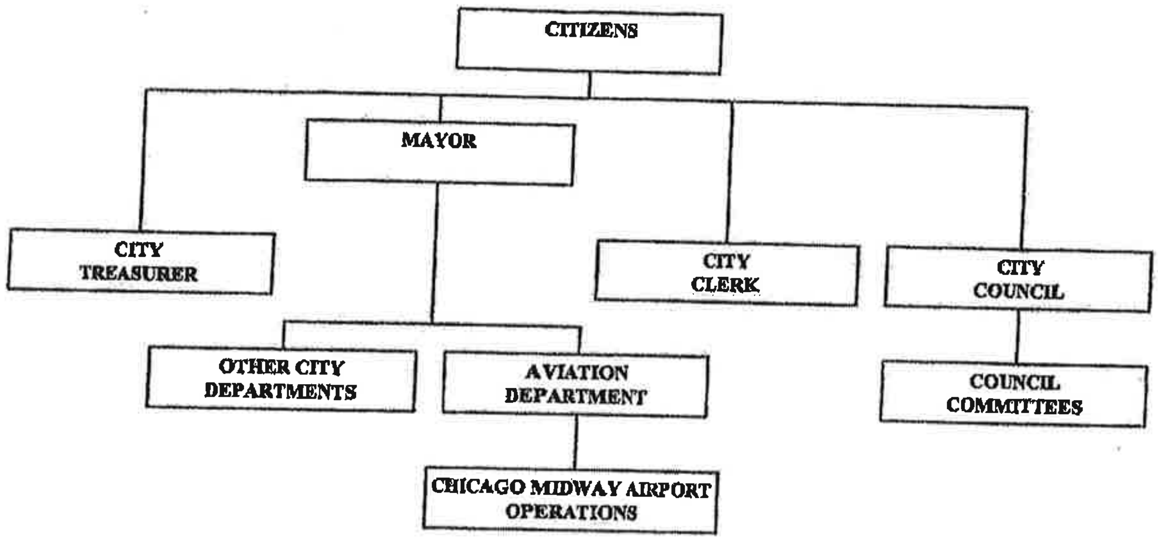
December 31, 2014

Jeffrey R. Emer

Executive Director/CEO

CITY OF CHICAGO
CHICAGO MIDWAY INTERNATIONAL AIRPORT
ORGANIZATION CHART

AS OF 12/31/15



PART II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Chicago Midway International Airport (Midway), an enterprise fund of the City of Chicago, Illinois (the City), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Midway's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Midway International Airport as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago Midway International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2015 and 2014, changes in its financial position, or where applicable, its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 12 to the basic financial statements, beginning net position at January 1, 2015 was restated due to the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and, ending net position as of December 31, 2015 reflects changes in certain benefits and actuarial assumptions (Note 7). Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Midway's basic financial statements. The introductory section, additional supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Deloitte & Touche LLP

June 30, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS
($ IN THOUSANDS)

This following discussion and analysis of the Chicago Midway International Airport’s (the “Airport”) performance provides an introduction and overview of the Airport’s financial activities for the years ended December 31, 2015 and 2014. Please read this discussion in conjunction with the Airport’s basic financial statements and the notes to basic financial statements following this section.

FINANCIAL HIGHLIGHTS

2015

- Operating revenues for 2015 increased by $5,860 compared to 2014 operating revenue.

- Operating expenses before depreciation and amortization increased by $54,280 compared to 2014, primarily due to an increase in other operating expenses for pensions due to the implementation of GASB Statement No. 68 “Accounting of Financial Reporting for Pensions- an amendment of GASB Statement No. 27” (“GASB 68”).

- The Airport’s total net position at December 31, 2015, was $(243,476). This is a decrease of $236,778 compared to total net position at December 31, 2014.

- Capital asset additions for 2015 were $44,876, principally due to land acquisition, runway rehabilitation and parking improvements.

2014

- Operating revenues for 2014 decreased by $4,930 compared to 2013 operating revenue.

- Operating expenses before depreciation and amortization increased by $8,480 compared to 2013, primarily due to an increase in repairs and maintenance and professional and engineering services.

- The Airport’s total net position at December 31, 2014, was $(6,698). This is a decrease of $21,681 compared to total net position at December 31, 2013.

- Capital asset additions for 2014 were $48,408, principally due to land acquisition, terminal improvements, parking and roadway enhancements, and runway improvements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL ANALYSIS

Landing fees and terminal area use charges and fueling system charges are assessed to the various airlines throughout each year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreement and Facilities Lease (Use Agreement). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned. The termination date of the Use Agreement is December 31, 2027.

At December 31, 2015, the Airport's financial position included total assets and deferred outflows of $1,769,035 total liabilities and deferred inflows of $2,012,511 and net position of $(243,476). A comparative condensed summary of the Airport's net position at December 31, 2015, 2014, and 2013, is as follows:

	Net Position		
	2015	2014	2013
Current unrestricted assets	$ 54,246	$ 52,445	$ 81,742
Restricted and other assets	410,313	443,366	340,583
Capital assets — net	1,169,550	1,172,333	1,169,969
Deferred outflows	134,926	51,633	24,270
Total assets and deferred outflows	$ 1,769,035	$ 1,719,777	$ 1,616,564
Current liabilities	$ 31,022	$ 30,589	$ 35,128
Liabilities payable from restricted assets and noncurrent liabilities	$ 1,979,745	$ 1,695,886	$ 1,566,453
Deferred inflows	1,744		
Total liabilities and deferred inflows	$ 2,012,511	$ 1,726,475	$ 1,601,581
Net position:			
Net investment in capital assets	$ (150,431)	$ (115,080)	$ (131,057)
Restricted	97,980	86,526	99,427
Unrestricted	(191,025)	21,856	46,613
Total net position	$ (243,476)	$ (6,698)	$ 14,983

2015

Current unrestricted assets increased by $1,801 (3.4%) primarily due to an increase in cash and cash equivalents. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2015 and 2014, was 1.75:1 and 1.89:1, respectively. Restricted and other assets decreased by $33,053 (7.5%) mainly due to a decrease in construction funds of $40,920 and a decrease in capitalized interest of $4,244 from bond proceeds. Net capital assets decreased by $2,783 (0.2%) due principally to decreased completed construction. Deferred outflows decreased by $226 (0.4%) primarily due to the refunding of bonds and changes in the fair market value of derivative instruments.

The increase in current liabilities of $433 (1.4%) is mainly related to the increase in billings over amounts earned of $2,435. The decrease in billings over amounts earned represents primarily the current-year distributions of billings over amounts earned related to prior years owed to the airlines. Liabilities payable from restricted assets and noncurrent liabilities increased by $283,859 (16.7%) in 2015 mainly due to an increase in pension liability. Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2015, total net position was $(243,476), a decrease of $236,778(- %). This decrease is mainly due to the implementation of GASB 68.

2014

Current unrestricted assets decreased by $29,297 (36%) primarily due to a decrease in cash and investments. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2014 and 2013, was 1.71:1 and 2.33:1, respectively. Restricted and other assets increased by $102,783 (30.2%) mainly due to an increase in construction funds of $120,027 and an increase in capitalized interest of $11,623 from bond proceeds and a decrease in debt service amounts of $16,578. Net capital assets increased by $2,364 (0.2%) due principally to increased completed construction. Deferred outflows increased by $27,363 (112.7%) primarily due to the refunding of bonds and changes in the fair market value of derivative instruments.

The decrease in current liabilities of $4,539 (12.9%) is mainly related to the decrease in billings over amounts earned of $5,679. The decrease in billings over amounts earned represents primarily the current-year distributions of billings over amounts earned related to prior years owed to the airlines. Liabilities payable from restricted assets and noncurrent liabilities increased by $129,433 (8.3%) in 2014 mainly due to an increase in revenue bonds payable of $173,979 and a decrease in notes payable of $57,713 and an increase of $11,982 in the liability associated with a derivative instrument.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2014, total net position was $(6,698), a decrease of $21,681 (144.7%). This decrease is mainly due to depreciation on property and facilities.

	Changes in Net Position		
	2015	**2014**	**2013**
Operating revenues:			
Landing fees and terminal area use charges	$ 84,623	$ 83,455	$ 90,002
Rents, concessions and other	91,496	86,804	85,187
Total operating revenues	176,119	170,259	175,189
Operating expenses:			
Salaries and wages	43,343	47,836	43,998
Pension expense	60,767		
Repairs and maintenance	44,095	44,160	39,606
Professional and engineering	20,954	23,255	19,144
Other operating expenses	14,717	14,345	18,368
Depreciation and amortization	47,719	46,163	41,538
Total operating expenses	231,595	175,759	162,654
Operating (loss) income	(55,476)	(5,500)	12,535
Nonoperating revenue (expenses):			
Nonoperating revenues	53,163	51,465	47,099
Nonoperating expenses	(84,129)	(72,472)	(79,426)
Total nonoperating revenues/expenses	(30,966)	(21,007)	(32,327)
(Loss) Before Capital Grants	(86,442)	(26,507)	(19,792)
Capital grants	9,279	4,826	4,975
Change in net position	$ (77,163)	$ (21,681)	$ (14,817)

2015

Landing fees and terminal area use charges for the years 2015 and 2014 were $84,623 and $83,455, respectively. Rents, concessions, and other revenues were $91,496 and $86,804 for 2015 and 2014, respectively. The increase in 2015 operating revenues of $5,860 (3.4%) from 2014 was due to increased landing fees and terminal area use charges of $1,168 and rents and other concession revenue of $4,692.

Salaries and wages decreased by $4,493 (9.4%) in 2015 compared to 2014. In 2015, pension expenses of $60,767 was reclassed in 2015 as a separate category due to the implementation of GASB 68. Professional and engineering expenses decreased $2,301 (9.9%) compared to 2014 primarily due to decreases in contractor costs associated with public parking facilities.

The 2015 nonoperating revenues of $53,163 are comprised of Passenger Facility Charges (PFC) revenue of $41,692, customer facility charges (CFC) revenue of $7,572, investment income of $2,497, and other nonoperating revenues of $1,402. During 2015, nonoperating revenues increased by $1,698 due primarily to (PFC) revenue of $41,692.

Nonoperating expenses of $84,129 and $72,472 for the years 2015 and 2014, respectively, were primarily comprised of bond interest expense, bond issuance costs and noise mitigation costs.

Capital grants increased $4,453 in 2015, mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government.

2014

Landing fees and terminal area use charges for the years 2014 and 2013 were $83,455 and $90,002, respectively. Rents, concessions, and other revenues were $86,804 and $85,187 for 2014 and 2013, respectively. The decrease in 2014 operating revenues of $4,930 (2.8%) from 2013 was mainly due to decreased landing fees, and terminal area use charges of $6,547. The decrease was due to the residual Use Agreement that requires airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses and net debt service and fund deposit requirements, reduced by nonairline revenues. Rents and other concession revenue increased $1,617 with an increase in auto parking of $1,506.

Salaries and wages increased by $3,838 (9%) in 2014 compared to 2013 with the increase primarily for police and fire protection. Repairs and maintenance expenses increased by $4,554 (11.5%) in 2014 compared to 2013 due to increases in snow removal costs and terminal facilities costs. Professional and engineering expenses increased $4,111 (21.5%) compared to 2013 primarily due to increases in contractor costs associated with public parking facilities. Other operating expenses decreased $4,023 (21.9%) in 2014 compared to 2013 due to a reduction in litigation claim payments.

The 2014 nonoperating revenues of $51,465 are comprised of Passenger Facility Charges (PFC) revenue of $39,889, customer facility charges (CFC) revenue of $6,514, investment income of $3,540, and other nonoperating revenues of $1,522. During 2014, nonoperating revenues increased by $4,366 due primarily to investment income of $3,540.

Nonoperating expenses of $72,472 and $79,426 for the years 2014 and 2013, respectively, were primarily comprised of bond interest expense, bond issuance costs and noise mitigation costs.

Capital grants decreased $149 in 2014, mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government.

A comparative summary of the Airport's cash flows for the years ended December 31, 2015, 2014, and 2013, is as follows:

	Cash Flows		
	2015	**2014**	**2013**
Cash provided by (used in) activities:			
Operating	$ 44,089	$ 35,737	$ 53,057
Capital and related financing	(63,085)	38,147	(5,718)
Noncapital financing	(21,921)	(1,580)	(11,859)
Investing	75,055	(108,624)	1,146
Net change in cash and cash equivalents	34,138	(36,320)	36,626
Cash and cash equivalents:			
Beginning of year	134,614	170,934	134,308
End of year	$ 168,752	$ 134,614	$ 170,934

2015

As of December 31, 2015, the Airport's available cash and cash equivalents of $168,752 increased by $34,138 compared to $134,614 at December 31, 2014, due to operating activities of $44,089 and investing activities of $75,055 offset by capital and related financing activities of $63,085 and noncapital financing activities of $21,921. Total cash and cash equivalents at December 31, 2015, were comprised of unrestricted and restricted cash and cash equivalents of $10,881 and $157,871, respectively.

2014

As of December 31, 2014, the Airport's available cash and cash equivalents of $134,614 decreased by $36,320 compared to $170,934 at December 31, 2013, due to operating activities of $38,147 and capital and related financing activities of $38,147 offset by noncapital financing activities of $1,580 and investing activities of $108,624. Total cash and cash equivalents at December 31, 2014, were comprised of unrestricted and restricted cash and cash equivalents of $6,358 and $128,256, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2015 and 2014, the Airport had $1,169,550 and $1,172,333 respectively, invested in net capital assets. During 2015, the Airport had additions of $44,876 related to capital activities. This included $385 for land acquisition and the balance of $44,491 for construction projects relating to runway rehabilitation and parking improvements.

During 2015, completed projects totaling $45,950 were transferred from construction in progress to applicable buildings and other facilities capital account. These major completed projects were related to runway and taxi improvements and rental car parking garage.

The Airport's capital assets at December 31, 2015, 2014, and 2013, are summarized as follows:

	Capital Assets at Year-end		
	2015	**2014**	**2013**
Capital assets not depreciated:			
Land	$ 115,165	$ 114,780	$ 113,747
Construction in progress	19,126	20,585	28,953
Total capital assets not depreciated	134,291	135,365	142,700
Capital assets depreciated:			
Buildings and other facilities	1,602,470	1,556,519	1,500,776
Less accumulated depreciation for:			
Buildings and other facilities	(567,211)	(519,551)	(473,507)
Total capital assets depreciated — net	1,035,259	1,036,968	1,027,269
Total property and facilities — net	$ 1,169,550	$ 1,172,333	$ 1,169,969

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

The Airport's outstanding debt at December 31, 2015, 2014, and 2013, is summarized as follows ($ in thousands):

	Outstanding Debt at Year-end		
	2015	**2014**	**2013**
Revenue bonds and notes payable	$ 1,506,325	$ 1,523,590	$ 1,495,008
Unamortized:			
Bond (discount) premium	79,093	84,609	4,325
	1,585,418	1,608,199	1,499,333
Current bonds payable	(23,470)	(17,265)	(24,665)
Total long-term revenue bonds and notes payable – net	$ 1,561,948	$ 1,590,934	$ 1,474,668

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

The Airport's revenue bonds at December 31, 2015, had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings	Kroll Ratings
First Lien Chicago Midway Revenue Bonds	A2	A	A	Not Rated
Second Lien Chicago Midway Revenue Bonds	A3	A-	A-	Not Rated

At December 31, 2015 and 2014, the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

The airlines using the Airport generally provide low fare, point-to-point origination and destination passenger service. During 2015 and 2014, Southwest Airlines accounted for 92.5% and 88.8%, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for 2016, total budgeted operating and maintenance expenses are projected at $143,304 and total net debt service and fund deposit requirements are projected at $40,095. Additionally, 2016 nonairline and nonsignatory revenues are budgeted for $78,599, resulting in a net airline requirement of $104,801 that will be funded through landing fees, terminal area use charges, and fueling system charges.

REQUESTS FOR INFORMATION

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2015 AND 2014
($ in thousands)

ASSETS	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 10,881	$ 6,358
Cash and cash equivalents—restricted (Note 2)	88,080	72,514
Investments (Note 2)	27,821	34,042
Accounts receivable—net of allowance for doubtful accounts of approximately $384 in 2015 and $507 in 2014	8,813	7,006
Amounts to be billed	5,009	4,286
Due from other City funds	1,566	527
Prepaid expenses	156	226
Total current assets	142,326	124,959
NONCURRENT ASSETS:		
Cash and cash equivalents (Note 2)—restricted	69,791	55,742
Investments (Note 2)—restricted	244,354	310,902
Due from other governments—restricted	3,709	
Accounts receivable (Note 1)—restricted	3,064	3,045
Interest receivable—restricted	473	262
Other assets	842	901
Property and facilities (Note 5):		
Land	115,165	114,780
Buildings and other facilities	1,602,470	1,556,519
Construction in progress	19,126	20,585
Total property and facilities	1,736,761	1,691,884
Less accumulated depreciation	(567,211)	(519,551)
Property and facilities—net	1,169,550	1,172,333
Total noncurrent assets	1,491,783	1,543,185
Total assets	1,634,109	1,668,144
DEFERRED OUTFLOWS (Note 11)	134,926	51,633
TOTAL ASSETS AND DEFERRED OUTFLOWS	$1,769,035	$1,719,777

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	2015	2014
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 20,300	$ 18,732
Due to other City funds	6,971	9,134
Advances for terminal and hangar rent	758	2,165
Billings over amounts earned	2,993	558
Liabilities payable from restricted assets:		
Accounts payable	33,020	21,471
Due to other City funds	254	
Interest payable	31,336	33,778
Current portion of revenue bond payable (Note 4)	23,470	17,265
Total current liabilities	119,102	103,103
NONCURRENT LIABILITIES:		
Revenue bonds payable—net of current maturities (Note 4)	1,561,948	1,590,934
Net pension liability (Note 7)	296,025	
Notes payable—commercial paper (Note 4)		
Derivative instrument (Note 4)	31,360	30,128
Performance deposits	2,332	2,310
Total noncurrent liabilities	1,891,665	1,623,372
Total liabilities	2,010,767	1,726,475
DEFERRED INFLOWS (Note 11)	1,744	
NET POSITION (Note 1):		
Net investment in capital assets (deficit)	(150,431)	(115,080)
Restricted net position:		
Debt service	11,034	12,109
Capital projects	16,756	10,160
Passenger facility charges	5,701	4,658
Airport use agreement	30,818	28,282
Customer facility charges	25,936	23,651
Other assets	7,735	7,666
Total restricted net position	97,980	86,526
Unrestricted net (deficit) position	(191,025)	21,856
Total net (deficit) position	(243,476)	(6,698)
TOTAL	$1,769,035	$1,719,777

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
($ in thousands)

	2015	2014
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 84,623	$ 83,455
Rents, concessions and other (Note 6)	91,496	86,804
Total operating revenues	176,119	170,259
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages and pension costs	43,343	47,836
Pension expense (Note 7)	60,767	
Repairs and maintenance	44,095	44,160
Professional and engineering services	20,954	23,255
Other operating expenses	14,717	14,345
Total operating expenses before depreciation and amortization	183,876	129,596
Depreciation and amortization	47,719	46,163
Total operating expenses	231,595	175,759
OPERATING LOSS	(55,476)	(5,500)
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charges revenues	41,692	39,889
Customer facility charges revenues	7,572	6,514
Investment income (loss)	2,497	3,540
Interest expense (Note 4)	(60,764)	(64,111)
Noise mitigation costs (Note 1)	(23,323)	(3,103)
Costs of issuance (Note 1)	(42)	(5,258)
Other nonoperating revenues	1,402	1,522
Total nonoperating (expenses) revenues	(30,966)	(21,007)
LOSS BEFORE CAPITAL GRANTS	(86,442)	(26,507)
CAPITAL GRANTS (Note 1)	9,279	4,826
CHANGE IN NET POSITION	(77,163)	(21,681)
TOTAL NET POSITION—Beginning of year as restated (Note 12)	(166,313)	14,983
TOTAL NET POSITION—End of year	$ (243,476)	$ (6,698)

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
($ in thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 84,595	$ 80,081
Rents, concessions and other	90,059	84,768
Payments to vendors	(79,932)	(83,377)
Payments to employees	(31,590)	(39,295)
Transactions with other City funds (used in)	(11,295)	(10,052)
Transactions with other City funds provided by	(7,748)	3,612
Cash flows provided by operating activities	44,089	35,737
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds		972,038
Payments of commercial paper notes		(57,713)
Principal paid on bonds	(17,265)	(24,665)
Cash paid to refund bonds		(797,008)
Bond issuance costs	(42)	(5,258)
Interest paid	(67,264)	(59,237)
Acquisition and construction of capital assets	(33,328)	(41,443)
Grant receipts	5,570	4,894
Passenger facility charges revenues	41,673	40,024
Customer facility charges revenues	7,571	6,515
Cash flows provided by (used in) capital and related financing activities	(63,085)	38,147
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from settlement agreement	1,402	1,029
Cash paid for noise mitigation program	(23,323)	(2,609)
Cash flows (used in) noncapital financing activities	(21,921)	(1,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale (purchases) of investments—net	73,092	(111,577)
Investment interest	1,963	2,953
Cash flows (provided by) used in investing activities	75,055	(108,624)
NET CHANGE IN CASH AND CASH EQUIVALENTS	34,138	(36,320)
CASH AND CASH EQUIVALENTS—Beginning of year	134,614	170,934
CASH AND CASH EQUIVALENTS—End of year	$ 168,752	$ 134,614

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
($ in thousands)

	2015	2014
RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET POSITION:		
Unrestricted	$ 10,881	$ 6,358
Restricted:		
Current	88,080	72,514
Noncurrent	69,791	55,742
TOTAL	$ 168,752	$ 134,614
RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss) income	$ (55,476)	$ (5,500)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation and amortization	47,719	46,164
Pension expense other than contribution	54,635	
Provision for uncollectible accounts	38	(329)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,843)	3,739
Decrease in due from other City funds	(7,749)	3,612
Increase in prepaid expenses	70	6
Increase in due to other City funds	255	(505)
Decrease in amounts to be billed	(724)	
Increase in billings over amounts earned	2,435	(9,965)
Decrease (increase) in advances for terminal and hangar rent	(1,407)	1,473
Increase (Decrease) in accounts payable and accrued liabilities	6,136	(2,958)
CASH FLOWS FROM OPERATING ACTIVITIES	$ 44,089	$ 35,737

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:
Property additions in 2015 and 2014 of $26,441 and $18,615, respectively, are included in accounts payable.

The fair market value adjustments (loss) to investments for 2015 and 2014 were $(665) and $(988), respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago Midway International Airport (the "Airport") is operated by the City of Chicago, Illinois (the "City") Department of Aviation. The Airport is included in the City's reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region. The Airport operated subject to the provisions of the Airport Use Agreement and Facilities Lease ("Use Agreement"), which is a residual Use Agreement that is scheduled to terminate on December 31, 2027.

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

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

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

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

Cash, Cash Equivalents and Investments—Cash, cash equivalents, and investments generally are held with the City treasurer as required by the Municipal Code of Chicago (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 Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, the State of Illinois (the "State"), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual funds regulated by, and in good standing with, the Securities and Exchange Commission; and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost. The fair value of U.S. agency securities, corporate bonds and municipal bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads.

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

Investments generally may not have a maturity in excess of 30 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of applicable bond ordinances.

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

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

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

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

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

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

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

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

Deferred Inflows—Deferred inflows represent the differences between projected and actual actuarial experience related to pensions.

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

Employee Benefits—Employee benefits are granted for vacation and sick leave, workers' compensation, and health care. Unused vacation leave is accrued and may be carried over for up to one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past three years have been less than insurance coverage maintained.

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

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

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

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

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

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

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

Passenger Facility Charge (PFC) Revenue—The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2015 and 2014, respectively. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses.

Customer Facility Charge (CFC) Revenue—Airport imposed a CFC of $4.75 and $3.75 per contract day on each customer for motor vehicle rentals at the Airport for the years ended December 31, 2015 and 2014, respectively. The CFC rate was increased to $4.75 on July 1, 2015. CFCs are available to finance-specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Adopted Accounting Standards—*Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 ("GASB No. 68"), establishes new financial reporting requirements for most governments that provide their employees with pension benefits through these types of plans. The City adopted GASB 68 for the year ended December 31, 2015. GASB 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. Beginning Net Position was restated as a result of implementation of this standard (see Note 12).

Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68 ("GASB 71"), relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB 71 became effective for the Midway Fund beginning with the year ended December 31, 2015. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and requires that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions to be reported at transition only if it is practical to determine all such amounts. There was no impact on the Midway Fund's Financial statements as a result of the implementation of GASB 71.

Upcoming Accounting Standards—Other accounting standards that Midway is currently reviewing for applicability and potential impact on the basic financial statements include:

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

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67, *Financial Reporting for Pensions* or Statement 68 will be effective for the Airport beginning with its year ending December 31, 2016. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue.

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

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

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

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

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

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

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

Cash Equivalents and Investments—U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. As of December 31, 2015, the Airport had the following investments ($ in thousands):

	Investment Maturities (in Years)			
Investment Type	**Less than 1**	**1–5**	**6–10**	**Fair Value**
U.S. agencies	$ 66,501	$ 184,815	$ -	$ 251,316
Municipal bonds	13,493	20,247		33,740
Corporate bonds		2,486	1,986	4,472
Certificates of deposits and other short-term	161,603			161,603
Subtotal	$ 241,597	$ 207,548	$ 1,986	451,131
Share of City's pooled funds				14
Total				$ 451,145

As of December 31, 2014, the Airport had the following investments ($ in thousands):

Investment Type	Investment Maturities (in Years) Less than 1	1–5	6–10	Fair Value
U.S. agencies	$ 59,946	$ 269,225	$ 5,566	$ 334,737
Municipal bonds	7,540	29,227		36,767
Certificates of deposits and other short-term	138,651			138,651
Subtotal	$ 206,137	$ 298,452	$ 5,566	510,155
Share of City's pooled funds				14
Total				$ 510,169

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 30 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

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 of Chicago;

(4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;

(5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;

(6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;

(7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;

(8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;

(9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;

(10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;

(11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;

(12) Bonds of companies organized in the United States with assets exceeding $500.0 million that, at the time of purchase, are rated not less than A-, or equivalent rating, by at least two accredited ratings agencies;

(13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;

(14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;

(15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;

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

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

Total holdings across all funds held by the Treasurer shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The Airport's exposure to credit risk at December 31, 2015 and 2014, was as follows ($ in thousands):

Quality Rating	2015	2014
Moody's/S&P:		
Aaa/AAA	$ 4,541	$ 1,282
Aa/A	247,349	337,677
A/A	1,986	
P1/A1		28,071
Not rated	197,255	143,125
Total funds	$ 451,131	$ 510,155

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

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

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

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

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

The investments reported in the basic financial statements at December 31, 2015 and 2014, are summarized as follows ($ in thousands):

	2015	2014
Per Note 2:		
Investments—airport	$ 451,131	$ 510,155
Investments—City Treasurer Pooled Fund	14	14
	$ 451,145	$ 510,169
Per basic financial statements:		
Restricted investments	$ 244,354	$ 310,902
Unrestricted investments	27,821	34,042
Investments classified as cash and cash equivalents on the statements of net position	178,970	165,225
	$ 451,145	$ 510,169

3. RESTRICTED ASSETS

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

Restricted cash, cash equivalents, and investment balances in accordance with the Master Indenture requirements at December 31, 2015 and 2014, were as follows ($ in thousands):

Account	2015	2014
Construction	$ 136,736	$ 177,656
Capitalized interest	7,532	11,776
Debt service	65,683	63,038
Debt service reserve	122,762	122,762
Operation and maintenance reserve	22,972	21,513
Repair and replacement	7,358	6,305
Emergency reserve	420	398
Customer facility charge (CFC)	26,018	24,104
Other	10,093	9,978
Subtotal—master indentures and use agreement accounts	399,574	437,530
Passenger facility charges (PFC)	2,651	1,628
Total	$ 402,225	$ 439,158

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

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

- The debt service account, which is restricted for the payment of debt service.

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

The debt service reserve account requirement was funded upon issuance of, the Series 2004 second lien bonds, the Series 2010 second lien bonds, the Series 2013 second lien bonds, and the Series 2014 second lien bonds with a cash deposit. The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

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

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

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

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

At December 31, 2015 and 2014, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Master Indentures.

4. LONG-TERM DEBT

Long-term debt at December 31, 2015 and 2014, consisted of the following ($ in thousands):

	2015	2014
First lien bonds:		
$397,715 Series 1998 A, B, and C Chicago Midway Airport Revenue Bonds, issued September 10, 1998, due through 2035, interest at 4.3%–5.5%	$ 31,530	$ 34,180
Subtotal—first lien bonds	31,530	34,180
Second lien bonds:		
$54,785 Series 2004 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2024, interest rate at 3.20%–5.00%	49,350	54,785
$140,675 Series 2004 C and D Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2035, interest rate at 4.174% and 4.247%	136,475	140,675
$63,470 Series 2010 C Chicago Midway Airport Second Lien Revenue Bonds, issued October 26, 2010, due through 2041, interest rate at 3.782%–7.168%	63,470	63,470
$118,600 Series 2013 A Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2033, interest rate at 5.375%–5.500%	118,600	118,600
$150,365 Series 2013 B Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2035, interest rate at 4.125%–5.250%	150,365	150,365
$64,995 Series 2013 C Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2020, interest rate at 0.740%–3.655%	60,015	64,995
$484,200 Series 2014 A Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2041, interest rate at 5.000%	484,200	484,200
$287,610 Series 2014 B Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2036, interest rate at 4.000-5.000%	287,610	287,610
$124,710 Series 2014 C Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2044 variable floating interest rate (0.02% at December 31, 2015)	124,710	124,710
Subtotal—second lien bonds	1,474,795	1,489,410
Total revenue bonds and notes	1,506,325	1,523,590
Unamortized premium (discount)	79,093	84,609
Total revenue bonds payable—net of unamortized premium (discount)	1,585,418	1,608,199
Current portion	(23,470)	(17,265)
Total long-term revenue bonds payable	$ 1,561,948	$ 1,590,934

Long-term debt during the years ended December 31, 2015 and 2014, changed as follows ($ in thousands):

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due within One Year
Revenue bonds and notes	$1,523,590	$ -	$ (17,265)	$1,506,325	$23,470
Unamortized premium (discount)	84,609		(5,516)	79,093	
Total long-term debt	$1,608,199	$ -	$ (22,781)	$1,585,418	$23,470

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due within One Year
Revenue bonds and notes	$1,495,008	$896,520	$(867,938)	$1,523,590	$17,265
Unamortized premium (discount)	4,325	84,196	(3,912)	84,609	
Total long-term debt	$1,499,333	$980,716	$(871,850)	$1,608,199	$17,265

Interest expense capitalized for 2015 and 2014 totaled $9.1 million and $6.5 million, respectively. Interest income capitalized for 2015 and 2014 totaled $0.9 million and $0.5 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2015 and 2014 of $1.5 million and $1.1 million, and amortization of $5.5 million of premium, net and $3.5 million of premium, net, respectively.

Issuance of Debt—The Airport Commercial Paper Notes, Series A, B, C, and D ($150 million maximum aggregated authorized) outstanding at December 31, 2015 and 2014, were $0. The commercial paper program was expanded in 2013 to $150 million. The Airport has excluded commercial paper from current liabilities as it intends and has the ability to refinance the obligation on a long-term basis. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes. An irrevocable letter of credit (LOC) ($94.6 million) provided for the timely payment of principal and interest on the notes until July 12, 2017. Amounts paid by drawing on the LOC shall be reimbursed by the Airport on said day; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate, plus 1.50% or the federal funds rate, plus 2% and 7.5% (Base Rate). Advances outstanding greater than 90 days will bear interest at the Base Rate, plus 1% beginning on the 90-first day after such advance is made. At December 31, 2015, there were no outstanding LOC advances.

In June 2014, the Airport sold $484.2 million of Chicago Midway Airport Second Lien Revenue Bonds, Series 2014A (AMT) at a premium of $41.7 million and $287.6 million of Chicago Midway Second Lien Revenue Bonds, Series 2014B (non-AMT) at a premium of $33.9 premium. The Bonds have interest rates of 4% and 5%. The Bonds are subject to mandatory and optional redemption and have maturity dates from January 1, 2019, to January 1, 2041. Certain proceeds of $653.1 million together with $20.6 million transferred from the debt service account were deposited into an escrow account to fully defease the Series 1996A First Lien Bonds ($58.4 million of principal and $1.7 million of interest), 1996B First Lien Bonds ($54.3 million of principal and $1.5 million of interest), 1998A First Lien Bonds ($217 million of principal and $5.8 million of interest), 1998B First Lien Bonds ($82.5 million of principal and $2.2 million of interest), 2001A First Lien Bonds ($131.9 million of principal and $3.6 million of interest), 2001B First Lien Bonds ($30.8 million of principal and 0.8 million of interest), and 2010D-1 Second Lien Bonds ($78.2 million of principal, $1.5 million of interest, and $3.5 million of premium). Certain proceeds of $114.9 million will be used to finance the costs of the various airport projects; certain proceeds of $57.7 million were used to repay the outstanding Commercial Paper Notes; certain proceeds of $15.1 million were used to fund the capitalized interest deposit requirement; certain proceeds of $1.5 million were used to fund the debt service reserve requirement and certain proceeds of $5.1 million were used to pay the cost of issuance of the bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debts of $15.9 million that will be charged to operation over 16 to 28 years using the straight-line method. The current refunding decreased the Airport's total debt service by $135.7 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $69.2 million.

In June 2014, the Airport sold $124.7 million of Chicago Midway Second Lien Revenue Refunding Bonds, Series 2014C (AMT). The bonds have an initial variable interest rate of 0.08%. The Bonds are subject to mandatory and optional redemption and have maturity dates from January 1, 2041, to January 1, 2044. Certain proceeds of $124.4 million were used to fully defease of the Series 1998A Second Lien Variable Rate Bonds ($64.1 million of principal) and the Series 1998B Second Lien Variable Rate Bonds ($59.8 million of principal and $0.5 million of debt service account deposit requirement) and certain proceeds of $0.3 million were used to pay the cost of issuing of the bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debts of $0.5 million that will be charged to operation over 16 years using the straight-line method. The current refunding resulted in no economic gain or loss.

Defeased Bonds—Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide amount sufficient for payment of all principal and interest. Midway 2010B Second Lien Bonds of $84.0 million, outstanding at December 31, 2014 were defeased on January 1, 2015. The Airport has no outstanding defeased bonds as of December 31, 2015.

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

Years Ending December 31	Principal	Interest	Total
2016	$ 2,800	$ 1,657	$ 4,457
2017	2,955	1,499	4,454
2018	3,115	1,332	4,447
2019	3,290	1,156	4,446
2020	3,470	970	4,440
2021–2024	15,900	1,808	17,708
Total	$ 31,530	$ 8,422	$ 39,952

Following is a schedule of debt service requirements to maturity of the second lien bonds. For issues with variable rates, interest is imputed at the percent rate effective at December 31, 2015 ($ in thousands):

Years Ending December 31	Principal	Interest	Total
2016	$ 20,670	$ 60,742	$ 81,412
2017	22,675	60,247	82,922
2018	26,280	59,613	85,893
2019	33,385	58,693	92,078
2020	38,135	57,380	95,515
2021–2025	269,825	255,368	525,193
2026–2030	355,480	183,087	538,567
2031–2035	426,335	92,682	519,017
2036–2040	138,750	24,940	163,690
2041–2044	143,260	565	143,825
Total	$ 1,474,795	$ 853,317	$ 2,328,112

The Airport's second lien variable rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent, in consultation with the City. At December 31, 2015, the Series 2004 C&D bonds and the Series 2014C bonds were in a weekly rate interest mode. Irrevocable LOC ($142.3 million) provides for the timely payment of principal and interest on the Series 2004 C&D bonds until November 25, 2016.

Irrevocable LOC ($126.1 million) provides for the timely payment of principal and interest on the Series 2014C bonds until November 25, 2017.

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

Hedging Derivatives—In April 2011, the Airport novated its $60.9 million notional amount swap associated with the Midway Airport Series 2004 C&D variable rate bonds with J.P. Morgan to Wells Fargo Bank, N.A. The fixed rate the Airport pays increased from 4.174% to 4.247%, and the Airport signed a one-way credit support agreement (CSA) that no longer requires the Airport to post collateral if the mark-to-market exceeds the threshold, previously defined in the J.P. Morgan agreement. A Goldman Sachs swap covers the 60% balance of the bonds, with a current notional amount of $81.9 million, which does not have a two-way CSA and remains unchanged.

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

	Changes in Fair Value		Fair Value at December 31, 2015		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges—pay-fixed interest rate swaps	Deferred outflow of resources	$ (1,232)	Deferred outflow of resources	$ (31,360)	$136,475

Pay-Fixed, Receive-Variable Interest Rate Swaps—The swap counterparties are Goldman Sachs and Wells Fargo, with notional amounts as of December 31, 2015, of $81.9 million and $54.6 million, respectively.

Terms, Fair Values, and Credit Risk—The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2015, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The Airport's swap agreements contained scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category ($ in thousands).

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value 2015	Swap Termination Date	Counterparty Credit Rating
Series 2004 C&D Bonds	$ 81,885	December 14, 2004	4.174 %	SIFMA +.05%	$(18,423)	January 1, 2035	A3/A
Series 2004 C&D Bonds	54,590	April 21, 2011	4.247	SIFMA +.05%	(12,937)	January 1, 2035	Aa1/AA-
Total	$136,475				$(31,360)		

Fair Value—As per industry convention, the fair value of the Airport's outstanding swaps was estimated using the zero-coupon method. This method calculates the future net settlement payment required by the swap, assuming that the forward rates implied the yield curve correctly anticipates future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap. Because interest rates declined subsequent to the date of execution, the Airport's swaps had negative values.

Credit Risk—The Airport is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the Airport by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or eligible collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination, if the counterparty is unable to meet the said credit requirements.

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

Tax Risk—The swap exposes the Airport to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the Federal or State tax exception of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap agreement.

Termination Risk—The risk that the swap could be terminated as a result of certain events, including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default, or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

Swap Payments and Associated Debt—As of December 31, 2015, debt service requirements for the Airport's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows ($ in thousands):

Years Ending December 31	Variable-Rate Bonds with Swaps Principal	Variable-Rate Bonds with Swaps Interest	Interest Rate Swaps—Net	Total
2016	$ 4,275	$ 50	$ 5,522	$ 9,847
2017	4,575	48	5,332	9,955
2018	4,775	47	5,134	9,956
2019	5,000	45	4,926	9,971
2020	5,225	43	4,709	9,977
2021–2025	29,625	181	19,973	49,779
2026–2030	36,950	117	12,934	50,001
2031–2035	46,050	38	4,165	50,253
Total	$ 136,475	$ 569	$ 62,695	$ 199,739

5. CHANGES IN CAPITAL ASSETS

During the years ended December 31, 2015 and 2014, capital assets changed as follows ($ in thousands):

	Balance January 1, 2015	Additions	Disposals and Transfers	Balance December 31, 2015
Capital assets not depreciated:				
Land	$ 114,780	$ 385	$ -	$ 115,165
Construction in progress [1]	20,585	44,491	(45,950)	19,126
Total capital assets not depreciated	135,365	44,876	(45,950)	134,291
Capital assets depreciated—buildings and other facilities	1,556,519	45,951		1,602,470
Less accumulated depreciation for—buildings and other facilities	(519,551)	(47,660)		(567,211)
Total capital assets depreciated—net	1,036,968	(1,709)	-	1,035,259
Total property and facilities—net	$ 1,172,333	$ 43,167	$ (45,950)	$ 1,169,550

[1] Includes net capitalized interest of $2,061

	Balance January 1, 2014	Additions	Disposals and Transfers	Balance December 31, 2014
Capital assets not depreciated:				
Land	$ 113,747	$ 1,033	$ -	$ 114,780
Construction in progress [1]	28,953	47,375	(55,743)	20,585
Total capital assets not depreciated	142,700	48,408	(55,743)	135,365
Capital assets depreciated—buildings and other facilities	1,500,776	55,743		1,556,519
Less accumulated depreciation for—buildings and other facilities	(473,507)	(46,044)		(519,551)
Total capital assets depreciated—net	1,027,269	9,699	-	1,036,968
Total property and facilities—net	$ 1,169,969	$ 58,107	$ (55,743)	$ 1,172,333

[1] Includes net capitalized interest of $2,693

6. LEASING ARRANGEMENTS

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

Years Ending December 31	Amount
2016	$ 38,833
2017	38,788
2018	38,566
2019	38,566
2020	38,566
2021–2025	192,831
2026–2030	192,831
Total	$ 578,981

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

Rental income, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to $92.3 million and $92.9 million in 2015 and 2014, respectively. Contingent rentals included in the totals were approximately $40.0 million and $39.6 million for 2015 and 2014, respectively.

7. PENSION PLANS

General Information about the Pension Plan

Plan Description—Eligible Midway Fund employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' (Municipal); the Laborers' and Retirement Board Employees'(Laborers'); the Policemen's (Policemen's); and the Firemen's Annuity and Benefit Funds of Chicago (Firemen's). Plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by plan members. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that can 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 law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirement of age and service are different for employees who became members before January 1, 2011, and those who became members on or after January 1, 2011. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who became members before January 1, 2011 and any eight consecutive years within the last 10 years of credited service for participants who became members on or after January 1, 2011.

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

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

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

Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 changed the funding requirements required by Public Act 96-1495, providing that the City make a fixed contribution amount for 2015 through 2019 which is significantly larger than contributions made prior to the adoption of P.A. 96-1495 but smaller than the contributions required under P.A. 96-1495. P.A. 99-0506 requires that the

City's contributions are at actuarially determined rates beginning in 2020 and future funding be sufficient to produce a funding level of 90% by the year ended December 31, 2055 (instead of 2040 required by P.A. 96-1495). As this law was enacted subsequent to December 31, 2015, the measurement of the City's net pension liability as of December 31, 2015, was not impacted, since the liability was measured using the law in effect as of December 31, 2015. The City will be taking into consideration the impact of this new law when measuring the liability in 2016. The new law is expected to increase the City's net pension liability.

The City's contributions to Municipal and Laborer's are determined pursuant to the formulas set forth in the Illinois Pension Code (the Pension Code). Pursuant to Public Act 098-641 (P.A. 98-641), the City's contributions to Municipal and Laborer's were scheduled to increase beginning in 2015; however, in July 2015 the Circuit Court of Cook County determined P.A. 98-641 to be unconstitutional. As a result of such determination by the court, the provisions of the Pension Code governing the City's contributions to Municipal and Laborer's have reverted to the provisions in effect prior to the enactment of P.A. 98-641. Furthermore, in March 2016, the Illinois Supreme Court upheld the ruling made by the Circuit Court.

The contribution to all four pension plans from the Airport was $6.1 million for the year ended December 31, 2015.

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

At December 31, 2015, the Airport reported a liability of $296.0 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was determined based on the rate of budgeted Airport salaries within each corresponding pension plan. At December 31, 2015, the Airport's proportion was 0.9 percent of the Municipal Plan, 1.5 percent of the Laborer's Plan, 0.4 percent of the Policemen's Plan and 1.4 percent of the Firemen's Plan.

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

The change in the discount rate assumption increased the Airports allocated net pension liability by $80.2 million for Municipal and $17.6 million for Laborers'. This impact is being amortized over a five year period for Municipal and a four year period for Laborers'. The change in benefits increased the Airport's allocated share of the net pension liability by $19.7 million for Municipal and $5.7 million for Laborers'. This impact is recognized as a portion of 2015 pension expense in its entirety.

For the year ended December 31, 2015, the Airport recognized pension expense of $60.8 million.

At December 31, 2015, the reported deferred outflows of resources of $83.5 million and deferred inflows of resources of $1.7 million related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 809
Changes of assumptions	64,195	
Net difference between projected and actual earnings on pension plan investments	1,828	
Total	$ 66,023	$ 809

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

Years Ending December 31	
2016	$ 16,304
2017	16,304
2018	16,304
2019	16,304
2020	
Thereafter	

Laborers' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 489
Changes of assumptions	12,472	
Net difference between projected and actual earnings on pension plan investments	1,456	
Total	$ 13,928	$ 489

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

Years Ending December 31	
2016	$5,266
2017	5,266
2018	2,542
2019	365
2020	
Thereafter	

Policemen's (dollars in thousands):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 356
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	762	
Total	$ 762	$ 356

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

Years Ending December 31	
2016	$ 117
2017	117
2018	117
2019	117
2020	(62)
Thereafter	

Firemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 90
Changes of assumptions	1,989	
Net difference between projected and actual earnings on pension plan investments	819	
Total	$ 2,808	$ 90

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

Years Ending December 31	
2016	$585
2017	585
2018	585
2019	585
2020	377
Thereafter	

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

	Municipal	Laborers'	Policemen's	Fireman's
Inflation	3.0%	3.0%	3.0%	3.0%
Salary increases	4.5%–8.25% [(a)]	3.75% [(b)]	3.75% [(c)]	3.75% [(d)]
Investment rate of return	7.5% [(e)]	7.5% [(f)]	7.5%	7.5%

[(a)] Varying by years of service

[(b)] Plus a service—based increase in the first 15 years

[(c)] Plus additional percentage related to service

[(d)] Plus additional service based increases

[(e)] Net of investment expense

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

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

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

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

	Target Allocation				Long-Term Expected Real Rate of Return			
Asset Class	**Municipal**	**Laborers'**	**Policemen's**	**Firemen's**	**Municipal**	**Laborers'**	**Policemen's**	**Firemen's**
Domestic equity	26.0 %	22.0 %	- %	- %	4.90 %	5.90 %	- %	- %
Domestic large cap equity				24.0				7.25
Domestic small cap equity				16.0				7.55
U.S. equity			21.0	0.0			6.10	
Non U.S. equity		13.0	20.0			7.90	7.80	
Global equity		14.0				6.50		
International equity	22.0			25.0	5.00			7.25
Domestic Fixed income				21.0				7.25
Fixed income	27.0	16.0	22.0		0.20	2.60	1.70	
Hedge funds	10.0	8.0	7.0		3.00	3.80	4.00	
Private equity	5.0		9.0	3.0	8.60		8.20	8.15
Private markets		11.0				6.90		
GAA		8.0	12.0			4.70	5.10	
Real estate	10.00	6.0	5.0	2.0	6.00	4.40	4.60	6.00
Risk Parity		2.0				5.00		
Alternative investments				2.0				5.25
Commodities				3.0				2.75
Cash deposits and short-term investments				4.0				2.25
Real assets			4.0				4.20	
Total	100.0 %	100.0 %	100.0 %	100.0 %				

Discount Rate

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

Laborers'—A Single Discount Rate of 4.04 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2027. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2027, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's—A Single Discount Rate of 7.15 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2063. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2063, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's—A Single Discount Rate of 7.16 percent was used to measure the total pension liability.This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent and a municipal bond rate of 3.6 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds as of December 31, 2015). The projection of cash flows used to determine this Single Discount Rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between statutory contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position and future contributions were sufficient to finance future benefit payments only through the year 2061. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Airport's proportionate share of the net pension liability to changes in the discount rate.

Municipal—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2015, calculated using the discount rate of 3.73 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.73 percent) or 1 percentage point higher (4.73 percent) than the current rate:

	(Dollars in Thousands)		
Net Pension Liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Municipal discount rate	2.73 %	3.73 %	4.73 %
Municipal liability	$ 204,550	$ 171,485	$ 144,388

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

	(Dollars in Thousands)		
Net Pension Liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Laborers' discount rate	3.04 %	4.04 %	5.04 %
Laborers' liability	$ 45,095	$ 36,973	$ 30,315

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

	(Dollars in Thousands)		
Net Pension Liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Policemen's discount rate	6.15 %	7.15 %	8.15 %
Policemen's liability	$ 42,130	$ 36,344	$ 31,473

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

	(Dollars in Thousands)		
Net Pension Liability December 31, 2015	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	6.16 %	7.16 %	8.16 %
Firemen's liability	$ 58,409	$ 51,224	$ 45,102

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

8. OTHER POSTEMPLOYMENT BENEFITS

Other Post Employment Benefits—Pension Funds

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

	Annual OPEB Cost and Contributions Made for Fiscal Year Ended December 31, 2015				
	Municipal	**Laborers'**	**Policemen's**	**Firemen's**	**Total**
Contribution Rates City:	A portion of the City's employer contribution to the Pension Funds is used to finance the health insurance supplemental benefit payments.				
Annual required contribution	$ 9,174	$ 2,402	$ 9,632	$ 2,611	$ 23,819
Interest on net OPEB obligation	2,406	209	391	385	3,391
Adjustment to annual required contribution	(27,331)	(2,376)	(4,358)	(4,375)	(38,440)
Annual OPEB cost (gain)	(15,751)	235	5,665	(1,379)	(11,230)
Contributions made	8,491	2,154	9,441	2,382	22,468
Decrease in net OPEB obligation	(24,242)	(1,919)	(3,776)	(3,761)	(33,698)
Net OPEB obligation—Beginning of year	53,486	4,649	8,684	8,563	75,382
Net OPEB obligation—End of year	$ 29,244	$ 2,730	$ 4,908	$ 4,802	$ 41,684

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

	Municipal	Laborers'	Policemen's	Firemen's
Actuarial valuation date	12/31/2015	12/31/2015	12/31/2015	12/31/2015
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization method	1 year closed	1 year closed	1 year closed	1 year closed
Asset valuation method	No assets (Pay-as-you-go)	No assets (Pay-as-you-go)	No assets (Pay-as-you-go)	No assets (Pay-as-you-go)
Actuarial assumptions:				
OPEB investment rate of return [(a)]	4.5 %	4.5 %	4.5 %	4.5 %
Projected salary increases [(a)]	3.0 %	3.0 %	3.0 %	2.5 %
Inflation				
Seniority/merit	(b)	(c)	(d)	(d)
Healthcare cost trend rate [(e)]	0.0 %	0.0 %	0.0 %	0.0 %

(a) Compounded annually

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

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

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

(e) Trend not applicable—fixed dollar subsidy

OPEB Cost Summary (dollars in thousands

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

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

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

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

Other Post Employment Benefits—City Obligation

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

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

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

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2015, the net expense to the City for providing these benefits to approximately 22,697 annuitants plus their dependents was approximately $44 million.

Plan Description Summary—The City of Chicago was party to a written legal settlement agreement outlining the provisions of the Settlement Plans, which ended June 30, 2013. The Health Plan provides for annual modifications to the City's level of subsidy. It is set to phase out over three years, at which the Health Plan, along with any further City subsidy, will expire by December 31, 2016, for all but the group of former employees (the Korshak class of members) who retired before August 23, 1989, who shall have lifetime benefits. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

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

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

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

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

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

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

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

Annual OPEB Cost and Contributions Made (Dollars in Thousands)

	Retiree Settlement Heath Plan	CBA Special Benefits	Total
Contribution rates:			
City	Pay as you go	Pay as you go	Pay as you go
Plan members	N/A	N/A	N/A
Annual required contribution	$ 46,069	$ 60,654	$ 106,723
Interest on net OPEB obligation	867	4,459	5,326
Adjustment to annual required contribution	(3,291)	(16,918)	(20,209)
Annual OPEB cost	43,645	48,195	91,840
Contributions made	58,279	38,272	96,551
Decrease in net OPEB obligation	(14,634)	9,923	(4,711)
Net OPEB obligation—Beginning of year	28,914	148,648	177,562
Net OPEB obligation—End of year	$ 14,280	$ 158,571	$ 172,851

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

Schedule of Contributions OPEB Costs and Net Obligations

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

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

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

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

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

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

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

	Summary of Assumptions and Methods	
	Settlement Health Plan	CBA Special Benefits
Actuarial valuation date	December 31, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	10 years	10 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	3.0 %	3.0 %
Projected salary increases	2.5 %	2.5 %
Healthcare inflation rate	8.0% initial to 5.0% in 2026	8.0% initial to 5.0% in 2026

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits, and self-insured risks. Such reimbursements were $19.8 million in 2015 and $17.4 million in 2014.

10. COMMITMENTS AND CONTINGENCIES

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

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

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2015 and 2014, are as follows ($ in thousands):

	2015	2014
Beginning balance—January 1	$ 504	$ 434
Total claims incurred	4,629	4,636
Claims paid	(4,626)	(4,566)
Claims liability—December 31	$ 507	$ 504

The City’s property and liability insurance premiums are approximately $8.5 million per year. The City maintains property and liability insurance coverage for both O’Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2015 with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2015 with a limit of $1 billion and includes $750 million in war and terrorism liability coverage.

At December 31, 2015 and 2014, the Airport had commitments in the amount of approximately $79.6 million and $29.8 million, respectively, in connection with contracts entered into for construction projects.

11. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

	FY 2015	FY2014
Deferred outflows of resources:		
Deferred outflows from pension activities accumulated decrease in fair value	$ 83,519	$ -
Accumulated of hedging derivatives	31,360	30,128
Unamortized deferred bond refunding costs	20,047	21,504
Total deferred outflows of resources	$ 134,926	$ 51,632
Deferred inflows of resources deferred inflows from pension activities	$ (1,744)	$ -

12. RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING STANDARD

During fiscal year 2015, the Airport implemented two new accounting standards. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27,* revised standards of accounting and reporting for pension expenses and liabilities as well as allowing for the deferral of certain pension expense elements. As a result of implementing this statement, net position was restated at January 1, 2015. The net position at January 1, 2014 was not restated as it was not practical since the information was not available. The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

	As Originally Reported or	GASB 68 Adjustment	As Restated after GASB 68 Impact
Chicago Midway International Airport Total Net Position, January 1, 2015	$ (6,698)	$ (159,615)	$ (166,313)

13. SUBSEQUENT EVENTS

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

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

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

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

Midway Airport second lien revenue bonds, fund capitalized interest, fund debt service reserve deposits and pay costs of issuance.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
MUNICIPAL EMPLOYEES':	
Total pension liability:	
Service cost	$ 226,816
Interest	909,067
Benefit changes	2,140,009
Differences between expected and actual experience	(109,835)
Assumption changes	8,711,755
Benefit payments including refunds	(826,036)
Pension plan administrative expense	
Net change in total pension liability	11,051,776
Total pension liability—beginning	12,307,094
Total pension liability—ending (a)	23,358,870
Plan fiduciary net position:	
Contributions—employer	149,225
Contributions—employee	131,428
Net investment income	114,025
Benefit payments including refunds of employee contribution	(826,036)
Administrative expenses	(6,701)
Other	
Net change in plan fiduciary net position	(438,059)
Plan fiduciary net position—beginning	5,179,486
Plan fiduciary net position—ending (b)	4,741,427
NET PENSION LIABILITY—Ending (a)-(b)	$ 18,617,443
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	20.30 %
COVERED-EMPLOYEE PAYROLL*	$ 1,643,481
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	1,132.81 %
ALLOCATED NET PENSION LIABILITY	$ 171,485
ALLOCATED PERCENTAGE	0.92 %

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

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
LABORERS':	
Total pension liability:	
Service cost	$ 38,389
Interest	153,812
Benefit changes	384,033
Differences between expected and actual experience	(46,085)
Assumption changes	1,175,935
Benefit payments including refunds	(152,530)
Pension plan administrative expense	(3,844)
Net change in total pension liability	1,549,710
Total pension liability—beginning	2,162,905
Total pension liability—ending (a)	3,712,615
Plan fiduciary net position:	
Contributions—employer	12,412
Contributions—employee	16,844
Net investment income	(22,318)
Benefit payments including refunds of employee contribution	(152,530)
Administrative expenses	(3,844)
Other	
Net change in plan fiduciary net position	(149,436)
Plan fiduciary net position—beginning	1,388,093
Plan fiduciary net position—ending (b)	1,238,657
NET PENSION LIABILITY—Ending (a)-(b)	$ 2,473,958
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	33.36 %
COVERED-EMPLOYEE PAYROLL*	$ 204,773
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	1,208.15 %
ALLOCATED NET PENSION LIABILITY	$ 36,973
ALLOCATED PERCENTAGE	1.50 %

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

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015	
POLICEMEN'S:		
Total pension liability:		
Service cost	$ 213,585	*
Interest	832,972	
Benefit changes		
Differences between expected and actual experience	(105,969)	
Assumption changes		
Benefit payments including refunds	(676,777)	
Pension plan administrative expense	(4,508)	
Net change in total pension liability	259,303	
Total pension liability—beginning	11,773,430	
Total pension liability—ending (a)	12,032,733	
Plan fiduciary net position:		
Contributions—employer	572,836	
Contributions—employee	107,626	
Net investment income	(5,334)	
Benefit payments including refunds of employee contribution	(676,777)	
Administrative expenses	(4,508)	
Other	3,092	
Net change in plan fiduciary net position	(3,065)	
Plan fiduciary net position—beginning	3,062,014	
Plan fiduciary net position—ending (b)	3,058,949	
NET PENSION LIABILITY—Ending (a)-(b)	$ 8,973,784	
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	25.42	%
COVERED-EMPLOYEE PAYROLL**	$ 1,086,608	
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	825.85	%
ALLOCATED NET PENSION LIABILITY	$ 36,344	
ALLOCATED PERCENTAGE	0.41	%

* Includes pension plan administrative expense

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

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Fiscal Year (dollars are in thousands)

	2015
FIREMEN'S:	
Total pension liability:	
Service cost	$ 87,203
Interest	338,986
Benefit changes	
Differences between expected and actual experience	(7,981)
Assumption changes	176,282
Benefit payments including refunds	(278,017)
Pension plan administrative expense	(3,149)
Net change in total pension liability	313,324
Total pension liability—beginning	4,512,760
Total pension liability—ending (a)	4,826,084
Plan fiduciary net position:	
Contributions—employer	236,104
Contributions—employee	46,552
Net investment income	7,596
Benefit payments including refunds of employee contribution	(278,017)
Administrative expenses	(3,149)
Other	7
Net change in plan fiduciary net position	9,093
Plan fiduciary net position—beginning	1,036,008
Plan fiduciary net position—ending (b)	1,045,101
NET PENSION LIABILITY—Ending (a)-(b)	$ 3,780,983
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.66 %
COVERED-EMPLOYEE PAYROLL*	$ 465,232
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	812.71 %
ALLOCATED NET PENSION LIABILITY	$ 51,224
ALLOCATED PERCENTAGE	1.36 %

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

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS
Last Ten Years (dollars are in thousands)

Municipal Employees':

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

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

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

Laborers':

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

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

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

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS
Last Ten Years (dollars are in thousands)

Policemen's:

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

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

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

Firemen's:

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

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

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

(Continued)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CONTRIBUTIONS

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

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

(Concluded)

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
Last Three Years (dollars are in thousands)

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

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014
($ in thousands)

	2015	2014
REVENUES:		
Total revenues—as defined	$ 177,709	$ 171,849
Other available moneys (passenger facility charges and letter of intent)	41,692	39,889
Revenue Fund balance on first day of fiscal year (Note 2)	20,541	26,885
TOTAL REVENUES	$ 239,942	$ 238,623
COVERAGE REQUIREMENT—Required deposits from revenues:		
Debt Service Fund	$ 4,534	$ 25,146
Operation and maintenance reserve account	1,459	1,429
Second/Junior Lien Obligation Debt Service Fund	75,793	56,838
Second Lien Obligation Program Fee Fund	3,995	3,574
Repair and Maintenance Fund	1,021	1,025
TOTAL FUND DEPOSIT REQUIREMENTS	$ 86,802	$ 88,012
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	$ 4,534	$ 25,155
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS		
NET AGGREGATE DEBT SERVICE	$ 4,534	$ 25,155
	1.25	1.25
NET DEBT SERVICE REQUIRED COVERAGE	$ 5,668	$ 31,444
OPERATION AND MAINTENANCE EXPENSES	$ 129,241	$ 129,596
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125% of aggregate debt service)	86,802	88,012
TOTAL COVERAGE REQUIRED	$ 216,043	$ 217,608
TOTAL REVENUES	$ 239,942	$ 238,623
COVERAGE RATIO	1.11	1.10

See notes to debt service coverage calculations.

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

1. RATE COVENANT

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

Of the $60.7 million of pension expense for 2015, $6.1 million is the portion of the City's pension contribution payable in 2015 to the pension funds and allocable to Midway Airport. The remaining portion of the pension expense for 2015 $54.6 million is recognized on the income statement of Midway Airport for 2015 pursuant to GASB 68 but is not due and payable by the City during 2015; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014
($ in thousands)

	2015	2014
REVENUES:		
Total revenues—as defined	$177,709	$171,849
Other available moneys (passenger facility charges and letter of intent)	41,692	39,889
Revenue fund balance on first day of fiscal year (Note 2)	20,541	26,885
TOTAL REVENUES FOR CALCULATION OF COVERAGE	$239,942	$238,623
COVERAGE REQUIREMENT—Required deposits from revenues:		
First Lien Debt Service Fund	$ 4,534	$ 25,146
Operation and maintenance reserve account	1,459	1,429
Second Lien Obligation Debt Service Fund	75,793	56,838
Second Lien Obligation Program Fee Fund	3,995	3,574
Repair and Replacement Fund	1,021	1,025
TOTAL FUND DEPOSIT REQUIREMENTS	$ 86,802	$ 88,012
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 4,534	$ 25,155
Less amounts transferred from First Lien Capitalized Interest Accounts		
Net aggregate First Lien Debt Service	4,534	25,155
	1.25	1.25
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 5,668	$ 31,444
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 86,802	$ 88,012
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 4,534	$ 25,155
Aggregate Second Lien Debt Service	81,905	60,169
Less amounts transferred from First Lien Capitalized Interest Accounts		
Less amounts transferred from Junior Lien Capitalized Interest Accounts	(6,112)	(4,461)
Net aggregate First and Second Lien Debt Service	80,327	80,863
	1.10	1.10
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 88,360	$ 88,949
GREATER OF FUND DEPOSIT REQUIREMENTS OR 110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 88,360	$ 88,949
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	$ 88,360	$ 88,949
COVERAGE CALCULATION:		
Operation and maintenance expenses	$129,241	$129,596
110% of aggregate First and Second Lien Debt Service	88,360	88,949
Fund Deposit Requirements		
TOTAL COVERAGE REQUIRED	$217,601	$218,545
TOTAL REVENUES	$239,942	$238,623
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	$ 22,341	$ 20,078
COVERAGE RATIO	1.10	1.09

See notes to debt service coverage calculations.

ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

1. RATE COVENANT

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

Of the $60.7 million of pension expense for 2015, $6.1 million is the portion of the City's pension contribution payable in 2015 to the pension funds and allocable to Midway Airport. The remaining portion of the pension expense for 2015 $54.6 million is recognized on the income statement of Midway Airport for 2015 pursuant to GASB 68 but is not due and payable by the City during 2015; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

2. REVENUE FUND BALANCE

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

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PART III

STATISTICAL SECTION
(UNAUDITED)

PART III
STATISTICAL SECTION
(UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the Environment within which the Airport's financial activities takes place.

Operating Information

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OPERATING REVENUES:										
Landing fees	$ 20,834	$ 19,606	$ 28,901	$ 21,939	$ 35,299	$ 38,583	$ 32,143	$ 42,516	$ 42,539	$ 48,350
Rental revenues:										
Terminal area use charges	21,804	17,308	26,084	30,701	42,895	40,862	38,769	47,486	40,916	36,273
Other rentals and fueling system fees	14,520	17,784	15,683	20,367	21,488	24,978	32,202	26,004	24,197	25,945
Subtotal rental revenues	36,324	35,092	41,767	51,068	64,383	65,840	70,971	73,490	65,113	62,218
Concessions:										
Auto parking	27,433	29,740	31,561	27,902	27,849	29,112	30,830	32,721	34,226	35,772
Auto rentals	7,698	8,440	8,355	8,505	8,182	8,776	9,021	10,255	10,743	11,104
Restaurant	7,391	8,136	8,099	7,396	8,151	8,875	9,686	10,179	11,090	12,150
News and gifts	3,905	3,876	3,816	3,437	3,488	3,551	3,486	3,619	3,761	4,128
Other	1,985	2,363	2,486	2,054	1,704	2,634	1,696	2,409	2,787	2,397
Subtotal concessions	48,412	52,555	54,317	49,294	49,374	52,948	54,719	59,183	62,607	65,551
Reimbursements										
Total operating revenues [1]	105,570	107,253	124,985	122,301	149,056	157,371	157,833	175,189	170,259	176,119
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages [2]	35,316	39,998	36,931	39,521	42,105	43,554	44,463	43,998	47,836	43,343
Pension expense										60,767
Repairs and maintenance	32,762	36,863	37,399	37,967	31,942	40,732	37,990	39,606	44,160	44,095
Energy	5,076	7,495	7,228	8,245	6,724	6,415	7,258	7,205	7,060	6,868
Materials and supplies	437	1,751	2,377	1,252	1,522	1,418	1,318	1,927	1,971	2,522
Professional and engineering services	13,326	14,780	19,775	6,727	15,832	15,650	15,011	19,144	23,255	20,954
Other operating expenses [6]	10,466	10,395	5,942	5,929	10,211	2,320	8,257	9,236	5,314	5,327
Total operating and maintenance expenses before depreciation and amortization [3]	97,383	111,282	109,652	99,641	108,336	110,089	114,297	121,116	129,596	183,876
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION [4]	$ 8,187	$ (4,029)	$ 15,333	$ 22,660	$ 40,720	$ 47,282	$ 43,536	$ 54,073	$ 40,663	$ (7,757)
DEBT SERVICE COVERAGE RATIO [5]	1.23	1.08	1.08	1.08	1.10	1.07	1.07	1.06	1.09	1.11

(1) Average annual compound growth rate for 2006–2015 for Total operating revenues is 5.9%.

(2) Salaries and wages includes charges for pension, health care and other employee benefits for years 2006–2014.

(3) Average annual compound growth rate for 2006–2015 for Total operating and maintenance expenses before depreciation and amortization is 7.3%.

(4) Amount for 2015 may be reconciled to operating loss of $55,476 reported in the 2015 Statement of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $47,719. Amount for prior years may be reconciled through similar calculations.

(5) Represents debt service coverage ratio on first and second lien bonds.

Of the $60.7 million of pension expense for 2015, $6.1 million is the portion of the City's pension contribution payable in 2015 to the pension funds and allocable to Midway Airport. The remaining portion of the pension expense for 2015 $54.6 million is recognized on the income statement of Midway Airport for 2015 pursuant to GASB 68 but is not due and payable by the City during 2015; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)
($ in thousands)

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

Year Ending December 31	Debt Service Series 1998 First Lien Bonds	(First Lien) Total Debt Service	Debt Service Series 2004 Second Lien Bonds	Debt Service 2010 Second Lien Bonds	Debt Service Series 2013 Second Lien Bonds	Debt Service Series 2014 Second Lien Bonds	(Second Lien) Total Debt Service [1]	Total Debt Service
2016	$ 4,457	$ 4,457	$ 12,330	$ 5,329	$ 25,145	$ 38,609	$ 81,413	$ 85,870
2017	4,454	4,454	12,620	5,325	26,367	38,609	82,921	87,375
2018	4,447	4,447	12,814	5,320	29,150	38,609	85,893	90,340
2019	4,446	4,446	13,023	5,318	30,321	43,416	92,078	96,524
2020	4,440	4,440	13,234	5,316	33,611	43,355	95,516	99,956
2021	4,434	4,434	13,352	5,313	24,463	55,944	99,072	103,506
2022	4,427	4,427	13,670	5,308	24,812	59,008	102,798	107,225
2023	4,429	4,429	7,534	5,306	28,030	65,757	106,627	111,056
2024	4,418	4,418	7,805	5,302	27,561	65,624	106,292	110,710
2025		-	6,507	5,300	27,218	71,377	110,402	110,402
2026		-	6,804	5,287	26,111	71,269	109,471	109,471
2027		-	7,051	5,282	25,230	71,002	108,565	108,565
2028		-	7,399	5,277	23,775	71,223	107,674	107,674
2029		-	7,721	5,273	22,759	71,084	106,837	106,837
2030		-	8,093	5,268	24,479	68,182	106,022	106,022
2031		-	8,439	5,261	27,944	63,589	105,233	105,233
2032		-	8,811	5,252	24,260	66,159	104,482	104,482
2033		-	9,183	5,249	23,329	66,008	103,769	103,769
2034		-	9,604	5,242	22,384	65,859	103,089	103,089
2035		-	10,050	5,230	18,826	68,337	102,443	102,443
2036		-		5,221		24,386	29,607	29,607
2037		-		5,214		28,365	33,579	33,579
2038		-		5,203		28,339	33,542	33,542
2039		-		5,192		28,309	33,501	33,501
2040		-		5,180		28,281	33,461	33,461
2041		-		5,169		28,676	33,845	33,845
2042		-				35,031	35,031	35,031
2043		-				36,638	36,638	36,638
2044		-				38,311	38,311	38,311
		-					-	-
		-					-	-
	$39,952	$39,952	$196,044	$136,937	$515,775	$1,479,356	$2,328,112	$2,368,064

[1] Assumes an interest rate effective at December 31, 2015, on $261,185,000 of Second Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2015.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

MIDWAY AIRPORT REVENUE BONDS
SERIES 1996 ESTIMATED BOND-FUNDED COSTS
AS OF DECEMBER 31, 2015 (UNAUDITED)
($ in thousands)

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

[1] Includes estimated costs to be funded from investment earnings.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PROGRAM 2015–2021
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2015 (UNAUDITED)
($ in thousands)

ESTIMATED SOURCES:	
AIP—entitlements	$ 20,425
Other Airport Funds	3,719
Series 2010 Bonds	26,205
Series 2014 Bonds	76,308
Series 2016 Bonds	308,002
Future Bonds	23,634
TOTAL ESTIMATED SOURCES	$ 458,293
ESTIMATED USES:	
Terminal area projects	$ 118,330
Land acquisition	9,739
Airfield projects	99,324
Parking/roadway projects	137,459
Noise projects	54,696
Safety and security	8,584
Implementation	30,161
TOTAL ESTIMATED USES	$ 458,293

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

TERMINAL DEVELOPMENT PROGRAM
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2015 (UNAUDITED)
($ in thousands)

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

[1] The estimated sources and uses of the Terminal Development Program include approximately $631 million of funds expended through December 31, 2015.

[2] Terminal ramp of a reclassification of projects, which were previously included in Airfield and airfield and Terminal projects.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)

Years	Domestic Air Carrier	Domestic Commuter [1]	Total Domestic	International Enplanements	Total Enplanements	Percent Change
2006	9,049,740	57,734	9,107,474	91,058	9,198,532	5.7 %
2007	9,296,778	56,764	9,353,542	60,639	9,414,181	2.3
2008	8,310,041	31,771	8,341,812	16,475	8,358,287	(11.2)
2009	8,541,786	158	8,541,944	29,903	8,571,847	2.6
2010	8,792,557	14,156	8,806,713	49,312	8,856,025	3.3
2011	9,288,332	50,489	9,338,821	119,989	9,458,810	6.8
2012	9,573,226	36,968	9,610,194	169,415	9,779,609	3.4
2013	10,003,167		10,003,167	264,314	10,267,481	5.0
2014	10,315,089		10,315,089	292,907	10,607,996	3.3
2015	10,731,246		10,731,246	386,977	11,118,223	4.8
Average Annual Compound Growth Rates						
2006–2015	1.9 %	(100.0)%	1.8 %	17.4 %	2.1 %	

Source: City of Chicago Department of Aviation.

[1] "Domestic Air Carrier" includes General Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)

	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	6,666,986	72.5 %	7,147,154	75.9 %	6,941,870	83.1 %	7,188,750	83.9 %	7,561,053	85.4 %	8,196,402	86.7 %	8,515,527	87.1 %	8,885,118	86.5 %	9,262,733	87.3 %	10,281,189	92.5 %
American Trans Air [(1)]	783,224	8.5	686,065	7.3	54,650	0.7														
AirTran	681,936	7.4	645,363	7.0	512,429	6.1	487,087	5.7	465,237	5.3	413,717	4.4	387,114	4.0	462,680	4.5	383,443	3.6		
Northwest Airlines	285,310	3.1	280,911	3.0	237,969	2.8	267,433	3.1	14,726	0.2										
Frontier	189,216	2.1	206,675	2.2	207,674	2.5	164,749	1.9	151,440	1.7	158,405	1.7	144,496	1.5	161,456	1.6	157,835	1.5	8,658	0.1
Shuttle America (Delta Express)			144,539	1.5	223,153	2.7	181,356	2.0	90,544	1.0	8,874	0.1	6,085		4,281	0.1	7,830	0.1	640	
Atlantic Southeast	99,373	1.1	61,460	0.6	882		3,715	0.1	29,314	0.3				0.1						
Continental Airlines	84,153	0.9	48,478	0.5	6,601	0.1														
Continental Express	53,363	0.6	37,500	0.4	4,372	0.1														
Comair	4,371	0.1	19,264	0.1	21,135	0.1			14,156				36,968							
American	60,793	0.7	164																	
Delta							144,037	1.7	176,231	2.0	239,357	2.5	231,644	2.5	239,361	2.3	265,134	2.5	278,356	2.5
United	74,520	0.8																		
American Eagle/Simmons	27,863	0.3																		
Chicago Express																				
All other airlines	187,424	2.0	136,608	1.5	147,552	1.8	134,720	1.6	353,324	3.9	442,055	4.6	457,775	4.8	514,585	5.0	531,021	5.0	549,380	4.9
Total	9,198,532	100.0 %	9,414,181	100.0 %	8,358,287	100.0 %	8,571,847	100.0 %	8,856,025	100.0 %	9,458,810	100.0 %	9,779,609	100.0 %	10,267,481	100.0 %	10,607,996	100.0 %	11,118,223	100.0 %

[(1)] American Trans Air ceased operations at Midway on April 3, 2008.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**
2006	9,198,532	19.6 %	37,784,336	80.4 %	46,982,868
2007	9,414,181	19.9	37,779,576	80.1	47,193,757
2008	8,358,287	19.4	34,744,030	80.6	43,102,317
2009	8,571,847	21.1	32,047,097	78.9	40,618,944
2010	8,856,025	21.0	33,232,412	79.0	42,088,437
2011	9,458,810	22.2	33,207,302	77.8	42,666,112
2012	9,779,609	22.7	33,244,515	77.3	43,024,124
2013	10,267,481	23.6	33,297,578	76.4	43,565,059
2014	10,607,996	23.4	34,646,832	76.6	45,254,828
2015	11,118,223	22.5	38,395,905	77.5	49,514,128
	Average Annual Compound Growth Rates				
2006–2015	2.1 %		0.2 %		0.6 %

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	Total O&D Enplanements [1]	Percent of Total Chicago	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements
2006	6,708,494	27.1 %	18,058,904	72.9 %	24,767,398
2007	6,532,362	26.4	18,223,460	73.6	24,755,822
2008	5,910,045	25.0	17,685,020	75.0	23,595,065
2009	5,647,591	26.4	15,708,291	73.6	21,355,882
2010	5,485,191	23.9	17,419,794	76.1	22,904,985
2011	5,693,938	26.3	15,972,745	73.7	21,666,683
2012	6,308,718	27.2	16,867,283	72.8	23,176,001
2013	6,505,206	27.6	17,044,643	72.4	23,549,849
2014	6,446,497	27.4	17,115,535	72.6	23,562,032
2015	6,890,633	25.5	20,096,191	74.5	26,986,824
Average Annual Compound Growth Rates					
2006–2015	0.3 %		1.2 %		1.0 %

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)

	Aircraft Operations					
Years	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**Domestic Commuter**	**General Aviation**	**Total**
2006	199,229	1,433	200,662	3,066	94,820	298,548
2007	206,865	1,060	207,925	3,085	93,647	304,657
2008	186,840	557	187,397	1,351	77,593	266,341
2009	180,391	3,354	183,745	7	61,057	244,809
2010	175,812	3,403	179,215	572	65,746	245,533
2011	178,640	4,332	182,972	2,622	69,633	255,227
2012	188,628	5,250	193,878	1,890	54,145	249,913
2013	182,643	7,046	189,689	8,401	54,036	252,126
2014	178,518	7,299	185,817	10,013	53,422	249,252
2015	177,658	8,474	186,132	11,857	55,530	253,519
	Average Annual Compound Growth Rates					
2006–2015	(1.3)%	21.8 %	(0.8)%	16.2 %	(5.8)%	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NET POSITION:										
Net investment in capital assets	$ 48,388	$ 31,251	$ 40,352	$ (1,936)	$ (39,755)	$ (70,876)	$ (87,279)	$ (131,057)	$ (115,080)	$ (150,431)
Restricted	215,589	232,344	184,019	201,158	190,641	208,100	80,507	99,427	86,526	97,980
Unrestricted	31,561	18,795	19,614	5,792	20,040	37,224	36,572	46,613	21,856	(191,025)
TOTAL NET POSITION	$295,538	$282,390	$243,985	$205,014	$170,926	$174,448	$ 29,800	$ 14,983	$ (6,698)	$ (243,476) *

* Restated beginning net position for implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OPERATING REVENUES	$105,570	$652,763	$124,985	$122,301	$149,056	$157,371	$157,833	$175,189	$170,259	$176,119
OPERATING EXPENSES	135,276	544,890	155,596	147,308	161,103	161,156	159,530	162,654	175,759	231,595
OPERATING (LOSS) GAIN	(29,706)	107,873	(30,611)	(25,007)	(12,047)	(3,785)	(1,697)	12,535	(5,500)	(55,476)
NONOPERATING (EXPENSES) REVENUES	(5,325)	18,363	(14,571)	(13,964)	(24,502)	4,246	(31,708)	(32,327)	(21,007)	(30,966)
(LOSS) GAIN BEFORE CAPITAL GRANTS	(35,031)	126,236	(45,182)	(38,971)	(36,549)	461	(33,405)	(19,792)	(26,507)	(86,442)
CAPITAL GRANTS	22,217	48,253	6,777		2,461	3,061	4,681	4,975	4,826	9,279
CHANGE IN NET POSITION	$ (12,814)	$174,489	$ (38,405)	$ (38,971)	$ (34,088)	$ 3,522	$ (28,724)	$ (14,817)	$ (21,681)	$ (77,163) *

* Restated beginning net position for implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

LONG-TERM DEBT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
First lien bonds	$ 849,400	$ 835,780	$ 821,275	$ 806,015	$ 783,595	$ 780,205	$ 758,560	$ 624,545	$ 34,180	$ 31,530
Second lien bonds	422,715	422,715	422,715	399,140	685,780	681,285	648,130	812,750	1,489,410	1,474,795
Commercial paper notes	10,269	10,674	10,674	61,360	4,005		34,639	57,713		
Total revenue bonds and notes	1,282,384	1,269,169	1,254,664	1,266,515	1,473,380	1,461,490	1,441,329	1,495,008	1,523,590	1,506,325
Unamortized premium	(10,197)	(9,780)	(9,411)	(8,812)	8	(281)	160	4,325	84,609	79,093
Total revenue bonds payable, net of unamortized premium (discount)	1,272,187	1,259,389	1,245,253	1,257,703	1,473,388	1,461,209	1,441,489	1,499,333	1,608,199	1,585,418
Enplanements [1]	9,198,532	9,414,181	8,358,287	8,571,847	8,856,025	9,458,810	9,779,609	10,267,481	10,607,996	11,118,223
Total debt per enplanements	$ 139	$ 135	$ 150	$ 148	$ 166	$ 155	$ 147	$ 146	$ 144	$ 135

[1] Enplaned Commercial Passengers by Airline Schedule as shown on page 52.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO MIDWAY AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015 (UNAUDITED)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business communication	-	7	6	-	-	-	-	-	-	-
Capital development	4									
Airfield operations	59	60	59	75	75	75	70	70	85	88
Landside operations	6								21	20
Security management	64	60	61	60	60	60	60	60	69	62
Facility management	37	37	32	28	32	35	33	35	14	15
Midway administration		12	12	11	10	10	10	10	10	10
Safety management	13	3	2	2	2	2	2	2		
Total	183	179	172	176	179	182	175	177	199	195

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

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

NOTES:

[1] Source: Reprinted with permission, Crain's Chicago Business [January 18, 2016], Crain Communications, Inc.
[2] J.P. Morgan Chase formerly known as Banc One.
[3] AT&T Inc. formerly known as SBC Ameritech. 2015 number of employees is a state wide number.
[4] Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2006–2015
(Unaudited)

Year	Population [1]	Median Age [2]	Number of Households [2]		Unemployment Rate [3]	Per Capita Income [4]	Total Income
2006	2,896,016	33.5	1,040,000		5.2 %	$ 41,887	121,305,422,192
2007	2,896,016	33.7	1,033,328		5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746		6.4	45,329	131,270,613,248
2009	2,896,016	34.5	1,037,069		10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666		10.1	45,957	123,881,597,286
2011	2,695,598	33.2	1,048,222		9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,054,488		8.9	48,305	130,210,861,390
2013	2,695,598	33.5	1,062,029		8.3	49,071	132,275,689,458
2014	2,695,598	33.9	1,031,672		5.7	50,690	136,639,862,620
2015	2,695,598	N/A	1,273,727	*	5.7	N/A [5]	N/A [5]

Notes:

[1] Source: U.S. Census Bureau.

[2] Source: American Fact Finder—United States Census Bureau data estimates.
Data not available for 2015.

[3] Source: Bureau of Labor Statistics 2015, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

[4] Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area.

[5] N/A means not available at time of publication.
Data not available for 2015
* December 2015 data.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

Landing Fees and Terminal Area Use Charges	**2015**
Signatory Landing Fee (Rate/1000 lbs)	$ 3.97
Non-Signatory Landing Fee (Rate/1000 lbs)	4.96
Signatory Joint Use Fee (Base Usage/1000 lbs)	1.10
Non-Signatory Joint Use Fee (Base Usage/1000 lbs)	1.37
Signatory Joint Use Fee (Per Capita/Annual)	286,699
Non-Signatory Joint Use Fee (Per Capita/Annual)	358,374
Signatory Terminal Rental Rate	96.77
Non-Signatory Terminal Rental Rate	120.96
Terminal Ramp Rate	3.16
Signatory FIS Fee per Deplaned Passenger	1.81
Non-Signatory F/S Fee per Deplaned Passenger	2.27
Cost per Departure Rate [1]	93.15
[1] The cost per departure is for Gates A1, A2, A3, A4A, A4B, A10, A12 and B25	9.25

Under the residual Use Agreement, these rates are the estimated rates assessed to airlines as of December 31, 2015.