

# OVERVIEW & ANALYSIS OF ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Chicago  
Fiscal Year 2022

July 28, 2023

City of Chicago  
Council Office of Financial Analysis

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## OVERVIEW AND ANALYSIS OF ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 28, 2023

The Annual Comprehensive Financial Report, or ACFR was adopted by the Government Accounting Standards Board (GASB) in 2021. The prior acronym, CAFR, sounded very much like an offensive term directed at Black South Africans, subsequently, the name was changed to ACFR. The ACFR is a set of financial statements for a municipality, state or other governmental entity that comply with accounting requirements (GASB guidelines). The ACFR presents a comprehensive picture of the reporting entity financial condition, depicting how funds are spent and allocated throughout the year. The City of Chicago's ACFR is a narrative overview and analysis of the financial activities of the City for the fiscal year ending December 31, 2022.

State law requires that all governmental agencies publish financial statements presented in conformity with the generally accepted accounting principles (GAAP) and audited within six months of the close of the fiscal year. The Code also requires the City's financial statements are audited by independent certified public accountants selected by the Committee on Finance of the City Council. Deloitte & Touche LLP rendered an unmodified audit opinion.

The City Council Office of Financial Analysis under Municipal Code of Chicago, Chapter 2-53 shall provide a summary and analysis of the City's Annual Comprehensive Financial Report. This report shall serve as COFA's summary and analysis of the City of Chicago ACFR. The City of Chicago shall be referenced as the City for this analysis and overview.

## INTRODUCTORY SECTION

The impact of the COVID-19 pandemic had a negative impact on global and local economies. The City of Chicago is rebounding from the effect of the global pandemic. Tourism increased from 30.5 million in 2021 to 48.9 million in 2022, signaling a significant recovery. Chicago boasts more than 400 major corporate headquarters, offices or facilities located in the Chicago MSA. The City of Chicago's two major airports are showing signs of a recovery from the impact of COVID, with Chicago O'Hare operating revenues increasing by \$114.2 million and Chicago Midway operating revenue increasing by \$11.6 million compared to FY2021.

The net deficit increased \$510.3 due to an increase in net pension liability caused by market volatility, offset by growth in economically sensitive revenues as the City continues to rebound from the impact of COVID, closing the year with a net deficit of \$27,631.7 million. The total assets of the City increased by \$3,727.7 million, primarily related to a \$351.3 million increase in cash and cash equivalents, investments from increased local revenues, a \$221.2 million increase in accounts receivables, and \$637.3 million and \$815.2 million increase in the right to use asset and lease receivable established as part of the GASB 87 implementation. The City's deferred outflows increased by \$424.2 million (due to amortization of pension cost) and deferred inflows increased by \$900.1 million due to changes in pension assumptions, namely GASB 87 implementation. The total liabilities for the City increased by \$3,762.2 million due to an increase in long-term liabilities (net pension liability) offset by a decrease in payables.

Total revenues increased by \$189.0 million (1.8%) from 2021 due to an increase in economically sensitive revenues (sales tax, transaction tax, amusement, and restaurant tax) as the City continue to recover from COVID. Total fund balances increased from 2021 by \$633.2 million due to recovery revenues and decreases in one-time retro payments to public safety employees during 2021. The City's General Obligation Bonds and notes outstanding increased by \$155.2 million due to a \$235.0 million drawn from two lines of credit in 2022 to fund ongoing capital initiatives offset by scheduled payments on General Obligation Bonds. As the City moves toward pre-pandemic levels and recovers from the effects of the pandemic it is critical to continue the recovery without COVID federal funds, to address and remedy Chicago's public safety crisis and to address the financial problems (pension, structural deficit, and debt) that continue to challenge the fiscal health of the City.

*Data Source: Page 18, Annual Comprehensive Financial Report for the Year Ended December 31, 2022. [www.chicago.gov](http://www.chicago.gov)*



## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The Annual Comprehensive Financial Report (ACFR) is a set of financial statements for a governmental entity that comply with the accounting requirements established by the Governmental Accounting Standards Board (GASB). The statements must be audited by an independent auditor – Deloitte & Touche LLP using generally accepted government auditing standards (GAGAS). The ACFR consists of three sections – Introductory, Financial, and Statistical. The City of Chicago’s ACFR is an analysis and narrative overview of financial activities of the City for the fiscal year ending December 31, 2022, information contained therein from the 2022 City of Chicago Annual Comprehensive Financial Report, for the year ended December 31, 2022. The City of Chicago shall be referenced as the “City” for the purpose of this analysis and overview.

## **OVERVIEW OF ACFR’S BASIC FINANCIAL STATEMENTS**

This discussion and analysis will serve as an introduction to the City’s basic financial statements which include the following: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements include two statements, the statement of net position which presents information on all the City’s assets, deferred outflow, liabilities, and deferred inflows with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator on whether the financial position of the City is improving or deteriorating, respectively.<sup>1</sup> The second government-wide financial statement is the statement of activities which presents information showing how the government’s net position changed during each fiscal year. This statement presents a comparison between direct expenses and program revenues for each function of the City. Liabilities and deferred inflows exceeded assets by \$27,631.6 million as of December 31, 2022. Of this amount \$3,951.1 million represents the City’s investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt to acquire those assets that is still outstanding.<sup>2</sup> Capital assets are used to provide services to citizens; therefore, these assets are not available for future spending. An additional part of the City’s net position \$4,965.1 million represents resources that are subject to external restrictions offset by an unrestricted deficit of \$36,547.9 million.<sup>3</sup>

<sup>1</sup>Page 19, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>2</sup>Page 18, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>3</sup>Page 18, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

Revenues for all governmental activities in 2022 were \$9,883.7 million, a decrease of \$20.3 (0.2%) from 2021.<sup>4</sup> Approximately 42.9 percent of the City’s revenues were from taxes other than property taxes, which increased by \$438.1 million (11.5%), the other than property tax revenues increased by \$438.1 million (11.5%).<sup>5</sup> Other revenues decreased by \$166.2 million (39.5%) primarily due to interest income reductions as rates were lower in 2022, fair market value adjustments, and miscellaneous revenues.<sup>6</sup> Governmental activity expenses in 2022 were \$10,389.7 million, an increase of \$1,385.8 million (15.4%) over 2021.<sup>7</sup> The City paid through taxes \$5,566.4 million. Some of the cost was paid by those who benefited directly from the programs (\$1,156.4 million) or other organizations and governments that subsidized certain programs with contributions and grants (\$1,051.2 million).<sup>8</sup> The net position of business-type activities was \$2,302.7 million, these resources can only be used to finance continuing operations of the water, sewer, Skyway, and airport activities.

## **FUND FINANCIAL STATEMENTS**

These statements present information about major funds individually and non-major funds in aggregate for governmental and propriety fund types. Governmental funds include the following:

### **General Fund**

The General Fund is the City’s general operating fund and supports essential City services and activities, such as public safety, streets and sanitation, public health programs, and general government services. This fund generates revenues through a variety of local and intergovernmental taxes, fees, and fines.<sup>9</sup>

### **Special Revenue Fund**

Special Revenue Funds account for the operations of a specific activity and the revenue generated for carrying out that activity. Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.<sup>10</sup> The City has over 15 of these types of funds, and examples include the Vehicle Tax Fund, Motor Fuel Tax Fund, Library Fund, and Emergency Communication Fund.

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<sup>4</sup>Page 21, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>5</sup>Page 21, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>6</sup>Page 21, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>7</sup>Page 21, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>8</sup>Page 21, *Annual Comprehensive Financial Report for the Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>9</sup>Page 9, *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>10</sup>Page 193, *City of Chicago. 2022 Budget Overview*. [www.chicago.gov](http://www.chicago.gov)

## **Debt Service Fund**

These funds are used to account for the accumulation of resources for, and the payment of, long-term debt service and related costs, which include both the principal and interest.<sup>11</sup> Examples include the Motor Fuel Tax, Fund Debt Service, GO Bond Redemption and Interest Fund, and Emergency Communication Bond Redemption and Interest Fund.

## **Capital Projects Fund**

The Capital Projects Fund accounts for the spending and revenues related to major infrastructure projects in the City, such as purchasing equipment and capital improvements.

## **EXPLANATION OF GOVERNMENT FUNDS BY MAJOR GROUPS**

Governmental, proprietary, and fiduciary are the three major groups of governmental funds.

### ***GOVERNMENTAL FUND***

Governmental funds account for similar functions reported as governmental activities in the government-wide financial statements, focusing on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year, which is useful in evaluating a government's near-term financing requirements. The City has 22 of these funds, with eight major funds: The General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, the Service Concession and Reserve Fund, the Bond, Note Redemption, and Interest Fund, the STSC Debt Service Fund the Community Development and Improvement Projects Fund and the Pension Fund.<sup>12</sup>

### ***PROPRIETARY FUND***

A proprietary funds are used to show activities that operate more like those of commercial enterprises. This fund charges user fees for services provided to outside customers, such as local governments, which are known as enterprise funds.<sup>13</sup> The City uses five enterprise funds to account for its water, sewer, Skyway and two airports (O'Hare and Midway): below are the following enterprise funds (not including the Skyway), along with their net income/(loss) for FY 2022 below<sup>14</sup>.

- O'Hare Airport Fund – (\$168) million
- Water Fund - \$80.4 million
- Sewer Fund - \$74 million
- Midway Airport Fund – (4 million)

<sup>11</sup> Page 189. City of Chicago. *2022 Budget Overview*. [www.chicago.gov](http://www.chicago.gov)

<sup>12</sup>Page 20. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>13</sup> Page 20. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>14</sup>Page 46. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

### **FIDUCIARY FUNDS**

Fiduciary Funds are used for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for employee pension plans. The City is responsible for ensuring that the assets report is used for its intended purposes.<sup>15</sup> The City's financial statements identify the following legal entities as fiduciary funds:

- ❖ The Municipal Employees Annuity and Benefit Fund of Chicago
- ❖ The Laborers' and Retirement Board Employees
- ❖ The Policemen's Annuity Benefit and fund of Chicago
- ❖ The Firemen's Annuity and Benefit Fund of Chicago

The City also reports the following fiduciary funds:

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

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**Custodial Funds** transactions for assets held by the City as agents for certain activities or for various entities (i.e., McCormick, Departure Tax, Special Assessments, CPS Building, and Improvement).

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **Financial Analysis Of The City As A Whole**

Net Position. This is the difference between an entity's assets (plus deferred outflows of resources) and its liabilities (plus deferred inflows). The City's liabilities and deferred inflows exceeded assets by \$27,631.7 million as of December 31, 2022. Of this amount, \$3,951.1 million and \$4,965.1 million are restricted with the former representing capital asset investments (land, buildings, roads, bridges, etc.) less any related debt to acquire those assets that remain outstanding. The later \$4,965.1 million represents resources that are subject to external restrictions on usage.<sup>16</sup> The deficit does not mean the City is unable to pay its bills rather it is the result of having long-term commitments that are greater than current available resources. The City did not include in past annual budgets the full amounts needed to finance future liabilities from personnel, property, pollution, and casualty claims (\$1,033.9 million) and Municipal Employees, Laborers, Policemen, and Firemen's net pension liability and other post-employment benefits (\$33,591.5 million).<sup>17</sup> The City will include these amounts in future years' budgets.

<sup>15</sup>Page 20. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>16</sup>Page 18. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>17</sup>Page 21. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)



## **Governmental Activities**

The net position of the City's governmental activities decreased \$503.5 million to a deficit of \$29,934.4 million due to an increase in pension expense and corresponding net pension liability due to pension assumption changes and recognized investment income volatility.<sup>18</sup>

Revenues for all governmental activities in 2022 were \$9,883.7 million, a decrease of \$20.3 million (0.2%) from 2021. Approximately 42.9 percent of the City's revenues were derived from taxes other than property taxes, which increased by \$438.1 million (11.5%) as these economically sensitive revenues continued the recovery of 2022. Other revenues decreased by \$166.2 million (39.5%) due to reductions in interest income as rates were lower in 2022, fair market value adjustments and miscellaneous revenues.<sup>19</sup>

Expenses for governmental activities in 2022 were \$10,389.7 million, an increase of \$1,385.8 million (15.4%) over 2021. Taxpayers paid \$5,566.4 million.<sup>20</sup>

The City received federal and state grants including \$385.0 million of ARP Act funds applied to replace lost revenues due to the impact of COVID-19 totaling \$1,855.0 million. These revenues were applied to respond to the COVID-19 pandemic for housing, rental assistance, public safety as well as providing essential government services.<sup>21</sup>

## **Business-Type Activities**

The City's business-type total revenues decreased by \$44.0 million in 2022 from the reduction of COVID-19 relief fund revenues in 2022 as a large amount of funds were applied to 2021 to minimize the impacts of COVID-19, offset by an increase in charges for services, rental income, and other general revenues primarily due to an increase in passenger activity as travel rebounds from the impact of COVID-19.<sup>22</sup>

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<sup>18</sup>Page 21. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>19</sup>Page 21. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>20</sup>Page 21. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>21</sup>Page 22. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>22</sup>Page 24. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

- The Water Fund's total operating revenue increased by \$4.1 million (0.5%) from 2021 due to an increase in net water sales of \$3.6 million (0.5%) due to a 5% increase in the water rate, effective June 1, 2022, offset by the increase in the provision for doubtful accounts of \$17.9 million (117.5%). The provision for doubtful accounts was due to a greater number of outstanding receivables over 365 days old deemed to be uncollectible. Operating expenses before depreciation and amortization increased in 2022 by \$107.4 million due to changes in pension assumptions and investment losses due to the global market volatility. Depreciation and amortization increased by \$24.1 million due to the impact of GASB 87 implementation, which reclassified lessee activity.<sup>23</sup>
- The Sewer Fund's total net operating revenues increased in 2022 by \$1.4 million or 0.4% due to a rate increase of 5.0% as of June 1, 2022. Operating expenses before depreciation and amortization decreased by \$1.0 million or 0.7% as compared to 2021 primarily due to a reallocation of expenses related to GASB 87 for the right of use asset amortization.<sup>24</sup>
- Chicago Midway International Airport's total operating revenues for 2022 increased by \$11.6 million compared to 2021 operating revenue due to a significant increase in passenger traffic, terminal rental revenues, and concessions due to the recover from the impacts of the COVID-19 pandemic. Midway's total net deficit on December 31, 2022, was \$344.3 million, and increase of \$3.7 million (1.1%), primarily due to the increase in investment loss of \$14.0 million (\$419.9%) as global market volatility impacted the fair market value of investments, offset by Midway's leisure travel demand increasing.<sup>25</sup>
- Chicago O'Hare International Airport's total operating revenues for 2022 increased by \$114.2 million (10.0%) compared to the prior year due to an increase in terminal use charges and landing fees of \$24.4 million, increases in concessions revenue and hotel revenue (\$66.7 million and \$23.2 million respectively), due to an increase in passenger and flight activity as O'Hare continues to recover from the impact of the pandemic. Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$117.5 million (15.2%) compared to 2021, primarily due to the increase in salaries and wages.<sup>26</sup>

### Financial Analysis Of The City's Funds

- The General Fund is the chief operating fund of the City. As of December 31, 2022, the unassigned fund balance of the General Fund was \$307.3 million, with a total fund balance of \$1,312.3 million.<sup>27</sup>

<sup>23</sup>Page 24. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>24</sup>Page 24. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>25</sup>Page 24. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

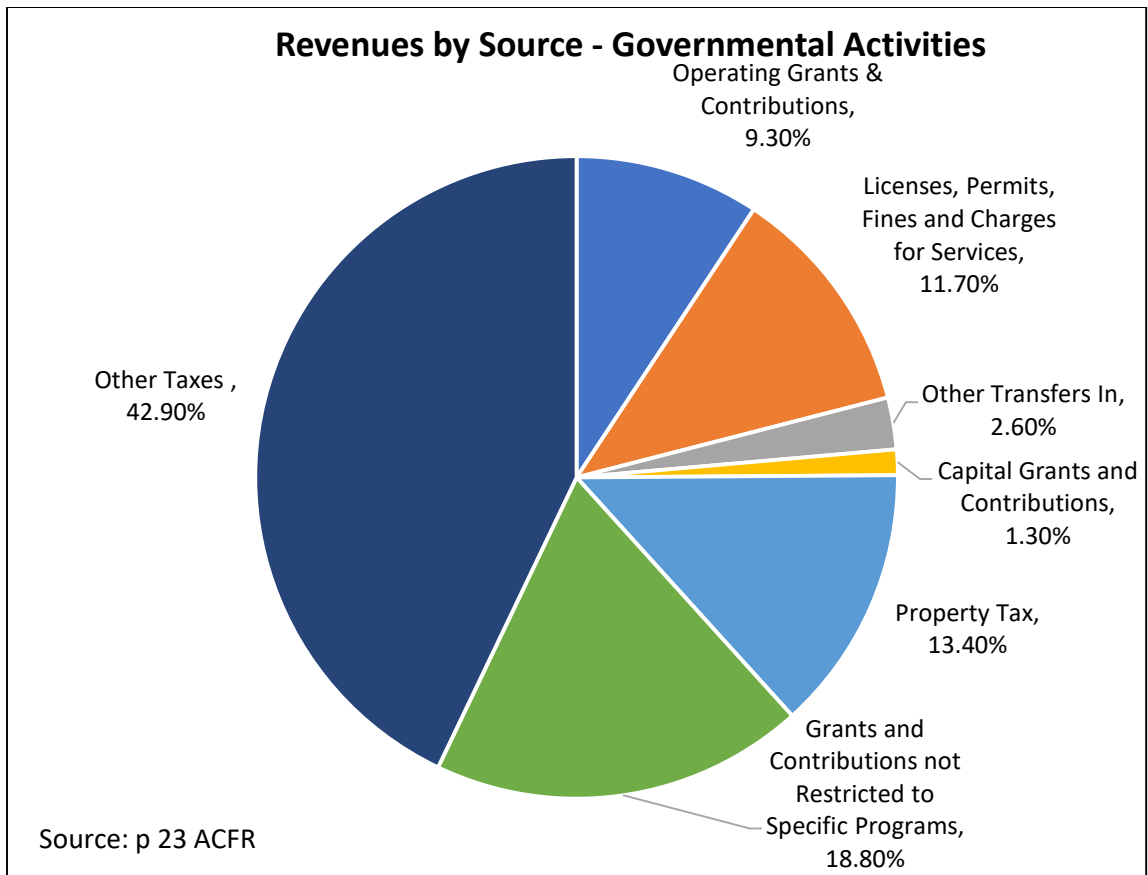
<sup>26</sup>Page 24. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

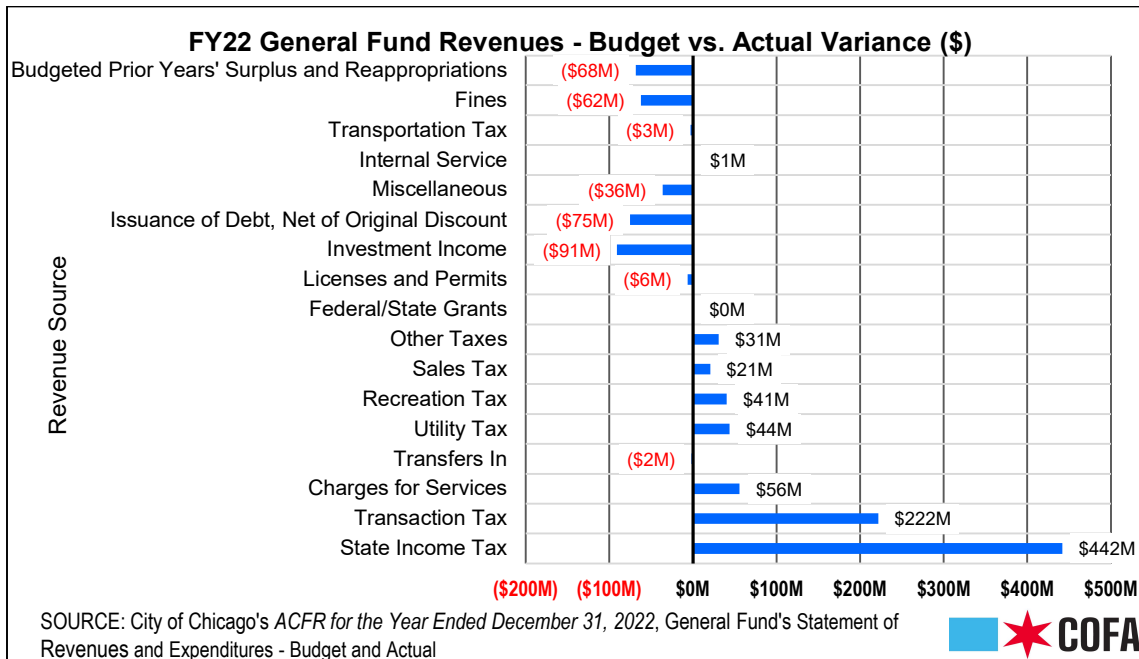
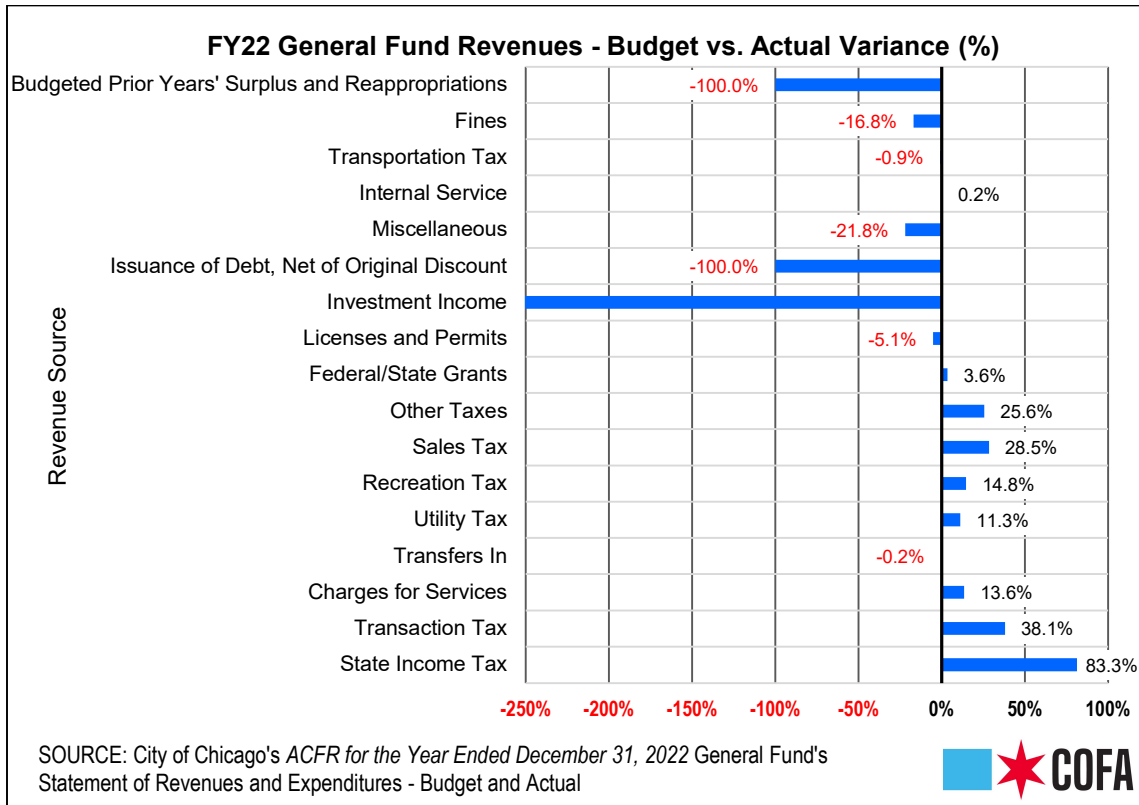
<sup>27</sup>Page 27. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

- The General Fund expenditures on a budgetary basis were \$115.2 million less than the budgeted amounts because of favorable variances in general government expenditures.<sup>28</sup>
- Changes in fund balance – The City’s governmental funds increased by \$510.5 million in 2022, this includes an increase in inventory of \$11.2 million.<sup>29</sup>

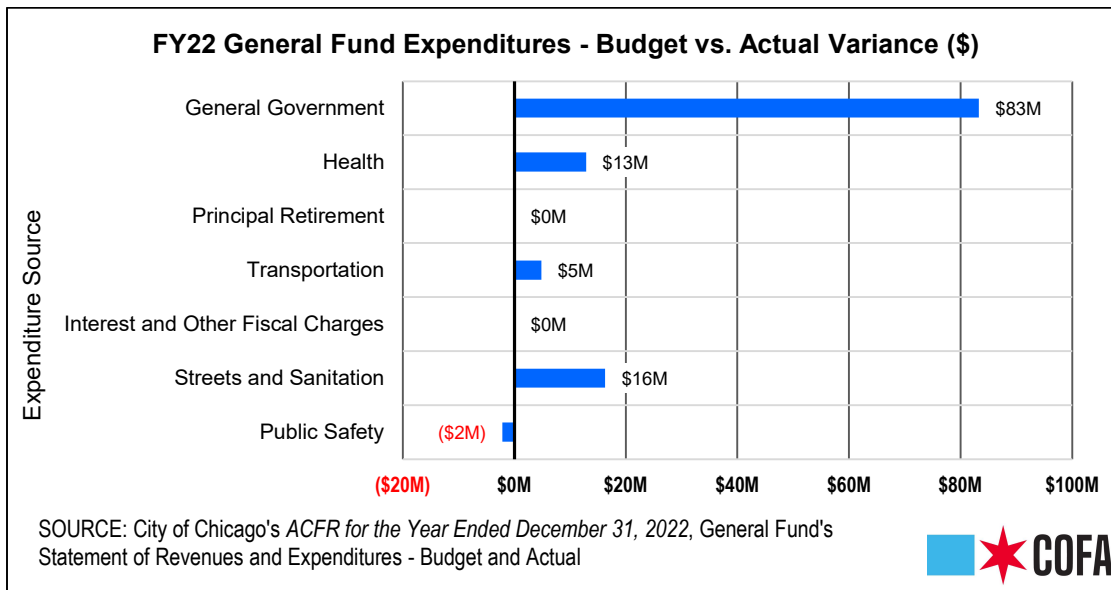
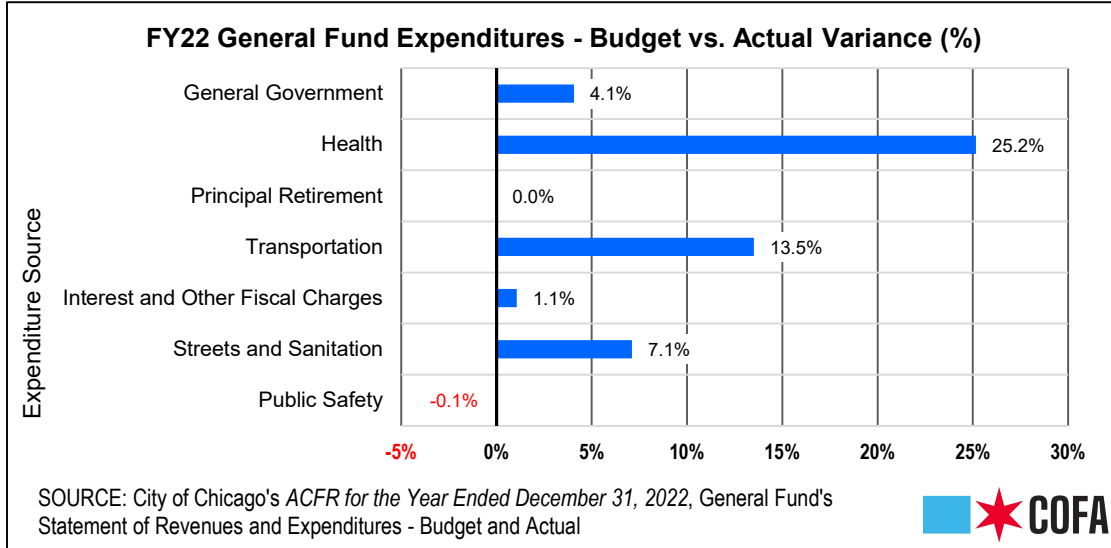
**General Fund Budgetary Highlights**

- The City’s 2022 General Fund Budget of \$4,970.1 million was approved by City Council on October 27, 2021, and amended General Fund Budget of \$4,982.6 million was passed on April 27, 2022.<sup>30</sup>
- General Fund revenues ended the year \$513.5 million higher compared to 2022 final General Fund budget. This was due to historically high collections from transaction taxes, which in include personal property lease tax and real property transaction tax, as well as collections form income tax and personal property replacement tax.<sup>31</sup>





- Expenditures were \$115.2 million less than budgeted in fiscal year 2022, due to a variance in general government expenditures.<sup>32</sup>



<sup>28</sup>Page 28. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>29</sup>Page 27. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>30</sup>Page 28. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>31</sup>Page 28. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)

<sup>32</sup>Page 28. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022*. [www.chicago.gov](http://www.chicago.gov)



- The following table provides an overview of the Required Supplementary Information Schedule (RSI) in the 2022 ACFR, which lists the Expenditures and Encumbrances in the City's General Fund. The table is sorted on the variance percent column, where a negative amount means the expenditures exceeded budget and a positive amount equates to expenditures coming in below budget.

DEPARTMENTAL EXPENSES	FINAL BUDGET	ACTUAL	VARIANCE (\$)	VARIANCE (%)
Chicago Police Department	\$ 1,699,429	\$ 1,732,527	(\$33,098)	-1.91%
Housing	\$ 10,250	\$ 10,402	(\$152)	-1.46%
Chicago Fire Department	\$ 673,835	\$ 660,154	\$13,681	2.07%
Finance General	\$ 1,530,197	\$ 1,492,297	\$37,900	2.54%
Department of Planning and Development	\$ 13,258	\$ 12,852	\$406	3.16%
Department of Assets, Information, and Services	\$ 256,089	\$ 248,229	\$7,860	3.17%
Department of Family and Support Services	\$ 99,543	\$ 95,806	\$3,737	3.90%
Department of Human Resources	\$ 7,173	\$ 6,701	\$472	7.04%
Streets and Sanitation	\$ 245,232	\$ 228,945	\$16,287	7.11%
Office of the Mayor	\$ 11,122	\$ 10,334	\$788	7.63%
Department of Buildings	\$ 22,397	\$ 20,778	\$1,619	7.79%
Department of Finance	\$ 69,626	\$ 62,282	\$7,344	11.79%
Mayor's Office for People with Disabilities	\$ 2,473	\$ 2,205	\$268	12.15%
OEMC	\$ 11,006	\$ 9,723	\$1,283	13.20%
Office of Public Safety Administration	\$ 46,413	\$ 41,002	\$5,411	13.20%
Chicago Animal Care and Control	\$ 7,174	\$ 6,333	\$841	13.28%
Transporation	\$ 40,851	\$ 35,988	\$4,863	13.51%
Board of Ethics	\$ 920	\$ 808	\$112	13.86%
Commision on Human Relations	\$ 1,154	\$ 1,010	\$144	14.26%
City Council	\$ 33,809	\$ 29,573	\$4,236	14.32%
Department of Business Affairs and Consumer	\$ 20,982	\$ 18,301	\$2,681	14.65%
Department of Law	\$ 31,825	\$ 27,165	\$4,660	17.15%
Chicago Police Board	\$ 580	\$ 493	\$87	17.65%
City Clerk	\$ 4,392	\$ 3,688	\$704	19.09%
Civilian Office of Police Accountability	\$ 14,728	\$ 12,365	\$2,363	19.11%
Department of Administrative Hearings	\$ 8,234	\$ 6,852	\$1,382	20.17%
City Treasurer	\$ 2,244	\$ 1,815	\$429	23.64%
License Appeal Commission	\$ 198	\$ 160	\$38	23.75%
Office of Inspector General	\$ 11,659	\$ 9,412	\$2,247	23.87%
Department of Public Health	\$ 64,070	\$ 51,185	\$12,885	25.17%
Board of Election Commissioner	\$ 25,829	\$ 18,520	\$7,309	39.47%
Department of Procurement	\$ 7,772	\$ 5,484	\$2,288	41.72%
Office of Budget & Management	\$ 3,268	\$ 2,217	\$1,051	47.41%
Community Commission for Public Safety Acct	\$ 3,434	\$ 362	\$3,072	848.62%
Principial and Interest and Other Fiscal Charges	\$ 1,421	\$ 1,406	\$15	1.07%
<b>Total Department Expenditures - General Fund</b>	<b>\$ 4,982,587</b>	<b>\$ 4,867,374</b>	<b>\$ 115,213</b>	<b>2.37%</b>

*Amounts in Thousands*

Source: Pages 131-148. Annual Comprehensive Financial Report For The Year Ended December 31, 2022. [www.chicago.gov](http://www.chicago.gov)

## **Capital Asset And Debt Administration**

The capital assets for the City for governmental and business-type activities amounted to \$29,419.6 million (net of accumulated depreciation). Land, buildings and system improvements, machinery and equipment roads, highways and bridges and property plant and equipment are included in this category.<sup>33</sup>

## **Debt**

At the end of the fiscal year, the City had \$5,785.4 million in General Obligation Bonds, \$450.0 million in two General Obligation Lines of Credit and \$75.2 million in General Obligation Certificates and Other Obligations outstanding.<sup>34</sup> Other outstanding long-term debt is as follows: \$4,609.0 million in Sales Tax Securitization Corporation Bonds (STSC Bonds); and \$16,270.2 million in Enterprise Fund Bonds and long-term obligations.<sup>35</sup>

## **HIGHLIGHT OF THE CITY AND THE STSC ISSUANCES:<sup>36</sup>**

### **GENERAL OBLIGATION BONDS AND LINES OF CREDIT**

- General Obligation Lines of Credit (\$235.0 million)

### **Enterprise Fund Revenue Bonds And Notes:**

- Chicago O'Hare General Airport Revolving Line of Credit (AMT) (\$497.1 million)
- Chicago O'Hare General Airport Senior Lien Revenue and Revenue Refunding Bonds. Series 2022A (AMT, Series 2022B (non-AMT), Series 2022C (AMT) and Series 2022D (Non-AMT) (\$1,768.0 million).
- Chicago Midway Airport Commercial Paper Notes. Series A (AMT) (\$4.3 million).

### **Sales Tax Securitization Corporation Bonds:**

- No Sales Tax Securitization Bonds issued in 2022.

<sup>33</sup>Page 28. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>34</sup>Page 29. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>35</sup>Page 29. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

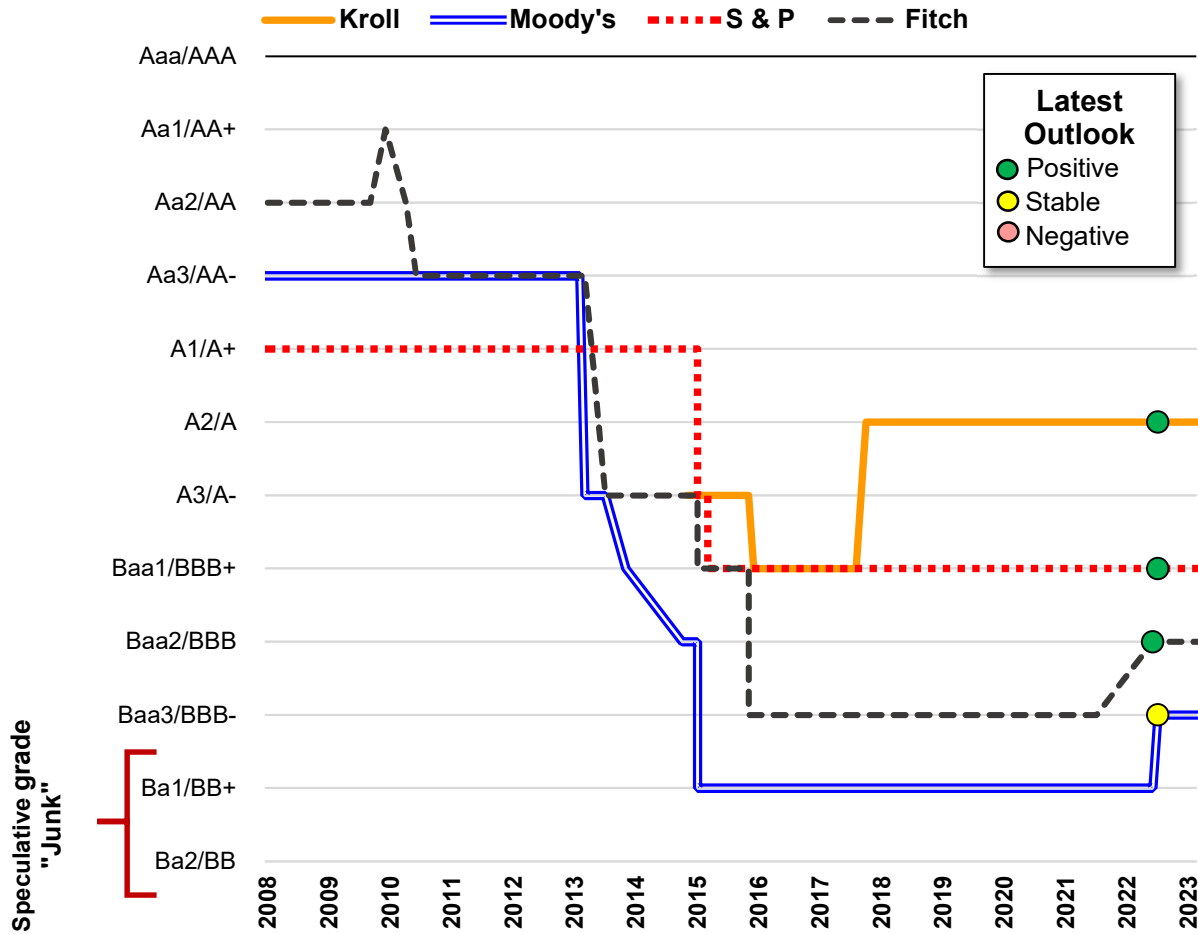
<sup>36</sup>Page 29. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

As of December 31, 2022, the City had credit rating with each of the four major rating agencies as follows:

<b>Rating Agency</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Fitch</b>	<b>Kroll</b>
General Obligations: City	Baa3	BBB+	BBB	A
Revenue Bonds:				
O'Hare Airport:				
Senior Lien General Airport	A2	A+	A+	A+
Senior Lien Passenger Facility Charge (PFC)	A2	A+	A	NR
Customer Facility (CFC)	Baa1	BBB	NR	NR
Midway Airport:				
First Lien	A2	A-	NR	NR
Second Lien	A3	A-	A	A
Water:				
Second Lien	Baa1	A	A	AA
Wastewater:				
Senior Lien	Baa1	A+	NR	NR
Second Lien	Baa2	A	A	AA-
Sales Tax Securitization:				
Senior Lien	NR	AA-	AA	AAA
Second Lien	NR	AA-	AA-	AA+

Source: Page 30. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

## City of Chicago - General Obligation Bond Rating History



SOURCE: Fitch Ratings; Kroll Bond Rating Agency; Moody's Corporation; S&P Global Ratings  
 NOTES: S&P and Kroll gave Chicago's GO Bonds an outlook of **Positive** in their latest issued reports. Fitch also gave Chicago's GO Bonds an outlook of *Positive* in their latest report, while Moody's gave an outlook of *Stable*.

### Enterprise Fund Revenue Bonds And Notes (Narrative)

- The City entered a line of credit in December 2021 with Bank of America in April 2022, the City increased its revolving line of credit from \$300 million to \$500 million.<sup>37</sup> In 2022 \$424 million was used to finance certain capital projects at O’Hare airport, as of December 31, 2022, O’Hare had an unused line of credit of \$500 million.
- In July 2022, the City entered a revolving line of credit agreement with Wells Fargo Bank that allowed the City to draw in an aggregate amount not to exceed \$100.0 million, in 2022, the City drew \$73.1 million from its line of credit to finance capital projects at O’Hare.<sup>38</sup>
- The City has multiple loan agreements with the United State Department of Transportation and the Illinois Environmental Protection Agency, the City also has Chicago O’Hare Revenue Refunding Bonds and Chicago Midway Commercial Paper Notes issues.

### ECONOMIC FACTORS AND FINANCIAL CONCERNS

Chicago like many other cities dealt with the devastation from the pandemic. As the City recovers it is important to be aware of factors that may impact our economic recovery. The indicators for Chicago point to a recovery. Potential fallout from the banking crisis, interest rate fluctuations, crime, and our sanctuary city status may impede our progress. Chicago continues to suffer from out-migration and its correlation to crime. A University of Chicago study indicated that for every murder in Chicago it reduces the population by 70. When continued violence drives out people and businesses it reduces the tax base with less revenue and more expenses to handle the uptick in crime, it is a vicious loop. Chicago continues to struggle with its school system, safety, and housing affordability. The headlines paint a bleak forecast, but Chicago has a lot of positive things going for it.

Chicago’s top-ranked universities provide linkage to the highly educated workforce. The city has a diverse economy and remains the home of many major corporations. In addition, the city is a center of professional services such as accounting, law, and consulting. The CME Group, the world’s largest financial exchange is in Chicago and O’Hare International remains a key hub. Economic assets include Northwestern University and the University of Chicago. The city also boasts physical beauty with the beautiful lakefront, downtown skyline, extensive transit, and mixed-use neighborhoods. Chicago has a land-based Casino, recently held the NASCAR race, and is preparing for the Democratic National Convention.

Revenues from all government activities were lower than last year and expenses from government activities were higher than the prior year. The impact of market volatility and continued pension woes may impact the fiscal well-being of Chicago. Chicago has a lot to offer but also have hurdles to overcome; pension funding, public safety, sustainability beyond federal funding, inequality, and quality education to name a few.

<sup>37</sup>Page 84. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)

<sup>38</sup>Page 84. *Annual Comprehensive Financial Report For The Year Ended December 31, 2022.* [www.chicago.gov](http://www.chicago.gov)