

City of Chicago, Illinois

Basic Financial Statements as of and for the Year Ended
December 31, 2021, Independent Auditor's Report, and
Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based upon an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards for the Year Ended
December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison statements for the General Fund and Pension Special Revenue Fund on the budgetary basis of accounting.

We did not audit the financial statements of the City's Pension Trust Funds (the "Trust Funds"), which represent 100 percent of the assets and revenues of the Trust Funds as of December 31, 2021, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Trust Funds, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Trust Funds were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Deloitte & Touche LLP

June 29, 2022

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**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Management's Discussion and Analysis

As management of the City of Chicago, Illinois (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage the readers to consider the information presented here.

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

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

Since the start of the COVID-19 pandemic, the City was awarded over \$3.6 billion in federal assistance in response to the impact of COVID-19 to cover expenses during the public health emergency, including \$1.9 billion in American Rescue Plan (ARP) Act funding distributed between 2021 and 2022, COVID-19 response and recovery, mitigation and prevention, providing food, healthcare and mental health support, housing and shelters, ongoing communication and outreach, rental assistance, supporting small businesses, funding for first responders and funding to support airport operations. In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and will receive reimbursements for eligible costs under this grant.

2021 Financial Highlights

- Liabilities and Deferred Inflows of the City, in the government-wide financial statements, exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$27,121.3 million (net deficit). The net deficit is composed of \$4,324.7 million in net investment in capital assets and \$4,378.9 million in net position restricted for specific purposes, offset by an unrestricted deficit of \$35,824.9 million. The net deficit decreased in 2021 by \$1,300.2 million due to growth in economically sensitive revenues as the City started to recover from the impacts of the COVID-19 pandemic for both governmental and business-type activities, an increase in capital grant contributions and upfront grant funding for the COVID-19 pandemic response efforts, including \$1.0 billion in ARP Act funds received in 2021 with the remaining amount to be received in 2022.
- The City's total assets increased by \$1,202.6 million. This increase primarily relates to a \$984.1 million increase in cash and cash equivalents and investments from increased local revenues and grant funding for the COVID-19 response and \$324.2 million increase in due from other governments. The increase in accounts receivable and due from other governments primarily is due to the influx of grant funded expenditures in response to the COVID-19 pandemic.
- The City's deferred outflows decreased by \$132.8 million due to the amortization of pension costs and deferred inflows decreased by \$1,181.5 million, primarily due to changes in assumptions for pension activities. The City's total liabilities increased by \$951.2 million primarily due to an increase in long-term liabilities, mainly net pension liability, other post-employment benefits and payables due to the timing difference of payments.
- Total Revenues and Other Financing Sources (Uses), in the governmental fund financial statements, during 2021 were \$10,263.3 million, an increase of \$1,411.6 million (15.9%) from 2020. The increase was primarily due to an increase in grant funding for the COVID-19 response efforts, debt financing, and the increase in economically sensitive revenues, such as sales tax, amusement and restaurant tax, as the City started to recover from the impact of the COVID-19 pandemic.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

- The General Fund ended 2021 with a total Fund Balance of \$679.1 million, of which \$318.1 million was Unassigned. Total Fund Balance increased from 2020 by \$319.6 million primarily due to the recovery of revenues that were impacted by the COVID-19 pandemic and decreases in eligible expenditures that were transferred to grant funds received for the COVID-19 response.
- The City's General Obligation Bonds and notes outstanding decreased by \$1,098.8 million during the current fiscal year due to payments on General Obligation Bonds and other debt and refundings of \$1,980.2 million, offset by \$666.4 million from General Obligation Bonds and \$215.0 million drawn from two lines of credit in 2021.
- The General Fund expenditures on a budgetary basis were \$107.2 million less than budgeted expenditures primarily due to an increase in COVID-19 response related grant funding that allowed the transfer of expenditures from the General Fund to the respective grant fund to fund the COVID-19 response efforts and overall operational efficiencies that reduced General Government expenses.

Overview of the Basic Financial Statements

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

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

The government-wide financial statements include two statements:

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

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

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

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

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

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

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

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used primarily to account for resources held for the benefit of parties outside the primary government. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City also uses fiduciary funds to account for transactions for assets held by the City as a fiduciary for various entities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund basic financial statements can be found immediately following the proprietary fund financial statements.

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

Financial Analysis of the City as a whole

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets by \$27,121.3 million at December 31, 2021. Of this amount, \$4,324.7 million represents the City's investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows.

An additional portion of the City's net position, \$4,378.9 million, represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 10,018.0	\$ 8,704.1	\$ 4,967.0	\$ 5,687.7	\$ 14,985.0	\$ 14,391.8
Capital assets	8,855.9	8,814.3	19,848.0	19,280.2	28,703.9	28,094.5
Total Assets	18,873.9	17,518.4	24,815.0	24,967.9	43,688.9	42,486.3
Deferred outflows	3,554.6	3,592.6	338.4	433.2	3,893.0	4,025.8
Total	22,428.5	21,111.0	25,153.4	25,401.1	47,581.9	46,512.1
Long-term liabilities outstanding	44,828.6	44,260.4	19,783.8	20,155.9	64,612.4	64,416.3
Other liabilities	4,303.0	3,497.0	1,287.7	1,338.6	5,590.7	4,835.6
Total Liabilities	49,131.6	47,757.4	21,071.5	21,494.5	70,203.1	69,251.9
Deferred Inflows	2,727.8	3,687.0	1,772.3	1,994.6	4,500.1	5,681.6
Net Position:						
Net investment in capital assets	(886.8)	(545.7)	5,211.5	5,038.0	4,324.7	4,492.3
Restricted	2,994.2	3,144.5	1,384.7	1,333.9	4,378.9	4,478.4
Unrestricted	(31,538.3)	(32,932.3)	(4,286.6)	(4,459.9)	(35,824.9)	(37,392.2)
Total net (deficit) position	\$ (29,430.9)	\$ (30,333.5)	\$ 2,309.6	\$ 1,912.0	\$ (27,121.3)	\$ (28,421.5)

Governmental Activities. Net position of the City's governmental activities increased \$902.6 million to a deficit of \$29,430.9 million primarily due to an increase in cash and cash equivalents from grant funding received for the COVID-19 response efforts and an increase in economically sensitive revenues, such as sales tax and recreation taxes, as the City started to recover from the impacts of the COVID-19 pandemic. Revenues increased due to a significant amount of grants awarded during 2021 in response to the COVID-19 pandemic for health, public safety, housing and rental assistance and small business assistance. Expenditures increased in the areas of General Government, Public Safety

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

and Health as the City was fully operational in 2021 compared to 2020, which experienced periods where the city was shutdown to slow the spread of COVID-19. This was offset by increases in Health expenditures, primarily incurred for responding to the COVID-19 pandemic, such as testing and vaccination efforts. A significant portion of net position is either restricted as to the purpose they can be used for or they are classified as net investment in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net position showed a \$31,538.3 million deficit at the end of this year. This deficit does not mean that the City does not have the resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from personnel, property, pollution and casualty claims (\$1,015.0 million) and Municipal Employees', Laborers', Policemen's and Firemen's net pension liability and other post-employment benefits (\$32,163.7 million). The City will include these amounts in future years' budgets as they come due. In addition, the deferred inflow balance of \$1,429.1 million from long-term service concession arrangements will be amortized into income over the life of such agreements.

Revenues for all governmental activities in 2021 were \$9,904.0 million, an increase of \$1,725.1 million (21.1%) from 2020. Approximately 38.5 percent of City's revenues were derived from taxes other than property taxes, which increased by \$716.1 million (23.2%) as these economically sensitive revenues started to recover during mid 2021 as the City fully opened in June 2021 and started to recover from the impacts of the COVID-19 pandemic. Other revenues decreased by \$170.6 million (28.8%) primarily due to reductions in interest income as rates were lower in 2021, fair market value adjustment, one-time donations given in 2020 and miscellaneous revenues.

Expenses for governmental activities in 2021 were \$9,003.9 million, an increase of \$1,165.1 million (14.9%) over 2020. The amount that taxpayers paid for these governmental activities through City taxes was \$5,373.8 million. Some of the cost was paid by those who directly benefited from the programs (\$1,078.7 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,044.7 million).

The City paid \$1,985.9 million for the "public benefit" portion with other revenues such as federal and state grants, including \$782.2 million of ARP Act funds applied to replace lost revenues due to the impacts of the COVID-19 pandemic. These revenues were primarily applied to respond to the COVID-19 pandemic, such as testing, vaccination efforts, housing and rental assistance, and public safety, as well as provide essential government services.

Although total net position of business-type activities was \$2,309.6 million, these resources cannot be used to make up for the deficit in net position in governmental activities. The City generally can only use this net position to finance the continuing operations of the water, sewer, Skyway, and airports activities.

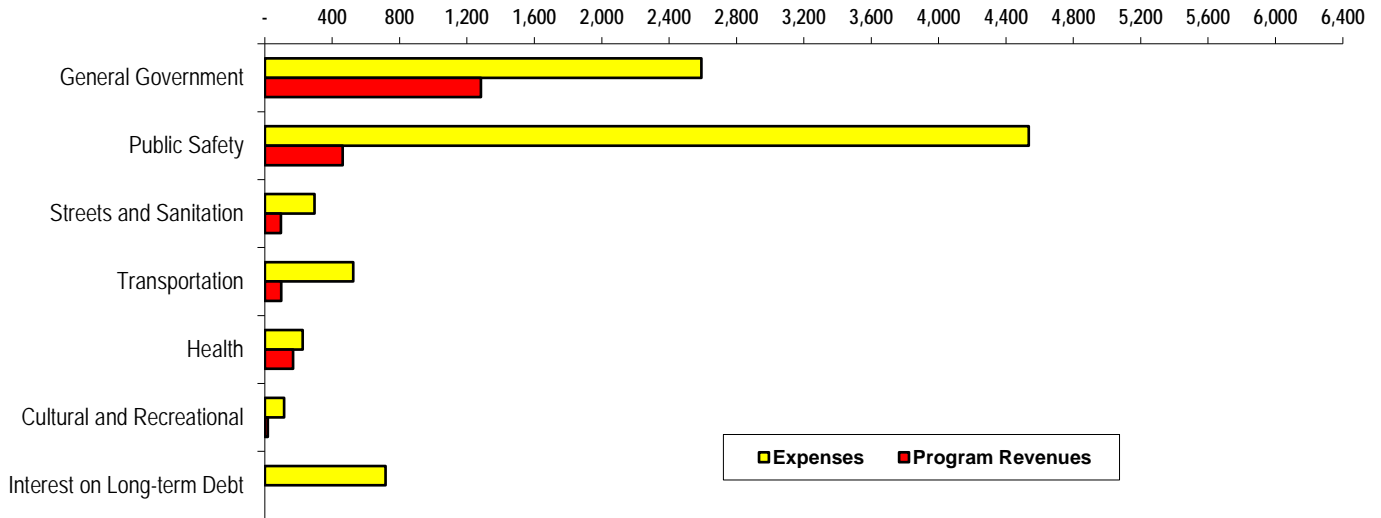
**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

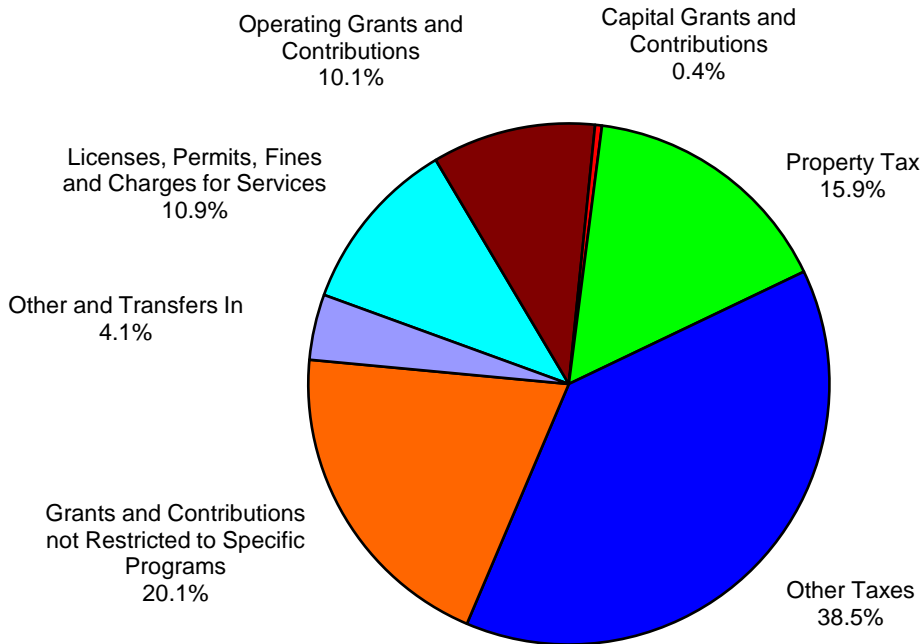
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues and Other Transfers:						
Program Revenues:						
Licenses, Permits, Fines and						
Charges for Services	\$ 1,078.7	\$ 850.3	\$ 2,890.8	\$ 2,633.3	\$ 3,969.5	\$ 3,483.6
Operating Grants and Contributions	1,002.6	1,166.8	-	-	1,002.6	1,166.8
Capital Grants and Contributions	42.1	122.5	87.3	169.7	129.4	292.2
General Revenues:						
Property Taxes	1,568.8	1,488.6	-	-	1,568.8	1,488.6
Other Taxes	3,805.0	3,088.9	-	-	3,805.0	3,088.9
Grants and Contributions not						
Restricted to Specific Programs	1,985.9	870.3	-	-	1,985.9	870.3
Other	420.9	591.5	27.0	233.4	447.9	824.9
Total Revenues	<u>9,904.0</u>	<u>8,178.9</u>	<u>3,005.1</u>	<u>3,036.4</u>	<u>12,909.1</u>	<u>11,215.3</u>
Expenses:						
General Government	2,592.8	2,258.9	-	-	2,592.8	2,258.9
Public Safety	4,534.2	3,880.5	-	-	4,534.2	3,880.5
Streets and Sanitation	294.6	280.8	-	-	294.6	280.8
Transportation	524.5	512.8	-	-	524.5	512.8
Health	225.6	172.8	-	-	225.6	172.8
Cultural and Recreational	115.3	112.7	-	-	115.3	112.7
Interest on Long-term Debt	716.9	620.3	-	-	716.9	620.3
Water	-	-	504.0	485.7	504.0	485.7
Sewer	-	-	278.8	253.0	278.8	253.0
Midway International Airport	-	-	310.2	272.7	310.2	272.7
Chicago-O'Hare International Airport	-	-	1,503.9	1,319.5	1,503.9	1,319.5
Chicago Skyway	-	-	8.1	8.1	8.1	8.1
Total Expenses	<u>9,003.9</u>	<u>7,838.8</u>	<u>2,605.0</u>	<u>2,339.0</u>	<u>11,608.9</u>	<u>10,177.8</u>
Change in Net Position Before Transfers	900.1	340.1	400.1	697.4	1,300.2	1,037.5
Transfers In (Out)	2.5	2.5	(2.5)	(2.5)	-	-
Change in Net Position	<u>902.6</u>	<u>342.6</u>	<u>397.6</u>	<u>694.9</u>	<u>1,300.2</u>	<u>1,037.5</u>
Net (Deficit) Position, Beginning of Year .	(30,333.5)	(30,676.1)	1,912.0	1,217.1	(28,421.5)	(29,459.0)
Net (Deficit) Position, End of Year	<u>\$ (29,430.9)</u>	<u>\$ (30,333.5)</u>	<u>\$ 2,309.6</u>	<u>\$ 1,912.0</u>	<u>\$ (27,121.3)</u>	<u>\$ (28,421.5)</u>

**CITY OF CHICAGO, ILLINOIS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED DECEMBER 31, 2021**

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



Revenues by Source - Governmental Activities



**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Business-type Activities. Total revenues of the City's business-type activities decreased by \$31.3 million in 2021 from the reduction of COVID-19 relief fund revenues in 2021 as a large amount of funds were applied in 2020 to mitigate 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 the airports started to recover from the impacts of the COVID-19 pandemic on travel.

- The Water Fund's total operating revenues increased by \$39.1 million (5.3%) in 2021 from 2020 primarily due to an increase in net water sales of \$34.3 million (4.8%) resulting from a decrease in provision for doubtful accounts of about \$14.2 million (48.4%) and an increase in other operating revenues of about \$4.9 million (21.9%). The decrease in provision for doubtful accounts was due to the implementation of the Utility Billing Relief program that resulted in the write off of legacy accounts receivable and penalties of eligible customers that applied for relief on their past due utility balances. Operating expenses before depreciation and amortization for the year 2021 increased by \$15.8 million (5.2%) from the year 2020 primarily due to a decrease in pension benefit resulting from current year inflow and outflow, pension activities due to the changes in actuarial assumptions, and an increase in overtime, offset by a decrease in employee benefit expenses.
- The Sewer Fund's total net operating revenues increased in 2021 by \$32.3 million or 9.7% primarily due to increase in pumpage and a rate increase of 1.10% during 2021. Operating expenses before depreciation and amortization increased by \$20.6 million or 17.2% as compared to 2020 primarily due to a decrease in the change of deferred inflows due to changes in assumptions and a slight increase in the allocation of pension costs to the Sewer Fund compared to the Governmental and certain Enterprise Funds.
- Chicago-Midway International Airport's total operating revenues for 2021 increased by \$33.1 million compared to 2020 operating revenue primarily due to a significant increase in passenger traffic, terminal rental revenues and concessions due to the recovery from the impacts of the COVID-19 pandemic.

Operating expenses before depreciation and amortization for 2021 increased by \$25.4 million compared to 2020 due to an increase in salary expense and pension expense of \$6.5 million primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumption changes and differences between projected and actual earnings on pension plan investments and an increase in repairs and maintenance of \$5.2 million due to the increase in repairs that were deferred during 2020, and increase in other operating expenses due to an increase in utilities as rates increased during 2021 and rental of equipment.

Midway's total net deficit at December 31, 2021, was \$340.5 million, which was an increase of \$17.3 million compared to total net deficit at December 31, 2020, which was \$323.3 million, primarily due to an increase in interest expense of \$9.6 million due to planned debt service payments, decrease in investment income of \$7.2 million due to recognized fair market value changes on December 31, 2021 and decrease in capital grants of \$9.4 million as the major parts of the Midway CIP program was completed in 2020, offset by an increase in Passenger Facility Charges and Customer Facility Charges of \$15.0 million and \$1.6 million, respectively.

- Chicago-O'Hare International Airport's total operating revenues for 2021 increased by \$239.5 million (26.5%) compared to prior year operating revenues due to an increase in terminal use charges and landing fees of \$176.1 million; increases in concessions revenue of \$49.2 million; and an increase in hotel revenues of \$14.2 million, all due to an increase in passenger and flight activity, as the Airport started to recover from the impacts of the COVID-19 pandemic on travel.

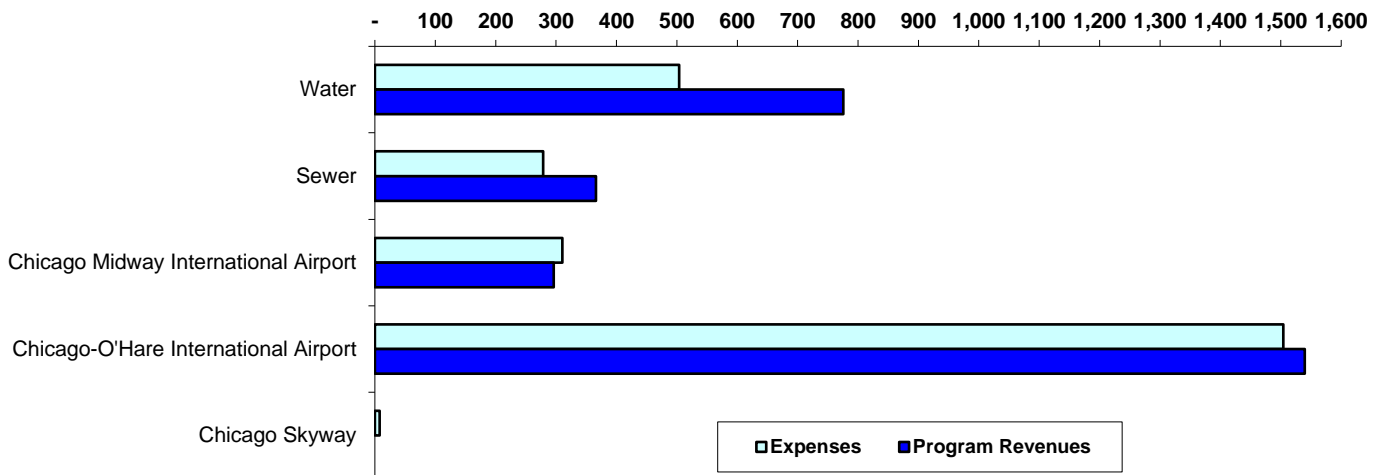
Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$81.2 million (11.7%) compared to 2020, primarily due to the increase in other operating expenses of \$29.4 million due to increases in cost of utilities, materials and supplies and rental of equipment as activity related to operations and construction increased during 2021, hotel expenses of \$4.1 million due to the recovery of hotel business from the impact of the COVID-19 pandemic on travel and tourism, Repairs and Maintenance expense, which increased by \$25.2 million (17.4%) due to contractual increases and additional maintenance of new assets placed into service, such as Runway 9C-27C and the completion of the extension of Runway 9R-27L, and Professional and Engineering expenses of \$8.4 million (6.0%) due to ongoing planning efforts related to Airport's \$8.5 billion O'Hare 21 program, and an increase in pension expense of \$17.0 million primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

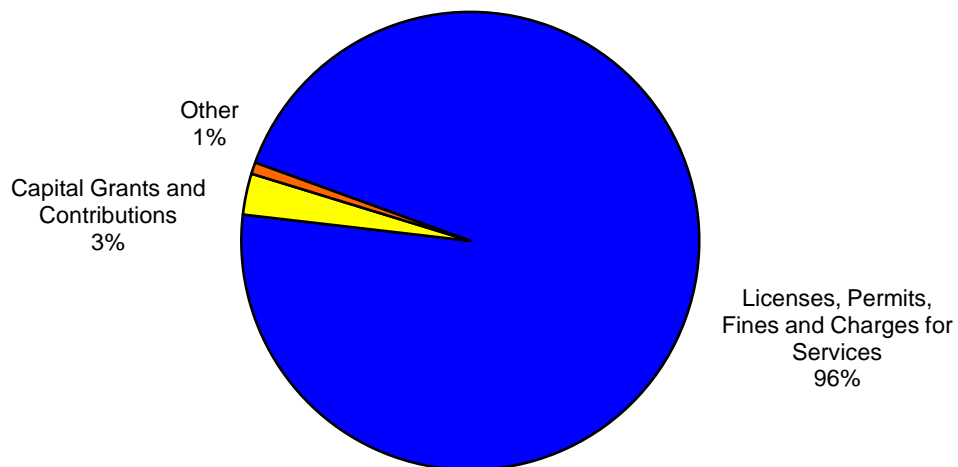
actual earnings on pension plan investments, offset by a decrease in salary and wages of \$2.9 million (1.3%) due to retroactive payments from collective bargaining agreements made in 2020.

- The Chicago Skyway was leased for 99 years to a private company in 2005. The agreement granted the company the right to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into nonoperating revenue over the period of the lease (\$18.5 million annually).

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



Revenues by Source - Business-type Activities



**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Financial Analysis of the City's Funds

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

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

At December 31, 2021, the City's governmental funds reported combined ending fund balances of \$2,788.7 million, an increase of \$655.7 million in comparison with the prior year. Of this total amount, \$922.0 million was committed to specific expenditures, \$323.6 million was assigned to anticipated uses, a deficit of \$5,511.3 million was unassigned, \$2,717.3 million was restricted in use by legislation, and \$4,337.1 million was nonspendable.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$318.1 million with a total fund balance of \$679.1 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 14.5 percent of total General Fund expenditures. Although unassigned fund balance has increased, the percentage compared to expenditures remains stable. The fund balance of the City's General Fund increased by approximately \$319.6 million during the current fiscal year primarily due to the partial recovery of economically sensitive revenues that were impacted in 2020 due to the COVID-19 pandemic, and a decrease in expenditures as efforts were made to implement operational efficiencies during the start of the COVID-19 pandemic.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$427.0 million. The deficit is \$123.7 million higher than 2020 primarily due to slower reimbursement of expenditures. This fund had a significant increase in receivables from State and Federal agencies due to the significant increase in grant awards during 2021 to respond to the COVID-19 pandemic.

The Special Taxing Areas Fund has a total fund balance of \$2,261.5 million. This is \$324.7 million higher than 2020 due to the restricted specific expenditures for special area operations and maintenance that follow state requirements for spending, and for redevelopment project costs as provided by tax levies on special areas.

The Service Concession and Reserve Fund accounts for deferred inflows from nonbusiness type long-term concession and lease transactions and has \$685.3 million committed to specific expenditures. The unassigned deficit of \$1,429.1 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund deficit of \$3,884.8 million. This deficit is \$467.8 million higher than 2020, primarily due to the refunding of certain outstanding City bonds and the issuance of the STSC 2021A Series Bonds, the proceeds of which were used to refund bonds that were held by the City, including certain Motor Fuel Tax Bonds and the Riverwalk TIFIA Loan. The proceeds were recorded in the STSC Debt Service Fund and refunded amounts to bond escrow agent were recorded in the Bond, Note Redemption and Interest Fund.

The STSC Debt Service Fund has a total fund balance of \$4,442.4 million. The fund balance will be used for future debt service payments for certain outstanding bonds. In 2021, the STSC Fund Balance for nonspendable increased by \$842.5 million due to the issuance of STSC Bond Series 2021A. The net proceeds will be amortized over the life of each bond.

The Community Development and Improvement Projects Fund has a total fund balance of \$230.1 million. This is \$220.7 million lower than 2020 as proceeds from bond funds are expended for capital project improvements throughout the City.

Changes in fund balance. The fund balance for the City's governmental funds increased by \$655.7 million in 2021. This includes an increase in inventory of \$5.9 million.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

Unrestricted net position of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Chicago-Midway International Airport Funds at the end of the year amounted to a deficit of \$4,286.6 million. The unrestricted net position deficit decreased by \$173.3 million primarily due to a decrease in the allocation of net pension liability and increase in revenues that were previously impacted by the COVID-19 pandemic and started to recover during 2021. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's 2021 General Fund Budget of \$4,127.8 million was approved by City Council on November 24, 2020. An amended General Fund Budget of \$5,078.5 million was passed on October 27, 2021. General Fund revenues ended the year \$221.6 million over the 2021 final General Fund Budget as a result of historically high collections from transaction taxes, which include the personal property lease tax and real property transaction tax, as well as collections from income tax and personal property replacement tax. Expenditures were \$107.2 million less than budgeted amounts as a result of favorable variances in general government expenditures. Additional information on the City's budget can be found in Note 3 under Stewardship, Compliance and Accountability within this report.

Capital Asset and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of December 31, 2021 amount to \$28,703.9 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

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

- During 2021, the City completed \$240.3 million in infrastructure projects including \$188.3 million in street construction and resurfacing projects, \$13.5 million in street lighting and transit projects, and \$38.5 million in bridge and viaduct reconstruction. At year end, infrastructure projects still in process had expenses totaling nearly \$717.0 million.
- At the end of 2021, the Water Fund had \$5,128.5 million invested in utility plant, net of accumulated depreciation. During 2021, the Water Fund expended \$179.7 million on capital activities. This included \$0.3 million for structures and improvements, \$31.0 million for distribution plant, \$1.4 million for equipment, and \$147.0 million for construction in progress. During 2021, net completed projects totaling \$110.9 million were transferred from construction in progress to applicable capital accounts. The major completed project was the installation and replacements of water mains (\$108.9 million).
- At the end of 2021, the Sewer Fund had net utility plant of \$3,085.4 million. During 2021, the Sewer Fund had capital additions being depreciated of \$100.6 million, and completed projects totaling \$41.5 million were transferred from construction in progress to applicable facilities and structures capital accounts.
- At the end of 2021, Chicago-Midway International Airport had \$1,275.2 million invested in net capital assets. During 2021, the Airport had additions of \$17.1 million related to capital activities. Construction projects include runway rehabilitation, passenger security checkpoint expansion and terminal garage enhancements. During 2021, completed projects totaling \$144.3 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to building security, runway and taxi improvements and parking enhancements.
- At the end of 2021, Chicago-O'Hare International Airport had \$10.1 billion invested in net capital assets. During 2021, the Airport had additions of \$776.2 million related to capital activities. This included construction for HVAC system upgrades, Central Deicing Pad, concourse improvement, Consolidated Rental Car Facility (CONRAC)/Parking, Airport Transit System (ATS) rail, terminal improvements, runway and taxiway improvements.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

During 2021, completed projects totaling \$1,149.5 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to the completion of the 9R-27R runway expansion, the Automated Train System at O'Hare, Fuel Line Relocation, terminal improvements, and runway and taxiway improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,412.5	\$ 1,410.9	\$ 1,039.4	\$ 1,038.2	\$ 2,451.9	\$ 2,449.1
Works of Art and Historical Collections	49.2	48.6	-	-	49.2	48.6
Construction in Progress	783.1	658.2	2,092.7	2,509.4	2,875.8	3,167.6
Buildings and Other Improvements	1,506.4	1,505.9	16,329.6	15,315.6	17,836.0	16,821.5
Machinery and Equipment	327.4	325.0	386.3	417.0	713.7	742.0
Infrastructure	4,777.3	4,865.7	-	-	4,777.3	4,865.7
Total	\$ 8,855.9	\$ 8,814.3	\$19,848.0	\$19,280.2	\$28,703.9	\$28,094.5

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

Debt. At the end of the current fiscal year, the City had \$5,847.2 million in General Obligation Bonds, \$215.0 million in two General Obligation Lines of Credit and \$93.2 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$4,609.0 million in Sales Tax Securitization Corporation Bonds (STSC Bonds); \$4.9 million in Motor Fuel Tax Revenue Bonds; \$7.7 million in Tax Increment Financing Bonds; and \$15,318.2 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to Note 10 Long-term Obligations in the Basic Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation .	\$ 6,155.4	\$ 7,254.2	\$ -	\$ -	\$ 6,155.4	\$ 7,254.2
Tax Increment	7.7	12.1	-	-	7.7	12.1
Revenue Bonds	4.9	179.1	15,318.2	15,620.3	15,323.1	15,799.4
STSC Bonds	4,609.0	3,655.8	-	-	4,609.0	3,655.8
Total	\$ 10,777.0	\$ 11,101.2	\$ 15,318.2	\$ 15,620.3	\$ 26,095.2	\$ 26,721.5

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

During 2021, the City and the STSC issued the following:

General Obligation Bonds and Lines of Credit:

- General Obligation Tax-Exempt Refunding Bonds, Series 2021A (\$447.3 million) and Series 2021B (\$219.2 million).
- General Obligation Lines of Credit (\$215.0 million).

Enterprise Fund Revenue Bonds and Notes:

- Chicago O'Hare International General Airport Revolving Line of Credit (AMT) (\$71.1 million).
- Chicago Midway International Airport Commercial Paper Notes, Series A (AMT) (\$0.03 million).

Sales Tax Securitization Corporation Bonds:

- Sales Tax Securitization Second Lien Bonds, Series 2021A Tax-Exempt (\$394.2 million) and Series 2021B Taxable (\$609.9 million).

At December 31, 2021 the City had credit ratings with each of the four major rating agencies as follows:

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

In April 2021, Standard & Poor's revised the outlook for the O'Hare General Airport Revenue Bonds, Passenger Facility Charge Bonds and Customer Facility Charge Bonds and for the Midway First Lien and Second Lien Bonds from Negative to Stable.

In May 2021, Kroll revised the outlook for the O'Hare General Airport Revenue Bonds and for the Midway Second Lien from Negative to Stable.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

In June 2021, Fitch revised the outlook for the Motor Fuel Tax Bonds from Negative to Positive due to a change in the outlook of the State of Illinois.

In July 2021, Standard & Poor's upgraded the Motor Fuel Tax Bonds from BB+ to BBB-, and revised the outlook to Stable, based on the State of Illinois outlook.

In July 2021, Moody's revised the outlook for the Water Second Lien Bonds and Wastewater First Lien and Second Lien Bonds from Negative to Stable.

In July 2021, Moody's revised the outlook for the Motor Fuel Tax Bonds from Negative to Stable.

In July 2021, Moody's revised the outlook for the General Obligation Bonds from Negative to Stable.

In August 2021, Fitch Ratings revised the outlook for the O'Hare General Airport Revenue Bonds, Passenger Facility Charge Bonds, and for the Midway Second Lien Bonds from Negative to Stable.

In August 2021, Kroll Rating Agency revised the outlook for the General Obligation Bonds from Negative to Stable.

In October 2021, Fitch Ratings revised the outlook for the General Obligation Bonds from Negative to Stable.

In October 2021, Fitch Ratings revised the outlook for the Sales Tax Securitization Corporation Senior Lien and Second Lien Bonds from Negative to Stable.

In November 2021, Standard & Poor's revised the outlook for the General Obligation Bonds from Negative to Stable.

In November 2021, Standard & Poor's Ratings revised the outlook for the Motor Fuel Tax from Negative to Positive due to a change in the State of Illinois outlook.

In November 2021, Moody's revised the outlook for the O'Hare General Airport and Passenger Facility Charge Revenue Bonds from Negative to Stable.

In November 2021, Standard & Poor's Ratings revised the outlook for the Sales Tax Securitization Corporation Senior Lien and Second Lien Bonds from Negative to Stable.

In December 2021, Fitch Ratings revised the outlook for the Water Second Lien Bonds and Wastewater Second Lien bonds from Negative to Stable.

Economic Factors and Next Year's Budgets and Rates

Regional, national, and global economies play a major role in the City's finances and economic growth. In 2021, the unemployment rate in the Chicago metropolitan area was 6.2 percent, noting a labor market slowly recovering from the steep pandemic driven job losses from the prior year.

The City's 2022 Corporate Fund Budget, totaling \$4,887.4 million, was approved by a 35 to 15 vote of City Council on October 27, 2021. The 2022 budget closed an operating budget deficit of \$733.0 million through a combination of savings and efficiencies along with federal financial assistance through the American Rescue Plan (ARP) Act and the Local Fiscal Recovery Fund (LFRF). With the 2022 budget the City intends to continue its practice of making deposits to its operating liquidity funds from any growth in fund balance that may occur.

Requests for Information

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

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Exhibit 1
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2021
(Amounts are in Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and Cash Equivalents	\$ 1,757,826	\$ 262,855	\$ 2,020,681
Investments	2,737,414	761,644	3,499,058
Receivables (Net of Allowances):			
Property Tax	2,475,002	-	2,475,002
Accounts and Due From Other Governments	1,646,800	501,495	2,148,295
Internal Balances	42,584	(42,584)	-
Inventories	37,646	23,091	60,737
Restricted Assets:			
Cash and Cash Equivalents	232,163	937,687	1,169,850
Investments	636,092	2,446,313	3,082,405
Cash and Investments with Escrow Agent	439,805	-	439,805
Interest Receivable	-	5,501	5,501
Other Assets	12,661	70,965	83,626
Capital Assets:			
Land, Art, and Construction in Progress	2,244,842	3,132,106	5,376,948
Other Capital Assets, Net of Accumulated Depreciation	6,611,078	16,715,868	23,326,946
Total Capital Assets	8,855,920	19,847,974	28,703,894
Total Assets	18,873,913	24,814,941	43,688,854
Deferred Outflows	3,554,608	338,403	3,893,011
Total Assets and Deferred Outflows	\$ 22,428,521	\$ 25,153,344	\$ 47,581,865
LIABILITIES AND DEFERRED INFLOWS			
Voucher Warrants Payable	\$ 1,608,884	\$ 539,194	\$ 2,148,078
Accrued Interest	231,507	315,773	547,280
Accrued and Other Liabilities	2,049,605	348,166	2,397,771
Unearned Revenue	412,928	63,313	476,241
Derivative Instrument Liability	-	21,232	21,232
Long-term Liabilities:			
Due Within One Year	334,720	351,345	686,065
Due in More Than One Year	44,493,909	19,432,476	63,926,385
Total Liabilities	49,131,553	21,071,499	70,203,052
Deferred Inflows	2,727,826	1,772,253	4,500,079
Total Liabilities and Deferred Inflows	51,859,379	22,843,752	74,703,131
NET POSITION			
Net Investment in Capital Assets	(886,788)	5,211,491	4,324,703
Restricted for:			
Capital Projects	250,234	399,125	649,359
Debt Service	482,559	19,868	502,427
Special Taxing Areas	2,261,455	-	2,261,455
Passenger Facility Charges	-	252,248	252,248
Contractual Use Agreement	-	395,328	395,328
Airport General Fund	-	214,539	214,539
Customer Facility Charges	-	54,624	54,624
Other Purposes	-	48,989	48,989
Unrestricted (Deficit)	(31,538,318)	(4,286,620)	(35,824,938)
Total Net (Deficit)/Position	\$ (29,430,858)	\$ 2,309,592	\$ (27,121,266)

See notes to basic financial statements.

Exhibit 2
CITY OF CHICAGO, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government	\$ 2,592,748	\$ 522,383
Public Safety	4,534,257	395,686
Streets and Sanitation	294,590	95,063
Transportation	524,513	54,931
Health	225,566	7,620
Cultural and Recreational	115,330	3,033
Interest on Long-term Debt	716,926	-
Total Governmental Activities	9,003,930	1,078,716
Business-type Activities:		
Water	503,972	775,725
Sewer	278,832	366,269
Chicago-Midway International Airport	310,162	290,482
Chicago-O'Hare International Airport	1,503,942	1,458,350
Chicago Skyway	8,139	-
Total Business-type Activities	2,605,047	2,890,826
Total Primary Government	\$ 11,608,977	\$ 3,969,542

See notes to basic financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 760,111	\$ -	\$ (1,310,254)	\$ -	\$ (1,310,254)
67,278	-	(4,071,293)	-	(4,071,293)
-	-	(199,527)	-	(199,527)
-	42,099	(427,483)	-	(427,483)
160,822	-	(57,124)	-	(57,124)
14,376	-	(97,921)	-	(97,921)
-	-	(716,926)	-	(716,926)
<u>1,002,587</u>	<u>42,099</u>	<u>(6,880,528)</u>	<u>-</u>	<u>(6,880,528)</u>
-	-	-	271,753	271,753
-	-	-	87,437	87,437
-	5,757	-	(13,923)	(13,923)
-	81,539	-	35,947	35,947
-	-	-	(8,139)	(8,139)
<u>-</u>	<u>87,296</u>	<u>-</u>	<u>373,075</u>	<u>373,075</u>
<u>\$ 1,002,587</u>	<u>\$ 129,395</u>	<u>(6,880,528)</u>	<u>373,075</u>	<u>(6,507,453)</u>
General Revenues				
Taxes:				
Property Tax		1,568,814	-	1,568,814
Utility Tax		780,326	-	780,326
Sales Tax		424,931	-	424,931
Transportation Tax		479,399	-	479,399
Transaction Tax		752,079	-	752,079
Special Area Property Tax		1,027,118	-	1,027,118
Recreation Tax		243,414	-	243,414
Other Taxes		97,729	-	97,729
Grants and Contributions not Restricted to Specific Programs		1,985,924	-	1,985,924
Unrestricted Investment Earnings (Losses)		(16,806)	(17,517)	(34,323)
Miscellaneous		437,688	44,485	482,173
Transfers		2,540	(2,540)	-
Total General Revenues and Transfers		<u>7,783,156</u>	<u>24,428</u>	<u>7,807,584</u>
Change in Net Position		902,628	397,503	1,300,131
Net Position - Beginning		(30,333,486)	1,912,089	(28,421,397)
Net Position - Ending		<u>\$ (29,430,858)</u>	<u>\$ 2,309,592</u>	<u>\$ (27,121,266)</u>

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
ASSETS			
Cash and Cash Equivalents	\$ 95,688	\$ 210,146	\$ 668,551
Investments	335,442	725,069	1,158,108
Receivables (Net of Allowances):			
Property Tax	-	-	876,513
Accounts	349,081	6,728	7,904
Due From Other Funds	1,086,226	276,963	389,892
Due From Other Governments	215,826	731,264	-
Inventories	37,646	-	-
Restricted Cash and Cash Equivalents	-	3,218	-
Restricted Investments	-	-	-
Restricted Cash and Investments with Escrow Agent	125	-	-
Other Assets	2,158	3,267	-
Total Assets	<u>\$ 2,122,192</u>	<u>\$ 1,956,655</u>	<u>\$ 3,100,968</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Voucher Warrants Payable	\$ 519,106	\$ 315,007	\$ 59,057
Bonds, Notes and Other Obligations Payable - Current	-	-	-
Accrued Interest	-	-	-
Due To Other Funds	510,655	1,105,436	5,491
Accrued and Other Liabilities	381,021	6,550	5,908
Claims Payable	31,453	-	-
Unearned Revenue	816	412,112	-
Total Liabilities	<u>1,443,051</u>	<u>1,839,105</u>	<u>70,456</u>
Deferred Inflows	-	544,526	769,057
Fund Balance:			
Nonspendable	37,646	-	-
Restricted	-	9,863	2,261,455
Committed	-	-	-
Assigned	323,400	-	-
Unassigned	318,095	(436,839)	-
Total Fund Balance	<u>679,141</u>	<u>(426,976)</u>	<u>2,261,455</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 2,122,192</u>	<u>\$ 1,956,655</u>	<u>\$ 3,100,968</u>

See notes to basic financial statements.

Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development and Improvement Projects	Pension	Nonmajor Governmental Funds	Total Governmental Funds
\$ 32,422	\$ 193,159	\$ -	\$ 58,749	\$ 492,675	\$ 6,436	\$ 1,757,826
-	25,560	-	273,427	-	219,808	2,737,414
-	221,509	-	-	1,334,931	42,049	2,475,002
20,500	597	104,185	4,166	374	170,828	664,363
-	215,246	4,299,448	7,409	40,677	297,510	6,613,371
-	-	-	-	-	35,347	982,437
-	-	-	-	-	-	37,646
37,181	-	-	-	-	191,764	232,163
636,092	-	-	-	-	-	636,092
-	280,606	117,059	-	-	42,015	439,805
3,534	-	-	-	-	864	9,823
<u>\$ 729,729</u>	<u>\$ 936,677</u>	<u>\$ 4,520,692</u>	<u>\$ 343,751</u>	<u>\$ 1,868,657</u>	<u>\$ 1,006,621</u>	<u>\$ 16,585,942</u>
\$ 7	\$ -	\$ 642	\$ 98,902	\$ 522,801	\$ 91,765	\$ 1,607,287
-	66,680	-	-	-	4,170	70,850
-	153,609	77,604	-	-	294	231,507
44,389	4,414,030	-	13,015	191,548	477,771	6,762,335
-	-	-	1,752	-	163,455	558,686
-	-	-	-	-	-	31,453
-	-	-	-	-	-	412,928
<u>44,396</u>	<u>4,634,319</u>	<u>78,246</u>	<u>113,669</u>	<u>714,349</u>	<u>737,455</u>	<u>9,675,046</u>
<u>1,429,061</u>	<u>187,183</u>	<u>-</u>	<u>-</u>	<u>1,154,308</u>	<u>38,080</u>	<u>4,122,215</u>
-	-	4,299,448	-	-	-	4,337,094
-	-	142,998	230,082	-	72,942	2,717,340
685,326	-	-	-	-	236,637	921,963
-	-	-	-	-	243	323,643
(1,429,054)	(3,884,825)	-	-	-	(78,736)	(5,511,359)
<u>(743,728)</u>	<u>(3,884,825)</u>	<u>4,442,446</u>	<u>230,082</u>	<u>-</u>	<u>231,086</u>	<u>2,788,681</u>
<u>\$ 729,729</u>	<u>\$ 936,677</u>	<u>\$ 4,520,692</u>	<u>\$ 343,751</u>	<u>\$ 1,868,657</u>	<u>\$ 1,006,621</u>	<u>\$ 16,585,942</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,855,920
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds	2,693,154
Bond issuance costs that are expensed in statement of revenues, expenditures and changes in fund balances but reported as other assets in the statement of activities	2,838
Certain liabilities, including bonds payable, deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds	(43,771,451)
Net position of governmental activities	<u>\$ (29,430,858)</u>

Exhibit 4
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Revenues:			
Property Tax	\$ -	\$ -	\$ -
Utility Tax	408,011	-	-
Sales Tax (Local)	77,656	-	-
Transportation Tax	255,695	-	-
State Income Tax	747,467	-	-
State Sales Tax	-	-	-
Transaction Tax	679,416	-	-
Special Area Property Tax	-	-	941,888
Recreation Tax	239,438	-	-
Other Taxes	84,671	-	-
Federal/State Grants	784,045	928,808	-
Internal Service	385,557	-	-
Licenses and Permits	115,588	-	-
Fines	315,965	-	-
Investment Income (Losses)	(4,963)	(2,556)	731
Charges for Services	398,582	-	263
Miscellaneous	145,381	-	1,638
Total Revenues	4,632,509	926,252	944,520
Expenditures:			
Current:			
General Government	1,523,387	668,037	544,495
Health	35,018	189,875	-
Public Safety	2,372,033	57,164	930
Streets and Sanitation	230,579	-	-
Transportation	55,212	118,049	69,664
Cultural and Recreational	-	14,610	71
Employee Pensions	-	-	-
Other	186	1,671	-
Capital Outlay	-	518	-
Debt Service:			
Principal Retirement	456,618	-	-
Interest and Other Fiscal Charges	10,915	-	-
Total Expenditures	4,683,948	1,049,924	615,160
Revenues (Under) Over Expenditures ..	(51,439)	(123,672)	329,360

Continued on following pages.

Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development and Improvement Projects	Pension	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 521,311	\$ -	\$ -	\$ 1,049,223	\$ -	\$ 1,570,534
-	16,434	-	-	-	361,450	785,895
-	-	90,184	-	-	257,091	424,931
-	8,638	-	-	-	215,066	479,399
-	-	-	-	-	-	747,467
-	-	119,451	-	-	334,961	454,412
-	-	-	-	-	72,663	752,079
-	-	-	-	-	34,576	976,464
-	-	-	-	-	3,976	243,414
-	-	-	-	-	13,058	97,729
-	-	-	-	-	-	1,712,853
-	-	-	-	-	26,534	412,091
-	557	-	-	-	-	116,145
-	-	-	-	-	19,988	335,953
(11,084)	1,470	518	323	18	(1,263)	(16,806)
-	-	-	-	-	46,083	444,928
21,033	11,689	-	23,461	166,625	54,382	424,209
9,949	560,099	210,153	23,784	1,215,866	1,438,565	9,961,697
-	-	-	-	-	286,324	3,022,243
-	-	-	-	-	-	224,893
-	-	-	-	-	135,130	2,565,257
-	-	-	-	-	56,048	286,627
-	-	-	-	-	128,257	371,182
-	-	-	-	-	80,258	94,939
-	-	-	-	1,571,669	-	1,571,669
-	-	-	-	-	-	1,857
-	-	-	249,045	-	39,571	289,134
-	125,663	-	-	-	12,070	594,351
-	412,850	164,248	-	-	3,313	591,326
-	538,513	164,248	249,045	1,571,669	740,971	9,613,478
9,949	21,586	45,905	(225,261)	(355,803)	697,594	348,219

Exhibit 4 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Special Taxing Areas
Other Financing Sources (Uses):			
Issuance of Debt	\$ -	\$ -	\$ -
Issuance of Line of Credit	-	-	-
Premium/(Discount)	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Transfers In	671,960	-	19,700
Transfers Out	(306,743)	-	(24,437)
Total Other Financing Sources (Uses)	<u>365,217</u>	<u>-</u>	<u>(4,737)</u>
Net Changes in Fund Balance	313,778	(123,672)	324,623
Fund Balance, Beginning of Year	359,485	(303,304)	1,936,832
Change in Inventory	5,878	-	-
Fund Balance, End of Year	<u>\$ 679,141</u>	<u>\$ (426,976)</u>	<u>\$ 2,261,455</u>

See notes to basic financial statements.

<u>Service Concession and Reserve</u>	<u>Bond, Note Redemption and Interest</u>	<u>STSC Debt Service</u>	<u>Community Development and Improvement Projects</u>	<u>Pension</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 666,413	\$ 1,004,020	\$ -	\$ -	\$ -	\$ 1,670,433
-	215,000	-	-	-	-	215,000
-	121,372	102,603	-	-	-	223,975
-	(1,761,592)	(48,722)	-	-	-	(1,810,314)
-	383,965	-	4,513	355,803	188,375	1,624,316
<u>(28,089)</u>	<u>(114,582)</u>	<u>(217,442)</u>	<u>-</u>	<u>-</u>	<u>(930,483)</u>	<u>(1,621,776)</u>
<u>(28,089)</u>	<u>(489,424)</u>	<u>840,459</u>	<u>4,513</u>	<u>355,803</u>	<u>(742,108)</u>	<u>301,634</u>
(18,140)	(467,838)	886,364	(220,748)	-	(44,514)	649,853
(725,588)	(3,416,987)	3,556,082	450,830	-	275,600	2,132,950
-	-	-	-	-	-	5,878
<u>\$ (743,728)</u>	<u>\$ (3,884,825)</u>	<u>\$ 4,442,446</u>	<u>\$ 230,082</u>	<u>\$ -</u>	<u>\$ 231,086</u>	<u>\$ 2,788,681</u>

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Exhibit 5
CITY OF CHICAGO, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

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

Net change in fund balances - total governmental funds	\$ 649,853
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	51,854
In the Statement of Activities, gain or loss on disposal and sale of capital assets is reported, whereas in the governmental funds, the entire proceeds are recorded	(9,641)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	167,455
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	169,657
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	<u>(126,551)</u>
Change in the net position of governmental activities	<u>\$ 902,627</u>

See notes to basic financial statements.

Exhibit 6
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (BUDGETARY BASIS)
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues:				
Utility Tax	\$ 390,803	\$ 390,803	\$ 408,011	\$ 17,208
Sales Tax	63,639	63,639	77,656	14,017
Transportation Tax	308,693	308,693	255,695	(52,998)
Transaction Tax	478,129	478,129	679,416	201,287
Recreation Tax	223,911	223,911	239,438	15,527
Other Taxes	76,116	76,116	84,671	8,555
State Income Tax	409,279	519,228	747,467	228,239
Federal/State Grants	2,000	2,000	1,845	(155)
Internal Service	410,732	410,732	385,557	(25,175)
Licenses and Permits	119,200	119,200	115,588	(3,612)
Fines	381,500	381,500	315,965	(65,535)
Investment Income	6,500	6,500	(4,963)	(11,463)
Charges for Services	347,655	347,655	398,582	50,927
Miscellaneous	165,120	165,120	141,009	(24,111)
Issuance of Debt, Net of				
Original Discount	23,000	23,000	-	(23,000)
Budgeted Prior Years' Surplus				
and Reappropriations	132,319	132,319	-	(132,319)
Transfers In	589,179	1,429,976	1,454,160	24,184
Total Revenues	4,127,775	5,078,521	5,300,097	221,576
Expenditures:				
Current:				
General Government	1,476,480	2,427,226	2,281,435	145,791
Health	57,345	57,345	38,864	18,481
Public Safety	2,303,705	2,303,705	2,368,569	(64,864)
Streets and Sanitation	230,310	230,310	230,554	(244)
Transportation	45,173	45,173	43,799	1,374
Debt Service:				
Principal Retirement	13,236	13,236	6,618	6,618
Interest and Other Fiscal Charges	1,526	1,526	1,524	2
Total Expenditures	4,127,775	5,078,521	4,971,363	107,158
Revenues (Under) Over Expenditures ...	\$ -	\$ -	\$ 328,734	\$ 328,734

See notes to basic financial statements.

Exhibit 7
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PENSION FUND (BUDGETARY BASIS)
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues:				
Property Taxes	\$ 1,389,002	\$ 1,389,002	\$ 1,049,223	\$ (339,779)
Investment Income	-	-	18	18
Other Revenue	166,625	166,625	166,625	-
Transfers In	315,126	315,126	355,803	40,677
Total Revenues	1,870,753	1,870,753	1,571,669	(299,084)
Expenditures:				
Current:				
City Contribution to - Municipal Employees' Annuity and Benefit Fund	582,886	582,886	548,281	34,605
City Contribution to - Laborers' and Retirement Board Employees' Annuity and Benefit Fund	86,238	86,238	47,579	38,659
City Contribution to - Policemen's Annuity and Benefit Fund	818,850	818,850	668,686	150,164
City Contribution to - Firemen's Annuity and Benefit Fund	382,779	382,779	307,123	75,656
Total Expenditures	1,870,753	1,870,753	1,571,669	299,084
 Revenues Over Expenditures	 \$ -	 \$ -	 \$ -	 \$ -

See notes to basic financial statements.

Exhibit 8
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
ASSETS AND DEFERRED OUTFLOWS						
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 6,655	\$ 26,480	\$ 22,526	\$ 206,398	\$ 796	\$ 262,855
Investments	463,554	196,379	14,775	86,088	848	761,644
Accounts Receivable (Net of Allowances)	197,920	109,904	41,916	76,160	37	425,937
Interest Receivable	2,404	-	62	463	6	2,935
Due from Other Funds	51,432	18,303	5,038	56,963	-	131,736
Inventories	22,056	1,035	-	-	-	23,091
Due from Other Governments	-	-	11,823	-	-	11,823
Cash and Cash Equivalents - Restricted	58,567	110,545	107,089	622,807	-	899,008
Investments - Restricted	102,879	85,432	-	-	-	188,311
Interest Receivable - Restricted	3	883	-	-	-	886
Other Assets - Restricted	-	-	-	6,765	-	6,765
TOTAL CURRENT ASSETS	905,470	548,961	203,229	1,055,644	1,687	2,714,991
NONCURRENT ASSETS:						
Cash and Cash Equivalents - Restricted	-	-	21,929	16,750	-	38,679
Investments - Restricted	-	-	279,359	1,978,643	-	2,258,002
Interest Receivable - Restricted	-	-	498	4,117	-	4,615
Other Assets - Restricted	-	-	2,184	45,856	-	48,040
Due from Other Governments - Restricted	-	-	2,260	58,540	-	60,800
Other Assets	2,268	950	456	3,317	9,169	16,160
Property, Plant, and Equipment:						
Land	16,483	560	116,712	892,998	12,609	1,039,362
Structures, Equipment and Improvements	6,115,920	3,760,627	2,015,127	12,449,216	490,818	24,831,708
Accumulated Depreciation	(1,455,064)	(813,793)	(873,768)	(4,682,022)	(291,193)	(8,115,840)
Construction Work in Progress	451,161	138,006	17,092	1,486,485	-	2,092,744
Total Property, Plant and Equipment	5,128,500	3,085,400	1,275,163	10,146,677	212,234	19,847,974
TOTAL NONCURRENT ASSETS:	5,130,768	3,086,350	1,581,849	12,253,900	221,403	22,274,270
TOTAL ASSETS	6,036,238	3,635,311	1,785,078	13,309,544	223,090	24,989,261
DEFERRED OUTFLOWS	44,315	14,973	65,763	213,352	-	338,403
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 6,080,553	\$ 3,650,284	\$ 1,850,841	\$ 13,522,896	\$ 223,090	\$ 25,327,664

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago-Midway International Airport	Chicago-O'Hare International Airport	Chicago Skyway	Total
LIABILITIES						
CURRENT LIABILITIES:						
Voucher Warrants Payable	\$ 29,668	\$ 3,965	\$ 29,179	\$ 114,572	\$ -	\$ 177,384
Due to Other Funds	51,604	82,739	21,302	18,660	15	174,320
Accrued and Other Liabilities	201,634	57,737	590	26,187	-	286,148
Unearned Revenue	-	-	1	63,312	-	63,313
Current Liabilities Payable from Restricted Assets	161,449	196,476	106,682	622,808	-	1,087,415
TOTAL CURRENT LIABILITIES	444,355	340,917	157,754	845,539	15	1,788,580
NONCURRENT LIABILITIES:						
Revenue Bonds and Commercial Paper Payable	2,363,169	1,965,471	1,615,261	9,605,781	-	15,549,682
Line of Credit and TIFIA Loan Payable	-	-	-	349,856	-	349,856
Net Pension Liability	1,153,675	432,335	376,960	1,569,968	-	3,532,938
Derivative Instrument Liability	-	-	21,232	-	-	21,232
Other	1,577	-	1,954	-	-	3,531
TOTAL NONCURRENT LIABILITIES ...	3,518,421	2,397,806	2,015,407	11,525,605	-	19,457,239
TOTAL LIABILITIES	3,962,776	2,738,723	2,173,161	12,371,144	15	21,245,819
DEFERRED INFLOWS	116,259	48,369	18,198	73,669	1,515,758	1,772,253
NET POSITION:						
Net Investment in Capital Assets	2,746,413	1,062,584	(111,146)	1,301,406	212,234	5,211,491
Restricted Net Position:						
Debt Service	-	-	3,240	16,628	-	19,868
Capital Projects	3	171,985	23,587	203,550	-	399,125
Passenger Facility Charges	-	-	3,338	248,910	-	252,248
Airport/Airline Use Agreement	-	-	34,182	361,146	-	395,328
Airport General/Development Fund	-	-	-	214,539	-	214,539
Customer Facility Charge	-	-	12,253	42,371	-	54,624
Other	-	-	12,941	36,048	-	48,989
Unrestricted Net Position (Deficit)	(744,898)	(371,377)	(318,913)	(1,346,515)	(1,504,917)	(4,286,620)
TOTAL NET POSITION/(DEFICIT)	\$ 2,001,518	\$ 863,192	\$ (340,518)	\$ 1,078,083	\$ (1,292,683)	\$ 2,309,592

See notes to basic financial statements.

Exhibit 9
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago-Midway International Airport	Chicago-O'Hare International Airport	Chicago Skyway	
Operating Revenues:						
Charges for Services - Net of Provision for Doubtful Accounts of \$15,212 for Water and \$12,297 for Sewer	\$ 748,590	\$ 365,217	\$ 138,052	\$ 815,953	\$ -	\$ 2,067,812
Rent	-	-	82,776	296,612	-	379,388
Hilton Revenues	-	-	-	32,587	-	32,587
Other	27,135	1,052	-	-	-	28,187
Total Operating Revenues	775,725	366,269	220,828	1,145,152	-	2,507,974
Operating Expenses:						
Personnel Services	153,443	13,891	57,489	219,922	-	444,745
Contractual Services	68,757	5,328	22,033	149,419	-	245,537
Repairs and Maintenance	1,917	69,927	48,910	170,176	-	290,930
Commodities and Materials	21,351	-	-	-	-	21,351
Depreciation and Amortization	86,877	55,749	52,636	314,122	8,139	517,523
Loss on Capital Asset Disposal	-	-	-	4,754	-	4,754
General Fund Reimbursements	88,708	55,937	-	-	-	144,645
Pension Expense	(33,871)	(4,979)	27,444	62,448	-	51,042
Hilton Expenses	-	-	-	24,234	-	24,234
Other	22,800	-	33,423	146,732	-	202,955
Total Operating Expenses	409,982	195,853	241,935	1,091,807	8,139	1,947,716
Operating Income (Loss)	365,743	170,416	(21,107)	53,345	(8,139)	560,258
Nonoperating Revenues (Expenses):						
Investment Income (Loss)	1,734	(733)	(3,340)	(15,178)	-	(17,517)
Interest Expense	(93,990)	(82,979)	(67,608)	(408,331)	-	(652,908)
Passenger Facility Charges	-	-	28,268	110,689	-	138,957
Customer Facility Charges	-	-	4,812	25,059	-	29,871
Noise Mitigation Costs	-	-	(619)	(3,804)	-	(4,423)
Grant Revenues (1)	-	-	36,574	177,450	-	214,024
Other	2,037	2,898	-	21,024	18,526	44,485
Total Nonoperating Revenues (Expenses)	(90,219)	(80,814)	(1,913)	(93,091)	18,526	(247,511)
Transfers Out	(2,420)	(120)	-	-	-	(2,540)
Capital Grants	-	-	5,757	81,539	-	87,296
Net Income (Loss)	273,104	89,482	(17,263)	41,793	10,387	397,503
Net Position (Deficit) - Beginning of Year	1,728,414	773,710	(323,255)	1,036,290	(1,303,070)	1,912,089
Net Position (Deficit) - End of Year	\$ 2,001,518	\$ 863,192	\$ (340,518)	\$ 1,078,083	\$ (1,292,683)	\$ 2,309,592

(1) CRRSA and ARP Acts
See notes to basic financial statements.

Exhibit 10
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Cash Flows from Operating Activities:						
Received from Customers	\$ 761,236	\$ 354,944	\$ 211,804	\$ 1,121,861	\$ -	\$ 2,449,845
Payments to Vendors	(103,973)	(29,443)	(130,081)	(401,671)	-	(665,168)
Payments to Employees	(153,443)	(53,822)	(51,876)	(207,999)	-	(467,140)
Transactions with Other City Funds	(109,710)	(30,621)	8,548	(134,043)	-	(265,826)
Cash Flows Provided By						
Operating Activities	394,110	241,058	38,395	378,148	-	1,051,711
Cash Flows from Capital and Related						
Financing Activities:						
Proceeds from Issuance of Bonds/Commercial						
Paper/IEPA Loans/TIFIA Loans/LOC	24,699	10,742	27	89,996	-	125,464
Acquisition and Construction of Capital Assets	(178,653)	(130,995)	(30,459)	(798,301)	-	(1,138,408)
Capital Grant Receipts	-	-	6,348	60,190	-	66,538
Principal Paid on Debt	(104,492)	(68,082)	(53,895)	(194,650)	-	(421,119)
Interest Paid	(108,960)	(95,658)	(75,172)	(440,475)	-	(720,265)
Passenger and Customer Facility Charges	-	-	32,160	125,275	-	157,435
Concessionaire Funds	-	-	-	-	49	49
Cash Flows Provided By (Used in) Capital						
and Related Financing Activities	(367,406)	(283,993)	(120,991)	(1,157,965)	49	(1,930,306)
Cash Flows Provided by Non Capital Financing Activities:						
Noise Mitigation Program	-	-	(619)	(3,804)	-	(4,423)
Proceeds from COVID-19 Relief Funding	-	-	46,333	177,450	-	223,783
Proceeds from miscellaneous						
settlements and agreements	-	-	-	14	-	14
Cash Flows Provided By						
Non Capital Financing Activities	-	-	45,714	173,660	-	219,374
Cash Flows from Investing Activities:						
Purchases (Sale) of Investments, Net	(62,573)	48,877	(13,666)	237,726	(58)	210,306
Investment Income (Loss)	6,293	2,844	1,538	19,687	(3)	30,359
Cash Flows Provided By (Used in)						
Investing Activities	(56,280)	51,721	(12,128)	257,413	(61)	240,665
Net Increase (Decrease) in Cash and						
Cash Equivalents	(29,576)	8,786	(49,010)	(348,744)	(12)	(418,556)
Cash and Cash Equivalents, Beginning of Year	94,798	128,239	200,554	1,194,699	808	1,619,098
Cash and Cash Equivalents, End of Year	\$ 65,222	\$ 137,025	\$ 151,544	\$ 845,955	\$ 796	\$ 1,200,542

Continued on following page.

Exhibit 10 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago- Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Reconciliation of Operating Income to						
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ 365,743	\$ 170,416	\$ (21,107)	\$ 53,345	\$ (8,139)	\$ 560,258
Adjustments to Reconcile:						
Depreciation, Amortization and Loss on Capital						
Asset Disposals	86,877	55,749	52,636	318,876	8,139	522,277
Pension Expense Other than Contribution	(84,160)	(24,917)	8,323	(14,829)	-	(115,583)
Provision for Uncollectible Accounts	15,212	12,297	4,413	-	-	31,922
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables	(29,701)	(23,622)	(4,093)	13,004	-	(44,412)
(Increase) Decrease in Due From Other Funds	(4,047)	10,225	(1,861)	(3,433)	-	884
Increase (Decrease) in Voucher Warrants						
Payable and Due to Other Funds	37,988	36,604	13,801	41,401	-	129,794
Increase (Decrease) in Unearned Revenue and						
Other Liabilities	8,090	4,486	(13,757)	(36,295)	-	(37,476)
(Increase) Decrease in Inventories and						
Other Assets	(1,892)	(180)	40	6,079	-	4,047
Cash Flows from						
Operating Activities	<u>\$ 394,110</u>	<u>\$ 241,058</u>	<u>\$ 38,395</u>	<u>\$ 378,148</u>	<u>\$ -</u>	<u>\$ 1,051,711</u>
Supplemental Disclosure of						
Noncash Items:						
Capital asset additions in 2021						
with outstanding accounts payable,						
accrued, or other liabilities	<u>\$ 32,568</u>	<u>\$ 75,094</u>	<u>\$ 11,058</u>	<u>\$ 273,881</u>	<u>\$ -</u>	<u>\$ 392,601</u>
The fair value adjustments (gain) to						
investments for 2021	<u>\$ (658)</u>	<u>\$ 401</u>	<u>\$ 4,365</u>	<u>\$ 16,503</u>	<u>\$ -</u>	<u>\$ 20,611</u>
The accretion adjustments to capital						
appreciation bonds for 2021	<u>\$ -</u>	<u>\$ 4,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,948</u>

See notes to basic financial statements.

Exhibit 11
CITY OF CHICAGO, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021
(Amounts are in Thousands of Dollars)

	Pension Trust	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 149,808	\$ 5,920
Investments	-	3,226
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations	1,550,583	-
Stocks	4,781,510	-
Mortgages and Real Estate	713,482	-
Other	1,888,171	-
Property Tax Receivable	-	142,523
Accounts Receivable, Net	1,844,927	1,024
Due From City	191,548	-
Property, Plant, Equipment and Other	623	-
Invested Securities Lending Collateral	485,537	-
Total Assets	\$ 11,606,189	\$ 152,693
Deferred Outflows	\$ 879	\$ -
LIABILITIES		
Voucher Warrants Payable	\$ 165,448	\$ 1,381
Accrued and Other Liabilities	-	151,312
Securities Lending Collateral	485,537	-
Total Liabilities	\$ 650,985	\$ 152,693
Deferred Inflows	\$ 650	\$ -
Total Liabilities and Deferred Inflows	\$ 651,635	\$ 152,693
NET POSITION		
Restricted for Pension Benefits	10,955,433	-
Total Net Position	\$ 10,955,433	\$ -

See notes to basic financial statements.

Exhibit 12
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Pension Trust	Custodial Funds
ADDITIONS		
Contributions:		
Employees	\$ 369,541	\$ -
City	1,815,790	-
Taxes Collected for Other Governments	-	153,568
Other Custodial Collections	-	5,840
Total Contributions	<u>2,185,331</u>	<u>159,408</u>
Investment Income:		
Net Depreciation in		
Fair Value of Investments	1,029,338	-
Interest, Dividends and Other	146,868	(52)
Investment Expense	<u>(41,482)</u>	<u>-</u>
Net Investment Income (Loss)	<u>1,134,724</u>	<u>(52)</u>
Securities Lending Transactions:		
Securities Lending Income	1,698	-
Securities Lending Expense	<u>(267)</u>	<u>-</u>
Net Securities Lending Transactions	<u>1,431</u>	<u>-</u>
Total Additions	<u>3,321,486</u>	<u>159,356</u>
DEDUCTIONS		
Benefits and Refunds of Deductions	2,459,828	-
Administrative and General	16,991	-
Taxes Distributed to Other Governments	-	153,569
Other Custodial Disbursements	-	5,787
Total Deductions	<u>2,476,819</u>	<u>159,356</u>
Net Increase in Net Position	844,667	-
Net Position:		
Beginning of Year	<u>10,110,766</u>	<u>-</u>
End of Year	<u>\$ 10,955,433</u>	<u>\$ -</u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

1) Summary of Significant Accounting Policies

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

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 1, 2021, the City adopted the following GASB Statements:

GASB Statement	Impact
GASB Statement No. 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i> (“GASB 89”)	Establishes accounting requirements for interest cost incurred before the end of a construction period. The City adopted GASB 89 as of and for the year ended December 31, 2021. There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 92, <i>Omnibus 2020</i>	Clarifies multiple financial reporting topics included in multiple GASB statements. The City adopted GASB 92 as of and for the year ended December 31, 2021. There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 98, <i>The Annual Comprehensive Financial Report</i> (“GASB 98”)	Establishes the term <i>annual comprehensive financial report</i> and its acronym <i>ACFR</i> . There was no impact as a result of this implementation as the City had previously updated the name of the Annual Comprehensive Financial Report as of and for the year ended December 31, 2020.
GASB Statement No. 99, <i>Omnibus 2022</i> (“GASB 99”)	Clarifies multiple financial reporting topics included in multiple GASB statements. Certain portions of the statement are effective and implemented for the year ended December 31, 2021 including: extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. There was no material impact to the basic financial statements upon adoption. The remainder of the statement is applicable to the years ended December 31, 2023 and December 31, 2024 as noted below.

Upcoming Accounting Standards—

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

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021**

GASB Accounting Standard	Required Year of Adoption
GASB Statement No. 87, <i>Leases</i> (“GASB 87”)	2022
GASB Statement No. 91, <i>Conduit Debt Obligations</i> (“GASB 91”)	2022
GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (“GASB 93”) – Remaining provisions	2022
GASB Statement No. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> (“GASB 94”)	2023
GASB Statement No. 96, <i>Subscription-based Information Technology Arrangements</i> (“GASB 96”)	2023
GASB Statement No. 97, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> (“GASB 97”) – Remaining provisions	2022
GASB Statement No. 99, <i>Omnibus 2022</i> (“GASB 99”) – Remaining provisions	2023 & 2024
GASB Statement No. 100, <i>Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62</i>	2024
GASB Statement No. 101, <i>Compensated Absences</i>	2024

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

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

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

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

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

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

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

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Blended Component Unit

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

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

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

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

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

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

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

The City reports the CCCF within the Service Concession and Reserve Fund. During 2020, the CCCF provided Small Business Resiliency Loans to eligible local small businesses to assist with the impact of the COVID-19 Pandemic. As of December 31, 2021, the loans receivable balance was \$18.4 million.

The City's officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making appointments and no financial accountability or fiscal dependency exists between the City and these

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

organizations. Therefore, the Chicago Park District, Chicago Public Building Commission, Chicago Public Schools, Community College District No. 508, Chicago Housing Authority, and the Chicago Transit Authority are deemed to be related organizations.

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

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

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

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

The City reports the following major governmental funds:

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

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

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

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

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

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

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

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

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

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

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

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

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

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

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

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

Water Fund accounts for the operations of the Chicago Water System (Water). The Water system purifies and provides Lake Michigan water for 494,329 accounts that includes the City and the suburbs. The Water Fund operates two water purification facilities with a combined output pumping capacity of 2,160 million

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

gallons per day and 12 pumping stations with a combined pumping capacity of 3,661 million gallons per day.

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

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

Chicago-O'Hare International Airport Fund records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines serving the Airport operate out of four terminal buildings with a total of 193 gates as of December 31, 2021. Three domestic terminal buildings, having a total of 173 aircraft gates serve the majority of O'Hare's domestic flights and certain international departures. Terminal 5 with 20 aircraft gates and four hardstand positions, serves the remaining international departures, all international arrivals, and some domestic flights.

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

Additionally, the City reports the following fiduciary funds:

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

Custodial Funds account for transactions for assets held by the City as agent for certain activities or for various entities, such as tax collected on behalf of another government (i.e., McCormick Departure Tax; Special Assessments; CPS Building and Improvement).

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

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

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

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

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revenues and expenses.

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

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

c) Assets, liabilities, deferred inflows, deferred outflows, and net position or fund balance

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

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

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

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

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

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

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

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

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

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custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral.

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

Municipal Employees' - The average term of securities loaned was 115 days at December 31, 2021. The cash collateral is invested in tri-party repurchase agreements and bank deposits which had a weighted average maturity of 28 days at December 31, 2021.

Laborers' - The average term of securities loaned was 92 days at December 31, 2021. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 38 days at December 31, 2021.

Policemen's - The average term of the Fund's loan was approximately 5.7 days as of December 31, 2021. Cash collateral was reinvested in indemnified repurchase agreements which had an interest sensitivity of 1 day at December 31, 2021.

Firemen's - The average term of securities loaned was 49 days in 2021. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 28 days at December 31, 2021.

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

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

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as expenses when used (consumption method). Governmental fund inventories are accounted for using the purchases method and represent nonspendable resources because they do not represent expendable available financial resources.

- iv) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted or committed in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or specific City Council action.

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

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

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debt-related activities and Customer Facility Charges as they are subject to State regulation to finance operating, capital, and debt-related activities of car rental consolidated facility and related activities.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The business-type activities prospectively adopted GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89") as of January 1, 2021. Prior to the adoption of GASB 89, interest expense was capitalized during construction of those capital projects that were paid for from the bond proceeds and were being amortized over the depreciable life of the related assets on a straight-line basis. Subsequent to the adoption of GASB 89, interest expense on construction bond proceeds was expensed as incurred.

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

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

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

- vi) **Deferred Outflows** represent unamortized loss on bond refundings, the fair value of derivative instruments that are deemed to be effective hedges, differences between estimated and actual investment earnings related to pensions, changes in actuarial assumptions related to pensions, and other pension related changes. Deferred Outflows for OPEB represent the difference between expected and actual non-investment experience and assumption changes.
- vii) **Employee Benefits** are granted for vacation and sick leave, workers' compensation, and health care. Unused vacation leave is accrued and may be partially carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

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

ix) Long-term obligations are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

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

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

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

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

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

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accordance with the benefit terms. Investments are reported at fair value. The financial statements of the Plans are prepared using the accrual basis of accounting.

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

xi) Net Position in the government-wide statements is classified in three separate categories:

(1) Net investment in capital assets - Consists of capital assets, both tangible and intangible and including restricted capital assets, net of accumulated depreciation (financed through borrowing, donated, purchased with existing resources) and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings including accounts payable and retainage payable, that are attributable to the acquisition, construction, or improvement of those assets. Also, reduced by capital-related deferred inflows of resources and increased by capital-related deferred outflows of resources. The unspent resources and associated portion of outstanding capital-related debt, if any, are reported in the appropriate component of net position (restricted or unrestricted, depending on the constraints on the unexpended resources).

(2) Net position-restricted net position - Consists of non-capital assets whose use is restricted less related liabilities and deferred inflows of resources. The limitation on the use of noncapital assets must be substantive to qualify as a restriction; and is considered restricted only if the limitation is considered externally enforceable. Externally enforceable limitations result from constraints imposed by: parties outside the government (creditors, grantors, donors, other governments); constitutional provisions; or enabling legislation (legislation that raises resources from external parties subject to a legally enforceable requirement that those resources “be used only for the specific purpose stipulated in the legislation”). Restricted net position for business activities is provided in Exhibit 8, Statement of Net Position, Proprietary Funds.

(3) Net position-unrestricted - Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is classified as net position-unrestricted. As of December 31, 2021, the net position-unrestricted represents a deficit.

2) Reconciliation of Government-wide and Fund Financial Statements

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

i) The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.” The details of this \$2,693.2 million are as follows (dollars in thousands):

Deferred inflows - property tax	\$ 2,148,628
Deferred inflows - grants	544,526
Net adjustment to increase fund balance - total governmental funds	
- to arrive at net position - governmental activities	<u>\$ 2,693,154</u>

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ii) Another element of that reconciliation explains that “Certain liabilities, deferred inflows and deferred outflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$43,771.5 million are as follows (dollars in thousands):

Long-term liabilities:	
Total bonds, notes and certificates payable	\$ (11,600,391)
Pension benefits	(30,163,647)
Other postemployment benefits	(2,000,017)
Pollution remediation	(49,535)
Claims and judgments	<u>(1,015,039)</u>
Total Long-term liabilities	(44,828,629)
Accounts payable - infrastructure retainage	(1,595)
Bonds, notes and other obligations payable current	70,850
Deferred outflows - unamortized loss on refunding	189,054
Deferred outflows - pension costs	2,090,958
Deferred outflows - other postemployment benefits costs	1,274,596
Deferred inflows - pension	(1,178,353)
Deferred inflows - other postemployment benefits.....	(120,412)
Accrued and other liabilities - compensated absences	(84,920)
Accrued and other liabilities - pension payable to pension funds	<u>(1,183,000)</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net position - governmental activities	<u>\$ (43,771,451)</u>

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

i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures.” However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$51.9 million are as follows (dollars in thousands):

Capitalized asset expenditures	\$ 508,659
Donated assets	13,478
Depreciation expense	<u>(470,283)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities	<u>\$ 51,854</u>

ii) Another element of that reconciliation states that “Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.” The details of this increase of \$169.7 million are as follows (dollars in thousands):

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Proceeds of debt	\$ (1,670,433)
Proceeds from line of credit	(215,000)
(Premium) / Discount	(223,975)
Payment to refunded bond escrow agent	1,810,314
Principal retirement	594,351
Interest expense	<u>(125,600)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities	<u>\$ 169,657</u>

Another element of that reconciliation states that “Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this decrease of \$126.6 million are as follows (dollars in thousands):

Claims and judgments	\$ 15,114
Pension costs	82,217
Other post employment benefit liabilities	(223,817)
Pollution remediation	(5,900)
Vacation	(43)
Inventory	<u>5,878</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities	<u>\$ (126,551)</u>

3) Stewardship, Compliance and Accountability

- a) **Annual Appropriation Budgets** are established for the Corporate (General) Fund and the Vehicle Tax; Motor Fuel Tax and Project; Pension; Chicago Public Library; Special Events, Tourism and Festivals; and Cannabis Tax Funds, on a non-GAAP budgetary basis:
 - i) In October, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
 - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
 - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
 - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose.
 - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.
- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City’s budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are included in “Unassigned” fund balance for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in are classified as revenues. For budgetary purposes prior years’ resources used to cover current year budgetary expenditures are recorded as revenues. For budgetary purposes, grant reimbursements to other funds are counted as revenues and not netted against expenditures. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. For

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GAAP purposes, in-kind contributions and expenditures related to in-kind contributions are recorded as revenues and expenditures. Provision for doubtful account expenditures are not budgeted. In 2021, the \$782.2 million of ARP Revenue Replacement was recorded as a Transfer In within the General Fund on the budgetary basis but was recorded as Federal and State Grant Revenue in the fund financials in accordance with GAAP. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2021 is as follows (dollars in thousands):

	General Fund
Revenues, GAAP Basis	\$ 4,632,509
Add:	
Transfers In	671,960
Deduct:	
In-Kind Contribution	<u>(4,372)</u>
Revenues, Budgetary Basis	<u>\$ 5,300,097</u>
Expenditures, GAAP Basis	\$ 4,683,948
Add:	
Transfers Out	306,743
Encumbered in 2021.....	13,513
Deduct:	
In-Kind Contribution	(2,215)
Payments on Prior Years' Encumbrances	(30,440)
Provision for Doubtful Accounts and Other.....	<u>(186)</u>
Expenditures, Budgetary Basis	<u>\$ 4,971,363</u>

- c) **Individual Fund Deficits** include the Chicago Skyway Fund, an Enterprise Fund, which has a deficit fund balance of \$1,292.7 million which management anticipates will be funded through recognition of deferred inflows. Midway International Airport Fund has a deficit fund balance of \$340.5 million which will be funded through future revenues. Federal State and Local Grants, a governmental fund, has a deficit fund balance of \$427.0 million and will be funded by the recognition of deferred grant inflows. The Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$743.7 million which will be funded through the recognition of deferred inflows. The Bond, Note Redemption and Interest Fund, a Debt Service Fund, has a deficit fund balance of \$3,884.8 million which will be funded through the amortization of the deferred inflow (reclassified to Due to Other Funds on the blended fund financials) associated with the City's sale of sales tax revenues to the STSC. The STSC is a blended component unit and for presentation purposes deferred inflows have been reclassified as internal balances.

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4) Restricted and Unrestricted Cash, Cash Equivalents and Investments

a) **Investments** As of December 31, 2021, the City had the following Investments (dollars in thousands):

<u>Investment Type</u>	<u>Maturities (in Years)</u>				<u>Total</u>
	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	
City Funds					
U.S. Government	\$ 11,038	\$ -	\$ -	\$ -	\$ 11,038
U.S. Treasury	-	11,307	-	-	11,307
Agency MBS*	-	1,813	95,347	426,561	523,721
Agency Bonds	1,699	1,288,396	72,716	-	1,362,811
Commercial Paper	1,936,148	-	-	-	1,936,148
Corporate ABS*	1,760	231,289	48,610	417,144	698,803
Corporate Bonds	225,991	734,182	1,238,075	62,978	2,261,226
ETF-Corporate Equity	742	-	-	-	742
Money Market Funds	1,475,790	-	-	-	1,475,790
Municipal Bonds	68,187	344,919	206,183	287,219	906,508
State and Local					
Government Series	11,175	21,412	-	-	32,587
Supranational Bonds	-	74,859	-	-	74,859
Total City Funds	\$ 3,732,530	\$ 2,708,177	\$ 1,660,931	\$ 1,193,902	\$ 9,295,540

* In 2020, Asset Backed Securities were further divided into Agency MBS and Corporate ABS.

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

Pension Trust Funds					
U.S. and Foreign					
Government Agencies	\$ 50,060	\$ 184,566	\$ 101,222	\$ 305,054	\$ 640,902
Corporate Bonds	1,062,349	311,452	205,650	157,908	1,737,359
Corporate Equities	4,517,936	-	-	-	4,517,936
Pooled Funds	114,814	35,921	-	-	150,735
Real Estate	653,240	-	-	-	653,240
Securities Received from					
Securities Lending	485,537	-	-	-	485,537
Venture Capital	763,453	-	-	-	763,453
Certificates of Deposit and					
Other Short-term	293,586	-	-	-	293,586
Derivatives	371	-	-	-	371
Other	183,065	98,183	44,724	-	325,972
Total Pension Trust Funds	\$ 8,124,411	\$ 630,122	\$ 351,596	\$ 462,962	\$ 9,569,091
Total	\$11,856,941	\$3,338,299	\$ 2,012,527	\$ 1,656,864	\$ 18,864,631

City's Fair Value Measurements for Investments:

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

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets

Level 2 - Observable inputs other than quoted market prices, and

Level 3 - Unobservable Inputs

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

The City's investments measured at fair value as of December 31, 2021 are as follows (dollars in thousands):

Investments by Fair Value Level	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government	\$ -	\$ 11,038	\$ -
U.S. Treasury	-	11,307	-
State and Local Government Series	-	21,412	-
Agency Bonds	-	1,361,112	-
Agency MBS	-	523,721	-
Corporate ABS	-	698,803	-
Corporate Bonds	-	2,160,704	-
Municipal Bonds	-	891,183	-
Supranational Bonds	-	74,859	-
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 5,754,139</u>	<u>\$ -</u>

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for the City are \$3,541.4 million.

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YEAR ENDED DECEMBER 31, 2021

Pension Trust Funds' Investments measured at fair value as of December 31, 2021 are as follows (Dollars in thousands):

Summary	Total	Level 1	Level 2	Level 3
U.S. and Foreign				
Government Agencies	\$ 640,902	\$ 4,500	\$ 636,402	\$ -
Corporate Bonds	1,384,778	-	1,384,777	1
Corporate Equities	4,030,783	4,027,103	674	3,006
Pooled Funds	57,148	17,526	39,622	-
Securities Received from				
Securities Lending	485,537	-	485,537	-
Venture Capital.....	13,540	-	-	13,540
Certificates of Deposit and Other Short-term.....	231,008	47,605	183,335	68
Derivatives	371	295	76	-
Other	144,049	-	143,949	100
Subtotal	<u>6,988,116</u>	<u>4,097,029</u>	<u>2,874,372</u>	<u>16,715</u>

Pension Trust Funds' Investments measured at net asset value:	Unfunded Commitments	Redemption Frequency	Redemption Notice
Corporate Bonds	\$ 34,454	Daily	5 Days
Corporate Equities	-		
Pooled Funds	-		
Real Estate	38,979	Quarterly, Annually - Open-end, Not eligible - Closed - end, As needed, N/A, Illiquid	10,30 or 45 Days - Open-end, 30 - 45 days Not eligible, N/A
Venture Capital	170,533	Not eligible, As needed, N/A, Illiquid, Close-end/ Quarterly	N/A, 30 - 95 days, Not eligible, N/A, 90 days, N/A
Certificates of Deposit and Other Short-term	62,578	-	
Other *	181,923	29,304	Illiquid
Subtotal	<u>2,580,975</u>		N/A
Pension Trust Funds' Investments Total.....	<u>\$9,569,091</u>		

* Other includes Fixed Assets & Hedge Fund of Funds.

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

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

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

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

Venture capital - Includes investments where the objective is to achieve long-term capital appreciation, preserve capital, and achieve a consistent pattern of returns through investments in limited partnerships,

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

privately issued securities, private equity funds, and other pooled investments with a focus on the venture sector and undervalued alternative investments. Closed-end limited partnership interests are generally illiquid and cannot be redeemed.

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

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

- i) *Interest Rate Risk* - The interest rate risk, or market risk, refers to the chance that investments in bonds – also known as fixed-income securities – will suffer as the result of unexpected interest rate changes. However, the City mitigates interest rate risks by diversifying portfolios to include a multitude of different bonds that have varying maturation schedules.
- ii) *Credit Risk* - With regard to credit risk, the Code limits the investments in securities to:
- (1) Interest-bearing general obligations of the United States and the State of Illinois;
 - (2) United States treasury bills and other non-interest-bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
 - (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City, the Chicago Board of Education, the Chicago Housing Authority, the Chicago Park District, the Chicago Transit Authority, and the City Colleges of Chicago;
 - (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
 - (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement. Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
 - (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance or demand deposits in 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;

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
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- (12) Bonds of companies with assets exceeding \$500.0 million that, at the time of purchase, are rated investment grade, 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 four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A- rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A- rating or equivalent rating;
- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;
- (16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A- rating or above or equivalent rating by at least two accredited ratings agencies;
- (17) Bonds, notes, debentures, or other similar obligations of agencies of the United States.
- (18) Asset-backed or agency mortgage-backed securities, any of which are rated at least investment grade by at least two accredited rating agencies, but no funds may be invested in: (1) obligations the payment of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral that pays no principal (e.g., MBS Interest-Only Strips); (2) obligations the payment of which represents the principal balance repayments from the underlying mortgage-backed security collateral that pays no interest (e.g., MBS Principal-Only Strips); (3) collateralized mortgage obligations ("CMOs") that have a stated final maturity date of greater than 10 years; and (4) CMOs the interest rate of which is determined in a manner that adjusts in the opposite direction to the changes in a market index (e.g., Inverse Floating Rate CMOs).
- (19) Interest in the Chicago Community Catalyst Fund.

Total holdings across all funds held by the City shall have no less than an overall average rating of Aa or equivalent rating without regard to any refinement or gradation of rating category by numerical modifier or otherwise on a quarterly basis.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021**

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

<u>Quality Rating</u>	<u>City</u>	<u>Quality Rating</u>	<u>Pension Trust Funds</u>
Aaa/AAA	\$ 4,463,967	Aaa/AAA	\$ 198,883
Aa/AA	968,022	Aa/AA	67,476
A/A	760,834	A/A	163,855
Baa/BBB	1,121,603	Baa/BBB	245,109
Ba/BB	-	Ba/BB	141,534
B/B	-	B/B	122,890
Caa/CCC	-	Caa/CCC	20,914
Ca	-	Ca/CC	148
C/CC	-	CC/C	853
D/D	-	D/D	1,645
P1/A1	1,322,306	Not Rated	271,809
P2/A2	613,842	Other	397,255
MIG1/SP-1+	-		
MIG2/SP-1+	-		
Not Rated*	44,966		
Total Funds	<u>\$ 9,295,540</u>		<u>\$ 1,632,371</u>

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

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

For deposits in banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 100 percent by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in the State of Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 100 percent by an irrevocable letter of credit issued in favor of the City by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the deposit.

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

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$107.1 million. 96.6 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. \$3.6 million was uncollateralized at December 31, 2021, and thus was subject to custodial credit risk.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

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

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

<u>Foreign Currency Risk</u>	
Argentine Peso	\$ 68
Australian Dollar	51,782
Brazilian Real	22,792
British Pound	189,282
Canadian Dollar	71,703
Chilean Peso	3,131
Chinese Yuan	5,571
Colombian Peso	3,451
Czech Republic Koruna	3,159
Danish Krone	37,020
Egyptian Pound	716
European Euro	381,895
HK Chinese Yuan Renminbi	12,699
Hong Kong Dollar	143,589
Hungarian Forint	2,519
Indian Rupee	50,880
Indonesian Rupiah	18,240
Japanese Yen	228,433
Kenyan Shilling.....	256
Kuwaiti Dinar	142
Malaysian Ringgit	4,854
Mexican Peso	18,618
New Israeli Shekel	8,318
New Taiwan Dollar	77,796
New Zealand Dollar	1,787
Norwegian Krone	15,691
Philippine Peso	4,791
Polish Zloty	6,483
Qatari Rial	801
Russian Ruble	2,403
Singapore Dollar	11,240
South African Rand	17,194
South Korean Won	61,587
Swedish Krona	54,498
Swiss Franc	95,848
Thai Baht	6,269
Turkish Lira	903
United Arab Emirates Dirham	728
Total Pension Trust Funds	<u>\$ 1,617,137</u>

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021**

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

Per Note 4:	
Investments - City	\$ 9,295,540
Investments - Pension Trust Funds	9,569,091
	<u>\$ 18,864,631</u>
Per Financial Statements:	
Restricted Investments	\$ 3,082,405
Unrestricted Investments	3,499,058
Investments with Fiduciary Funds	8,936,972
Investments with Escrow Agent	439,805
Invested Securities Lending Collateral	485,537
Investments Included as Cash and Cash Equivalents on the Statement of Net Position	2,420,854
	<u>\$ 18,864,631</u>

5) Property Tax

The City's property tax becomes a lien on real property on January 1 of the year it is levied. The Cook County Assessor (Assessor) is responsible for the assessment of all taxable real property within Cook County (County), except for certain railroad and other limited property types assessed directly by the State. The Cook County Board has implemented a triennial cycle of reassessment in which one-third of the County will be reassessed each year on a repeating system established under the state's Property Tax Code and the Code of Ordinances of Cook County. The Assessor and Cook County Board of Review (Board of Review) administer that schedule according to the rules set forth in those two sets of laws.

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

In addition, the City uses Tax Increment Financing (TIF) for Special Areas. TIF Funds are used to build and repair roads and infrastructure, clean polluted land and put vacant properties back to productive use, usually in conjunction with private development projects. Depending on when the TIF district was created, TIF Funds can be generated by, among other tax revenues, growth in the Equalized Assessed Valuation (EAV) of properties for property tax purposes within a designated district over a period of years. This period can last between 23 and 36 years, determined by the type of TIF district created, unless either the TIF district's authorization is repealed under state law, or the City Council acts to terminate it. Funding levels for specific projects are coordinated with area plans and goals. When an area is declared a TIF district, a base EAV is established and the amount of property tax distributed annually among the taxing districts possessing levying authority over that area is limited to that derived from the base EAV. As property values increase in the area, all property tax growth generated from any increment in EAV above the base EAV, minus certain exemptions for applicable properties within that area, can be used to fund redevelopment costs within the TIF district. The increase, or increment, can be used to pay back bonds issued to pay upfront costs, or can be used on a pay-as-you-go basis for individual projects. When the City Council adopts an ordinance dissolving the TIF district's special tax allocation fund, which the City Council typically does at the conclusion of the 23- to 36-year period, the TIF district expires. The incremental EAV is then returned to the base EAV and all the property tax revenue from the area is distributed annually among the taxing districts that have authority to levy taxes on property in that area.

The Illinois Department of Revenue (Department) has the statutory responsibility of ensuring uniformity of real property assessments on an inter-county basis throughout the State. Each year, the Department furnishes the county clerks with an adjustment factor to equalize the level of assessment among counties. This Department-issued factor (Equalization Factor) is then applied to the Assessed Valuation to compute the valuation of property to which a tax rate

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

will be applied (Equalized Assessed Valuation). The County Clerk adds the Equalized Assessed Valuation of all taxable real property in the County to the valuation of property assessed directly by the State of Illinois and subtracts total amounts of EAV in TIF districts to arrive at the base amount (Tax Base) used in calculating the annual tax rates.

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

The City Council adopted an ordinance that took effect in 1994 limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index. The ordinance provides exceptions to that limit for levies allocable to TIF districts' special allocation funds, as well as for that portion of property tax debt service attributable to: (a) payments of principal and interest on certain general obligation bonds, (b) payments to retire bonds issued by the public building commission, and (c) payments for the refunding of those bonds, all subject to annual increase in the manner described above for the aggregate levy, and all as provided by the ordinance. The City Council also excepted from this limit that part of the City's overall tax levy attributable to new construction, new additions to existing structures, and increases in assessed values of existing property caused when reduced promotional assessments granted under the Cook County Real Property Tax Ordinance expire. Most general obligation bond levies approved after 2001 have also been excluded from this limit. In 2015, the City Council added an exception for portions of the property tax levy used to meet the City's pension obligations.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

6) Interfund Balances and Transfers

a) The following balances at December 31, 2021 represent due from/to balances among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General	\$ 1,086,226	\$ 510,655
Federal, State and Local Grants	276,963	1,105,436
Special Taxing Areas	389,892	5,491
Service Concession and Reserve	-	44,389
Bond, Note Redemption and Interest *	215,246	4,414,030
STSC Debt Service *	4,299,448	-
Community Development and Improvement Projects	7,409	13,015
Pension	40,677	191,548
Nonmajor Governmental Funds	297,510	477,771
Total Governmental Funds	6,613,371	6,762,335
Enterprise Funds:		
Water	51,432	51,604
Sewer	18,303	82,739
Chicago-Midway International Airport	5,038	21,302
Chicago-O'Hare International Airport	56,963	18,660
Chicago Skyway	-	15
Total Enterprise Funds	131,736	174,320
Fiduciary activities:		
Pension Trust	191,548	-
Total Fiduciary activities	191,548	-
Total	<u>\$ 6,936,655</u>	<u>\$ 6,936,655</u>

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

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

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

b) The following balances at December 31, 2021 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 671,960	\$ 306,743
Special Taxing Areas	19,700	24,437
Service Concession and Reserve	-	28,089
Bond, Note Redemption and Interest	383,965	114,582
STSC Debt Service *	-	217,442
Community Development and Improvement Projects	4,513	-
Pension	355,803	-
Nonmajor Governmental Funds *	<u>188,375</u>	<u>930,483</u>
Total Governmental Funds	<u>1,624,316</u>	<u>1,621,776</u>
Business-type activities:		
Water	-	2,420
Sewer	-	120
Total Business-type activities	<u>-</u>	<u>2,540</u>
Total	<u>\$ 1,624,316</u>	<u>\$ 1,624,316</u>

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

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

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

7) Capital Assets

a) **Capital Assets** activity for the year ended December 31, 2021 was as follows (dollars in thousands):

	<u>Balance January 1, 2021</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Balance December 31, 2021</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,410,899	\$ 1,607	\$ -	\$ 1,412,506
Works of Art and Historical Collections	48,620	593	-	49,213
Construction in Progress	658,230	400,631	(275,738)	783,123
Total capital assets, not being depreciated	<u>2,117,749</u>	<u>402,831</u>	<u>(275,738)</u>	<u>2,244,842</u>
Capital assets, being depreciated:				
Buildings and Other Improvements	2,845,632	74,383	(131)	2,919,884
Machinery and Equipment	1,785,754	70,628	(25,236)	1,831,146
Infrastructure	10,594,943	239,775	-	10,834,718
Total capital assets, being depreciated	<u>15,226,329</u>	<u>384,786</u>	<u>(25,367)</u>	<u>15,585,748</u>
Less accumulated depreciation for:				
Buildings and Other Improvements	1,339,710	73,937	(137)	1,413,510
Machinery and Equipment	1,460,787	68,231	(25,236)	1,503,782
Infrastructure	5,729,263	328,115	-	6,057,378
Total accumulated depreciation	<u>8,529,760</u>	<u>470,283</u>	<u>(25,373)</u>	<u>8,974,670</u>
Total capital assets, being depreciated, net	<u>6,696,569</u>	<u>(85,497)</u>	<u>6</u>	<u>6,611,078</u>
Total governmental activities	<u>\$ 8,814,318</u>	<u>\$ 317,334</u>	<u>\$ (275,732)</u>	<u>\$ 8,855,920</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,038,172	\$ 1,190	\$ -	\$ 1,039,362
Construction in Progress	2,509,409	1,045,923	(1,462,588)	2,092,744
Total capital assets, not being depreciated	<u>3,547,581</u>	<u>1,047,113</u>	<u>(1,462,588)</u>	<u>3,132,106</u>
Capital assets, being depreciated:				
Buildings and Other Improvements	22,451,959	1,534,631	(51,645)	23,934,945
Machinery and Equipment	903,286	2,214	(8,739)	896,761
Total capital assets, being depreciated	<u>23,355,245</u>	<u>1,536,845</u>	<u>(60,384)</u>	<u>24,831,706</u>
Less accumulated depreciation for:				
Buildings and Other Improvements	7,136,346	489,357	(20,343)	7,605,360
Machinery and Equipment	486,253	26,437	(2,212)	510,478
Total accumulated depreciation	<u>7,622,599</u>	<u>515,794</u>	<u>(22,555)</u>	<u>8,115,838</u>
Total capital assets, being depreciated, net	<u>15,732,646</u>	<u>1,021,051</u>	<u>(37,829)</u>	<u>16,715,868</u>
Total business-type activities	<u>\$ 19,280,227</u>	<u>\$ 2,068,164</u>	<u>\$ (1,500,417)</u>	<u>\$ 19,847,974</u>
Total Capital Assets	<u>\$ 28,094,545</u>	<u>\$ 2,385,498</u>	<u>\$ (1,776,149)</u>	<u>\$ 28,703,894</u>

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021**

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

Governmental activities:	
General Government	\$ 32,886
Public Safety	60,023
Streets and Sanitation	17,052
Transportation	338,562
Health	779
Cultural and Recreational	20,981
Total Depreciation Expense - Governmental activities ..	<u>\$ 470,283</u>
Business-type activities:	
Water	\$ 85,603
Sewer	55,407
Chicago Midway International Airport	52,636
Chicago-O'Hare International Airport	314,122
Chicago Skyway	8,027
Total Depreciation Expense - Business-type activities .	<u>\$ 515,795</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$17.2 million for the year ended December 31, 2021.

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

2022	\$ 18,315
2023	19,352
2024	19,285
2025	18,952
2026	17,784
2027-2031	80,802
2032-2036	89,884
2037-2041	100,207
2042-2045	80,651
Total Future Rental Expense	<u>\$ 445,232</u>

b) **Lease Receivables**

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2021 (dollars in thousands):

2022	\$ 413,544
2023	387,055
2024	349,768
2025	349,566
2026	349,553
2027 - 2031	1,732,321
2032 - 2036	903,835
2037 - 2041	352,300
2042 - 2046	340,541
2047 - 2051	244,030
2052 - 2056	45,266
Total Minimum Future Rental Income	<u>\$ 5,467,779</u>

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Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel consumption are not included in minimum future rental income. Rental income for O'Hare, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$592.5 million, including contingent rentals of \$61.5 million.

Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2021 (dollars in thousands):

2022	\$	66,475
2023		62,984
2024		61,559
2025		61,035
2026		60,859
2027 - 2031		133,798
2032 - 2036		22,014
2037 - 2041		2,503
2042 - 2046		667
Total Minimum Future Rental Income	\$	<u>471,894</u>

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to \$134.3 million, including contingent rentals of \$57.9 million.

9) Short-term Debt

There was no short-term debt issued during 2021.

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10) Long-term Obligations

a) **Long-term Debt** activity for the year ended December 31, 2021 was as follows (in thousands):

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Amounts Due within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation and other debt	\$ 6,754,252	\$ 666,413	\$ 1,480,256	\$ 5,940,409	\$ 79,805
Line of Credit (LOC)	500,000	215,000	500,000	215,000	-
Total General Obligation Debt, other debt and LOC.....	7,254,252	881,413	1,980,256	6,155,409	79,805
Tax increment	12,060	-	4,375	7,685	7,685
Revenue	179,102	-	174,207	4,895	4,895
STSC	3,655,780	1,004,020	50,835	4,608,965	-
	11,101,194	1,885,433	2,209,673	10,776,954	92,385
Add unamortized premium/(discount)	342,624	223,975	80,653	485,946	-
Add accretion of capital appreciation bonds	335,989	27,175	25,673	337,491	26,431
Total bonds, notes and certificates payable	11,779,807	2,136,583	2,315,999	11,600,391	118,816
Other liabilities:					
Net pension liability	29,443,464	720,183	-	30,163,647	-
Net other postemployment benefits liability.....	1,963,340	36,677	-	2,000,017	-
Pollution remediation	43,635	5,900	-	49,535	-
Claims and judgments	1,030,153	196,767	211,881	1,015,039	215,904
Total other liabilities	32,480,592	959,527	211,881	33,228,238	215,904
Total governmental activities	\$ 44,260,399	\$ 3,096,110	\$ 2,527,880	\$ 44,828,629	\$ 334,720
Business-type activities:					
Revenue bonds and notes payable:					
Water	\$ 2,408,774	\$ 37,139	\$ 104,492	\$ 2,341,421	\$ 110,324
Sewer	1,953,134	10,742	68,081	1,895,795	71,300
Chicago-O'Hare International Airport	9,609,566	71,100	194,650	9,486,016	99,825
Chicago Midway International Airport	1,648,820	27	53,895	1,594,952	60,140
	15,620,294	119,008	421,118	15,318,184	341,589
Add unamortized premium/(discount)	947,452	-	83,559	863,893	-
Add accretion of capital appreciation bonds	73,356	4,948	9,498	68,806	9,756
Net pension liability	3,514,787	23,209	5,058	3,532,938	-
Total business-type activities	\$ 20,155,889	\$ 147,165	\$ 519,233	\$ 19,783,821	\$ 351,345
Total long-term obligations	\$ 64,416,288	\$ 3,243,275	\$ 3,047,113	\$ 64,612,450	\$ 686,065

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

b) Issuance of New Debt

i) General Obligation Line of Credit

The City entered into a Revolving Line of Credit Agreement in December 2021 with RBC Capital Markets, LLC and Royal Bank of Canada with a borrowing capacity of up to \$225 million (the “RBC Line of Credit Agreement”) and a Revolving Line of Credit Agreement in December 2021 with Wells Fargo Bank, National Association with a borrowing capacity of up to \$225 million (the “Wells Fargo Line of Credit Agreement”) to provide funding for the Chicago Works. As of December 31, 2021, the outstanding balance on the RBC Line of Credit Agreement was \$107.5 million and also \$107.5 million on the Wells Fargo Line of Credit Agreement.

ii) General Obligation Bonds

The General Obligation Bonds, Refunding Series 2021A (\$447.3 million) bonds were sold at a premium (\$106.5 million) in December 2021, with interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from January 1, 2024 to January 1, 2036. The net proceeds of \$550.2 million were used by the City to refund certain outstanding General Obligation bonds, to fund capitalized interest, and pay costs of issuance. The General Obligation Bonds, Refunding Series 2021B (\$219.2 million) bonds, were sold at a premium (\$14.9 million) in December 2021 with interest rates ranging from 4.0 percent to 4.5 percent and maturity dates from January 1, 2025 to January 1, 2049. The bonds were issued to exchange certain outstanding General Obligation bonds. The refunding and exchange of the bonds decreased the City’s total debt service payments by \$153.4 million, resulting in a net economic gain of approximately \$128.5 million and a book loss of approximately \$45.1 million.

iii) Enterprise Fund Revenue Bonds and Notes

In December 2021, the City entered into a Revolving Line of Credit Agreement with Bank of America, N.A. that allows the City to draw on the line of credit in an aggregate amount not to exceed \$300.0 million. In 2021, the City drew \$71.1 million from its line of credit to finance certain capital projects at the Chicago O’Hare International Airport. As of December 31, 2021, the outstanding balance was \$71.1 million. As of December 31, 2021, O’Hare had an unused line of credit of \$228.9 million. The line of credit expires December 2, 2024.

In 2021, \$0.03 million of Chicago Midway International Airport Commercial Paper Notes were issued. The proceeds were used to finance portions of the costs of authorized airport projects. As of December 31, 2021, there were \$20.03 million of commercial paper notes outstanding. As of December 31, 2021, Midway had an unused line of credit of \$40.0 million. In an event of default, the facility fee rate that is in effect on the date of the default will increase by 1.00% per annum.

A loan agreement was signed on March 18, 2019, with the Illinois Environment Protection Agency as part of a 5-year rehabilitation program conducted throughout the city. Approximately 9 miles of 12-to-60-inch diameter sewer main will replace existing aging sewer main. In 2021, the Sewer Fund drew \$0.7 million from this loan agreement. Total funds drawn from this loan are \$30.5 million. The loan agreement has an interest rate of 1.84 percent with a maturity from April 7, 2021 to October 7, 2040.

A loan agreement was signed on December 14, 2020, with the Illinois Environment Protection Agency of a 5-year rehabilitation program conducted throughout the city. Approximately 26,900 lineal feet of 12-to-60-inch diameter sewer main will replace existing aging sewer main. In 2021, the Sewer Fund drew \$9.8 million from this loan agreement. Total funds drawn from this loan are \$58.7 million. The loan agreement has an interest rate of 1.84 percent with a maturity from April 9, 2021 to April 9, 2040.

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A loan agreement was signed on April 5, 2018, with the Illinois Environment Protection Agency to replace lining of aging sewer mains throughout the city. In 2021, the Sewer Fund drew \$0.3 million from this loan agreement. Total funds drawn from this loan are \$17.9 million. The loan agreement has an interest rate of 1.76 percent with a maturity from October 26, 2019 to April 26, 2039.

On July 26, 2017, a loan agreement was signed with the Illinois Environmental Protection Agency for the replacement of the obsolete electrical switchgear and existing temporary standby generators at the Jardine Water Purification Plant. As of December 31, 2021, the total funds drawn from this loan agreement are \$37.0 million. The loan agreement has an interest rate of 1.64 percent with maturity dates from January 4, 2022 to January 4, 2041.

iv) STSC Bonds and Notes

The Sales Tax Securitization Corporation Second Lien Sales Tax Securitization Bonds, Series 2021A bonds in the principal amount of \$394.2 million were sold at a premium (\$102.6 million) in December 2021, while the Taxable Series 2021B bonds in the principal amount of \$609.9 million were sold at par. The Series 2021A bonds have an interest rate of 5.0 percent and maturity dates from January 1, 2024 and January 1, 2034; the Taxable Series 2021B bonds have interest rates ranging from 0.79% to 3.338% and maturity dates from January 1, 2023 to January 1, 2048. The net proceeds of \$1,100.8 million were transferred to the City in exchange for a sale of the City’s Sales Tax Revenues and used by the City to refund certain outstanding general obligation bonds of the City, refund certain bonds issued by STSC, refund certain motor fuel tax bonds of the City, repay a loan obtained by the City under the Transportation Infrastructure Finance and Innovation Act (TIFIA), repurchase and cancel certain outstanding general obligation bonds and/or motor fuel tax revenue bonds of the City by means of a tender offer, fund capitalized interest on the STSC Second Lien Series 2021 Bonds, and pay costs of issuance of the STSC Second Lien Series 2021 Bonds. The refunding of the bonds decreased the City’s total debt service payments by \$91.3 million, resulting in a net economic gain of approximately \$134.9 million and a book loss of approximately \$120.5 million.

- c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Except for the Business-type activities, bonds maturing and interest payable January 1, 2022 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2021 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Tax Increment	
	Principal	Interest	Principal	Interest
2022	\$ 73,409	\$ 361,441	\$ 7,685	\$ 192
2023	193,169	358,792	-	-
2024	232,155	349,106	-	-
2025	206,961	339,716	-	-
2026	226,298	330,283	-	-
2027-2031	1,286,971	1,471,452	-	-
2032-2036	1,976,631	989,185	-	-
2037-2041	1,159,112	392,351	-	-
2042-2046	404,368	84,367	-	-
2047-2048	115,381	9,299	-	-
	<u>\$ 5,874,455</u>	<u>\$ 4,685,992</u>	<u>\$ 7,685</u>	<u>\$ 192</u>

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

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Year Ending December 31,	Sales Tax			
	Securitization Corporation		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 149,165	\$ 193,878	\$ 341,589	\$ 713,211
2023	131,235	189,549	514,229	694,827
2024	143,580	184,874	564,697	671,699
2025	137,010	178,840	603,788	636,481
2026	167,645	172,385	606,721	628,142
2027-2031	866,360	743,149	3,252,528	2,650,329
2032-2036	950,715	545,408	3,460,466	1,818,832
2037-2041	1,075,500	340,956	2,705,906	1,049,108
2042-2046	813,450	143,045	1,267,789	574,525
2047-2051	174,305	7,717	1,210,316	303,821
2052-2054	-	-	699,028	57,190
	<u>\$ 4,608,965</u>	<u>\$ 2,699,801</u>	<u>\$ 15,227,057</u>	<u>\$ 9,798,165</u>

For the debt requirements calculated above, interest rates for fixed rate bonds debt range from 0.79 percent to 7.781 percent and interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2021. Letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

Midway has variable rate bonds that may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate, or the fixed rate as determined by the remarketing agent, in consultation with the City. An irrevocable letter of credit provides for the timely payment of principal and interest on the Midway variable rate Bonds. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement. As of December 31, 2021, the principal balance of variable rate bonds was \$232.0 million for Midway.

d) Derivatives

i) Interest Rate Swaps

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

	Changes in Fair Value		Fair Value at		Notional Amount
	Classification	Amount	Classification	Amount	
Business-type Activities					
Hedges:					
	Deferred		Deferred		
	Outflow of		Outflow of		
Interest Rate Swaps	Resources	\$ 8,241	Resources	\$ (21,232)	\$ 107,275

- (2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instruments outstanding as of December 31, 2021, are as follows. The

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notional amounts of the swaps approximate the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps on a net basis for each related series of bonds, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The terms as of December 31, 2021, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Effective Date	Terms	Fair Values	Termination Date	Counterparty Credit Rating
Hedging Instruments						
Business-type Activities:						
Chicago Midway International Airport Revenue Bonds (Series 2004C&D):						
Counterparty Goldman Sachs Bank USA.	\$ 64,365	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	\$(12,534)	1/1/2035	A1/A+
Counterparty Wells Fargo Bank NA.....	42,910	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(8,698)	1/1/2035	Aa2/A+
			Total	<u>\$(21,232)</u>		

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

- (3) *Fair Value.* As of December 31, 2021, the swaps had a negative fair value of \$21.2 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values.

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

- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.

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- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Rollover Risk.* The risk that the City may be exposed to rising variable interest rates if (i) the swap expires or terminates prior to the maturity of the bonds and (ii) the City is unable to renew or replace the swap.
- (9) *Swap payments and associated debt.* As of December 31, 2021, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

Year Ending	Variable-Rate Bonds		Interest Rate		Total
	Principal	Interest	Swaps, Net		
December 31,					
2022	\$ 5,675	\$ 139	\$ 4,151	\$ 9,965	
2023	5,925	131	3,911	9,967	
2024	6,200	123	3,660	9,983	
2025	6,475	113	3,398	9,986	
2026	6,775	105	3,123	10,003	
2027-2031	38,600	370	11,064	50,034	
2032-2035	37,625	84	2,508	40,217	
	<u>\$ 107,275</u>	<u>\$ 1,065</u>	<u>\$ 31,815</u>	<u>\$ 140,155</u>	

e) Debt Covenants

- i) Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal the greater of (i) 120 percent of the aggregate debt service requirement for the fiscal year on all the outstanding senior lien bonds, or (ii) the sum of (A) aggregate debt service requirements for the fiscal year on the outstanding senior lien bonds, plus (B) 110 percent of the aggregate debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding water commercial paper notes, plus (E) annual debt service requirement on any outstanding water line of credit. This requirement was met at December 31, 2021.
- ii) Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal (A) 115 percent of the aggregate debt service requirement for the fiscal year on the outstanding senior lien bonds, plus (B) the sum of the aggregate annual debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) 115 percent of the aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding debt service on any outstanding wastewater line of credit and commercial paper notes. This requirement was met at December 31, 2021.

- iii) **Chicago-Midway International Airport Fund** - The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires that the City fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for services rendered by the City in the operation of Midway in order that, in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the Trustee with respect to such Fiscal Year and any cash balance held in the Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient (a) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (b) to provide for the greater of (i) the amounts needed to make the Deposits required during such Fiscal Year into the Debt Service Funds, the Operations & Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate Debt Service for the Bond Year commencing during such Fiscal Year reduced by an amount equal to the sum of any amount held in any Capitalized Interest Account for disbursement during such Fiscal Year to pay interest on First Lien Bonds. These requirements were met at December 31, 2021.

The Master Indenture of Trust securing Chicago Midway Airport Second Lien Obligations requires that the City fix and establish and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for certain services rendered by the City in the operation of Midway in order that in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the First Lien Trustee or the Second Lien Trustee with respect to such Fiscal Year and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account under the First Lien Indenture for the Second Lien Indenture, will be at least sufficient (1) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (2) to provide for the greater of (A) or (B) as follows: (A) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above; or (B) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above or an amount not less than 110 percent of the sum of Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year, reduced by (X) any amount held in any Capitalized Interest Account for disbursement during such Bond Year to pay interest on First Lien Bonds, and (Y) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture under the Second Lien Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations. These requirements were met at December 31, 2021.

Midway was awarded a total of \$172.4 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, Midway has applied \$126.6 million of the COVID-19 Relief Funds through 2021 to airline rates and charges and has \$35.0 million of funds remaining to be applied in 2022 and future years. Additionally, the City will apply \$8.6 million of the Grants directly to Concessionaire Relief in 2022 and future years, in addition to the \$2.2 million already applied through 2021. These funds are available for any airport purpose, including debt service payments, thus COVID-19 Relief Funds have been included in the calculation of the debt service covenant.

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

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of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations. This requirement was met at December 31, 2021.

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

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

O'Hare was awarded a total of \$651.8 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, the City has applied \$386.0 million of the COVID-19 Relief Funds through 2021 to airline rates and charges, PFCs and CFCs and has \$221.9 million of funds remaining to be applied in 2022 and future years. Additionally, the City will apply \$35.0 million of the Grants directly to Concessionaire Relief in 2022 and in future years, in addition to the \$8.9 million already applied through 2021.

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

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g) **Defeased Bonds** have been removed from the Statement of Net Position because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2021 are as follows (dollars in thousands):

	<u>Amount</u>	
	<u>Defeased</u>	<u>Outstanding</u>
General Obligation Emergency Telephone System - Series 1993	\$ 213,730	\$ 30,285
General Obligation Refunding Bonds - Series 1993B	11,550	2,370
General Obligation Neighborhoods Alive 21 Program - Series 2002B	51,575	-
General Obligation Project and Refunding Bonds - Series 2003B	42,535	15,295
General Obligation Project and Refunding Bonds - Series 2005D	40,930	-
General Obligation Refunding Bonds - Series 2007E	6,320	-
General Obligation Refunding Bonds - Series 2007F	3,755	-
General Obligation Refunding Bonds - Series 2007G	4,645	-
General Obligation Project and Refunding Bonds - Series 2008B	11,720	-
General Obligation Project and Refunding Bonds - Series 2008E	67,195	20,800
General Obligation Project and Refunding Bonds - Series 2009B	10,235	-
General Obligation Project Bonds - Series 2010C	54,085	-
General Obligation Project Bonds - Series 2011A	210,640	-
General Obligation Project Bonds - Series 2011B	39,490	-
General Obligation Project Bonds - Series 2012A	179,905	-
General Obligation Project and Refunding Bonds - Series 2012B	43,155	-
General Obligation Refunding Bonds - Series 2012C	94,850	16,970
General Obligation Project and Refunding Bonds - Series 2014A	164,325	6,820
General Obligation Project and Refunding Bonds - Series 2014B	108,490	-
General Obligation Bonds - Series 2015A	79,860	14,820
General Obligation Bonds - Series 2015B	477,063	338,425
General Obligation Refunding Bonds - Series 2015C	204,135	158,895
General Obligation Project and Refunding Bonds - Series 2017A	106,080	-
General Obligation Project Bonds - Series 2017B	81,270	58,435
General Obligation Bonds - Series 2019A	100,310	-
Motor Fuel Tax Revenue Bonds - Series 2013	73,040	41,130
Lakefront Millennium Project Parking Facilities Bonds - Series 1998	149,880	21,155
Riverwalk TIFIA Loan	96,130	-
Sales Tax Revenue Bonds - Series 2002	110,580	98,600
Sales Tax Revenue Refunding Bonds - Series 2009C	20,012	20,012
Sales Tax Revenue Refunding Bonds - Series 2011A	214,340	214,340
Sales Tax Securitization Corporation Bonds - Series 2017A	15,045	-
Sales Tax Securitization Corporation Bonds - Series 2017C	12,000	-
Sales Tax Securitization Corporation Bonds - Series 2018C	14,760	-
Sales Tax Securitization Corporation Bonds - Series 2019A	5,880	-

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Defeased Bonds - Concluded:	Amount Defeased	Outstanding
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2004F	\$ 7,250	\$ -
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011A	420,155	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011B	121,905	-
Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011C	283,925	-
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2012A	167,435	155,740
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2012B	186,000	174,260
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2013A	32,845	32,845
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2013B	16,305	16,305
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013C	2,135	2,135
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013D	6,570	6,570
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2015B	53,490	53,490
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2015D	2,820	2,820
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding - Series 2016B	2,105	2,105
Chicago-O'Hare International Airport Special Transportation Revenue Bonds - Series 2001	118,715	64,715
	<u>\$ 4,541,170</u>	<u>\$ 1,569,337</u>

11) Pension Funds and Other Postemployment Benefits

a) Pension

General Information about the Pension Plan

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

Benefits provided - The Plans provide retirement, disability, and death benefits as established by State of Illinois law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age

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and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen's and Firemen's, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

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

Employees covered by benefit terms - At December 31, 2021, the following employees were covered by the benefit terms:

	Municipal				
	Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries					
currently receiving benefits	25,683	3,568	14,260	5,265	48,776
Inactive employees entitled					
to but not yet receiving benefits	21,304	1,473	940	154	23,871
Active employees	32,925	2,602	12,126	4,735	52,388
	<u>79,912</u>	<u>7,643</u>	<u>27,326</u>	<u>10,154</u>	<u>125,035</u>

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

For Policemen's and Firemen's, P.A. 99-0506 was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to the Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, \$792.0 million; and in payment year 2020, \$824.0 million. Additionally, P.A. 99-0506 requires that beginning in payment year 2021, the City's annual contributions to PABF and FABF each be an amount actuarially determined to be sufficient to produce a funding level of 90 percent for each such Plan by the end of 2055. In 2021, P.A. 101-0673 was enacted, which changed the terms of the automatic benefit increase provisions and eligibility for certain Tier 1 participants for 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.

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Net Pension Liability

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial reports were provided by each of the pension funds.

Actuarial assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Mortality Assumptions

Pension Plans		Mortality Table Name	Mortality Improvement
Municipal Employees'	Post Retirement	RP-2014 Healthy Annuitant Mortality Tables	Generational – Scale MP-2016
	Pre-Retirement	RP-2014 Employee Mortality Tables	Generational – Scale MP-2016
Laborers'	Post Retirement	Pub-2010 Amount-Weighted Below-median Income General Healthy Retiree Mortality Tables, Sex Distinct	Generational – Scale MP-2020 2-Dimensional
	Pre-Retirement	Pub-2010 Amount-Weighted Below-median Income General Employee Mortality Tables, Sex Distinct	Generational – Scale MP-2020 2-Dimensional
Policemen's	Post Retirement	Pub-2010 Amount-Weighted Safety Healthy Retiree Mortality Tables, Sex Distinct	Generational – Scale MP-2018
	Disabled	Pub-2010 Amount-Weighted Safety Healthy Retiree Mortality Tables, Sex Distinct	Generational – Scale MP-2018
	Pre-Retirement	Pub-2010 Amount-Weighted Safety Employee Mortality Tables, Sex Distinct	Generational – Scale MP-2018
Firemen's	Post Retirement	RP-2014 Blue Collar Healthy Annuitant Mortality Tables, Sex Distinct	Generational – Scale MP-2017
	Disabled	RP-2014 Blue Collar Healthy Annuitant Mortality Tables, Sex Distinct	Generational – Scale MP-2017
	Pre-Retirement	RP-2014 Blue Collar Employee Mortality Tables, Sex Distinct	Generational – Scale MP-2017

The mortality actuarial assumptions used in the December 31, 2021 valuation were adjusted based on the results of actuarial experience study for the period as noted below:

- Municipal Employees' - January 1, 2012 - December 31, 2016
- Laborers' - January 1, 2017 - December 31, 2019
- Policemen's - January 1, 2014 - December 31, 2018
- Firemen's - January 1, 2012 - December 31, 2016

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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:

Asset Class:	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Municipal Employees'	Laborers'	Policemen's	Firemen's
Equity	-	-	-	57.0%	-	-	-	6.70%
Domestic equity	26.0%	-	-	-	7.40%	-	-	-
U.S. equity	-	25.0%	29.5%	-	-	5.30%	7.85%	-
Non U.S. equity	-	20.0%	19.5%	-	-	5.30%	9.65%	-
Global equity	5.0%	-	-	-	6.80%	-	-	-
Global low volatility equity ..	-	5.0%	-	-	-	4.30%	-	-
International equity	17.0%	-	-	-	7.40%	-	-	-
Fixed income	25.0%	20.0%	18.0%	22.0%	2.00%	(0.80%)	3.62%	2.10%
Hedge funds	10.0%	10.0%	7.0%	-	5.60%	2.80%	5.48%	-
Infrastructure	2.0%	-	-	-	7.00%	-	-	-
Private debt	-	3.0%	-	-	-	7.10%	-	-
Private equity	5.0%	4.0%	-	-	11.40%	8.80%	-	-
Private markets	-	-	15.0%	-	-	-	11.20%	-
Real estate	10.0%	10.0%	11.0%	-	5.80%	4.20%	5.99%	-
Private real assets	-	3.0%	-	-	-	4.70%	-	-
Other investments	-	-	-	21.0%	-	-	-	6.00%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>				

Discount Rate

Municipal Employees' - The Single Discount Rate used to measure the total pension liability as of December 31, 2021 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service cost of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Laborers' - A Single Discount Rate of 6.77 percent was used to measure the total pension liability as of December 31, 2021. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 1.84 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

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Policemen's - A Single Discount Rate of 6.26 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 1.84 percent (based on the most recent date available on or before the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance benefit payments through the year 2077. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2077, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's - A Single Discount Rate of 6.75 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 2.06 percent (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 99-0506. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members throughout the projection period. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefits for all periods.

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

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Total pension liability					
Service cost	\$ 246,066	\$ 40,411 *	\$ 284,707 *	\$ 112,730	\$ 683,914
Interest	1,228,905	192,343	963,417	429,630	2,814,295
Benefit changes	-	-	-	196,531	196,531
Differences between expected and actual experience	121,988	(31,083)	450,528	93,928	635,361
Assumption changes	-	21,870	37,029	(340,370)	(281,471)
Benefit payments including refunds	(1,010,191)	(172,514)	(887,076)	(388,674)	(2,458,455)
Pension plan administrative expenses ...	-	(3,837)	(3,337)	-	(7,174)
Net change in total pension liability	586,768	47,190	845,268	103,775	1,583,001
Total pension liability:					
Total pension liability - beginning	17,814,812	2,858,334	15,494,740	6,901,131	43,069,017
Total pension liability - ending (a)	\$ 18,401,580	\$ 2,905,524	\$ 16,340,008	\$ 7,004,906	\$ 44,652,018
Plan fiduciary net position					
Contributions-employer	\$ 573,198	\$ 84,969	\$ 788,770	\$ 367,481	\$ 1,814,418
Contributions-employee	163,411	17,637	136,225	52,268	369,541
Net investment income (loss)	498,299	138,105	370,141	129,513	1,136,058
Benefit payments including refunds of employee contribution	(1,010,191)	(172,514)	(887,076)	(388,674)	(2,458,455)
Administrative expenses	(6,687)	(3,837)	(3,337)	(3,082)	(16,943)
Other	-	-	91	5	96
Net change in plan fiduciary net position ..	218,030	64,360	404,814	157,511	844,715
Adjustment as of January 1, 2021	-	-	(48)	-	(48)
Plan fiduciary net position - beginning	4,090,239	1,269,742	3,441,898	1,308,887	10,110,766
Plan fiduciary net position - ending (b)	\$ 4,308,269	\$ 1,334,102	\$ 3,846,664	\$ 1,466,398	\$ 10,955,433
Net pension liability-ending (a)-(b)	\$ 14,093,311	\$ 1,571,422	\$ 12,493,344	\$ 5,538,508	\$ 33,696,585

* Includes pension plan administrative expense

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

The change in the single discount rate and other assumptions decreased the net pension liability by \$340.4 million for Firemen and increased the net pension liability by \$21.9 million for Laborers' and \$37.0 million for Policemen. These changes are being amortized into expense over a four year period for Laborers' and a six year period for Policemen and Firemen.

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

Municipal Employees' - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2021	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees' discount rate	6.00%	7.00%	8.00%
Municipal Employees' net pension liability	\$ 16,366,262	\$ 14,093,311	\$ 12,203,640

Laborers' - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 6.77 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.77 percent) or 1 percentage point higher (7.77 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2021	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers' discount rate	5.77%	6.77%	7.77%
Laborers' net pension liability	\$ 1,915,412	\$ 1,571,422	\$ 1,282,680

Policemen's - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 6.26 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.26 percent) or 1 percentage point higher (7.26 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2021	Current		
	1% Decrease	Discount Rate	1% Increase
Policemen's discount rate	5.26%	6.26%	7.26%
Policemen's net pension liability	\$ 14,532,722	\$ 12,493,344	\$ 10,796,708

Firemen's - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate (dollars in thousands):

Net pension liability December 31, 2021	Current		
	1% Decrease	Discount Rate	1% Increase
Firemen's discount rate	5.75%	6.75%	7.75%
Firemen's net pension liability	\$ 6,378,443	\$ 5,538,508	\$ 4,835,563

Pension plan fiduciary net position

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

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

For the year ended December 31, 2021, the City recognized pension expense/(benefit) of (\$470.4) million for Municipal Employees', \$98.9 million for Laborers', \$1,042.2 million for Policemen's and \$724.1 million for Firemen's, for a total pension expense of \$1,394.8 million. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Municipal Employees'		Laborers'		Policemen's		Firemen's	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 177,832	\$ -	\$ 683	\$ 35,508	\$ 421,933	\$ 183,244	\$ 204,949	\$ 51,665
Changes of assumptions	-	-	47,377	532	877,821	92,970	313,573	289,503
Net difference between projected and actual earnings on pension plan investments	-	259,910	-	105,456	-	137,243	-	81,695
Total	<u>\$ 177,832</u>	<u>\$ 259,910</u>	<u>\$ 48,060</u>	<u>\$ 141,496</u>	<u>\$ 1,299,754</u>	<u>\$ 413,457</u>	<u>\$ 518,522</u>	<u>\$ 422,863</u>

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

Year ended December 31:	Municipal Employees'	Laborers'	Policemen's	Firemen's
2022	\$ 48,819	\$ (7,430)	\$ 191,477	\$ 131,569
2023	(69,549)	(45,250)	128,275	29,773
2024	(12,977)	(29,632)	226,807	(3,321)
2025	(48,371)	(11,124)	210,927	(14,508)
2026	-	-	107,248	(22,391)
Thereafter	-	-	21,563	(25,463)
Total	<u>\$ (82,078)</u>	<u>\$ (93,436)</u>	<u>\$ 886,297</u>	<u>\$ 95,659</u>

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

For the year ended December 31, 2021, the City reported a pension expense/(benefit) of (\$21.0) million, deferred inflows of \$197.1 million and deferred outflows of \$208.2 million related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension expense/(benefit) over a period of five years.

Payable to the Pension Plans

At December 31, 2021, the City reported a payable of \$1,183.0 million in accrued and other liabilities for the outstanding amount of contributions to the pension plans required for the year ended December 31, 2021.

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

General Information about the OPEB Plan

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

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

Benefits provided

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

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

Prior reporting was based upon an assumed expiration date of 2022 for the CBA benefit. The City’s position is to eliminate all post-retirement health benefits except for statutorily required benefits and benefits promised to a closed group of certain annuitants who retired prior to August 23, 1989. At this time, it is not known whether or when the CBA special early retirement health benefits will be specifically eliminated, modified, or extended. Therefore, this year’s reporting of liabilities is based upon the assumption of indefinite continuation of benefits. This is a change in assumption from 2019, which assumed that the expiration date of the benefits for new retirements would be December 31, 2022.

Non-CBA – As of January 1, 2014, the City promised to provide a healthcare plan with a subsidy of 55 percent of the cost of that plan to those City annuitants who retired prior to August 23, 1989. These are lifetime benefits provided to this defined, closed retiree group. The eligible members were previously defined as the Korshak/Window group in the Korshak settlement agreement, which provided post-retirement health benefits for most City employees. The Korshak settlement agreement expired in 2013.

In 2017, the Illinois Appellate Court, in the Underwood v. City of Chicago case, held that current and future annuitants hired prior to the execution of the Korshak settlement agreement (which covered most of the City employees and retirees) subject to certain eligibility requirements, were entitled to receive lifetime fixed rate monthly subsidies equal to the subsidy amounts provided in the 1983 and 1985 amendments to the Pension Code. Those subsidies are, for Policemen’s and Firemen’s, \$21 per month or \$55 per month, depending on

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the annuitant's Medicare eligibility, and for Municipal Employees' and Laborers', \$25 per month for those annuitants who are 65 or older with at least 15 years of service. Upon remand, the circuit court later ruled that the Pension Funds are obligated to make the subsidy payments to the annuitants. Regardless, the City is still statutorily obligated to make contributions to the Pension Funds in accordance with applicable levels required by the Pension Code. The Pension Funds issued retroactive payments for the 1983 and 1985 subsidies for the period of time of January 1, 2017, through December 31, 2019 and continue to make the required monthly subsidy payments from December 31, 2019. Liabilities for these subsidies have been accrued within the applicable pension funds and are not reflected in the City's OPEB reporting.

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

Employees covered by benefit terms – At December 31, 2021, the following employees were covered by the benefit terms:

	CBA Benefits	Non-CBA Benefits	Total
Active employees	16,845	30,231	47,076
Inactive employees or beneficiaries currently receiving benefits	3,388	2,403	5,791
Inactive employees entitled to but not yet receiving benefits	-	-	-
Total	<u>20,233</u>	<u>32,634</u>	<u>52,867</u>

Net OPEB Liability

The City's net OPEB liability of \$2.0 billion was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The net OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method:	Entry Normal Age
Asset Valuation Method:	Market Value
Funding Policy:	Pay as You Go
Discount Rate:	1.84%
Health Care Trend Rates:	Graded 7.00% to ultimate rate of 5.00%
Retirement Age:	Varies by Bargaining Group – Rates are Graded by age and service

The valuation assumptions reflected the actuarial experience studies prepared by the Pension Funds. The discount rate of 1.84 percent was used to measure the total OPEB liability. This Discount Rate was based upon the average 20-year general obligation AA Municipal Bond rate index reported by Fidelity Fixed Income Market Data for the period ending December 31, 2021.

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Mortality Assumptions

Bargaining Plan Members		Mortality Table Name	Scaling	Mortality Improvement
Fire	Post Retirement	RP-2014 Blue Collar Healthy Annuitant Mortality Tables, Sex Distinct	106% M 98% F	Generational – Scale MP-2017
	Disabled	RP-2014 Blue Collar Healthy Annuitant Mortality Tables, Sex Distinct	107% M 99% F	Generational – Scale MP-2017
	Pre-Retirement	RP-2014 Blue Collar Employee Mortality Tables, Sex Distinct	92% M 100% F	Generational – Scale MP-2017
Police	Post Retirement	Pub-2010 Amount-Weighted Safety Healthy Retiree Mortality Tables, Sex Distinct	119% M 102% F	Generational – Scale MP-2018
	Disabled	Pub-2010 Amount-Weighted Safety Healthy Retiree Mortality Tables, Sex Distinct	129% M 112% F	Generational – Scale MP-2018
	Pre-Retirement	Pub-2010 Amount-Weighted Safety Employee Mortality Tables, Sex Distinct	100%	Generational – Scale MP-2018
Municipal	Post Retirement	RP-2014 Healthy Annuitant Mortality Tables	100%	Generational – Scale MP-2016
	Pre-Retirement	RP-2014 Employee Mortality Tables	120%	Generational – Scale MP-2016
Laborers	Post Retirement	Pub-2010 Amount-Weighted Below-median Income General Healthy Retiree Mortality Tables, Sex Distinct	109% M 108% F	Generational – Scale MP-2020 2-Dimensional
	Pre-Retirement	Pub-2010 Amount-Weighted Below-median Income General Employee Mortality Tables, Sex Distinct	111% M 115% F	Generational – Scale MP-2020 2-Dimensional

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

	CBA Benefits	Non-CBA Benefits	Total
Total OPEB liability			
Service cost	\$ 126,249	\$ 15,049	\$ 141,298
Interest	34,661	3,696	38,357
Benefit changes (Contribution Increases) .	9,896	-	9,896
Differences between			
expected and actual experience	(4,226)	2,717	(1,509)
Assumption changes	(61,564)	1,177	(60,387)
Benefit payments including refunds	(72,444)	(18,534)	(90,978)
OPEB plan administrative expense	-	-	-
Net change in total OPEB liability	32,572	4,105	36,677
Total OPEB liability:			
Total OPEB liability - beginning	1,769,296	194,044	1,963,340
Total OPEB liability - ending (a)	1,801,868	198,149	2,000,017
Plan fiduciary net position			
Contributions-employer	72,444	18,534	90,978
Contributions-employee	-	-	-
Net investment income (loss)	-	-	-
Benefit payments including			
refunds of employee contribution	(72,444)	(18,534)	(90,978)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	-	-	-
Net OPEB liability-ending (a)-(b)	\$ 1,801,868	\$ 198,149	\$ 2,000,017

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Assumption changes reflect a change in the discount rate from 2.00 percent for beginning of the year values to 1.84 percent for the disclosure date, and the change from an assumed date of termination of the program from 2022 to an ongoing basis with no specific termination date. In addition, assumptions regarding future retiree contribution increases were included in the end of year determinations such that contributions would increase by 1.5 percent for retirements between 2025 and 2028 and increase again in 2029 by 1.5 percent for retirements thereafter.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84 percent) or 1 percentage point higher (2.84 percent) than the current discount rate (dollars in thousands):

	1% Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
CBA Benefits	\$ 1,936,831	\$ 1,801,868	\$ 1,675,962
Non-CBA Benefits	214,996	198,149	184,460
Total	<u>\$ 2,151,827</u>	<u>\$ 2,000,017</u>	<u>\$ 1,860,422</u>

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

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

	1% Decrease 6.00%-4.00%	Current Trend Rates 7.00%-5.00%	1% Increase 8.00%-6.00%
CBA Benefits	\$ 1,587,109	\$ 1,801,868	\$ 2,053,199
Non-CBA Benefits	177,264	198,149	223,551
Total	<u>\$ 1,764,373</u>	<u>\$ 2,000,017</u>	<u>\$ 2,276,750</u>

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

For the year ended December 31, 2021, the City recognized OPEB expense/(benefit) of \$314.8 million. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	CBA Benefits		Non-CBA Benefits		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	\$ 13,942	\$ 30,055	\$ 20,124	\$ 13,582	\$ 34,066	\$ 43,637
Assumption Changes	1,224,845	61,667	15,685	15,108	1,240,530	76,775
Total	<u>\$ 1,238,787</u>	<u>\$ 91,722</u>	<u>\$ 35,809</u>	<u>\$ 28,690</u>	<u>\$ 1,274,596</u>	<u>\$ 120,412</u>

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

Year Ending December 31:	CBA Benefits	Non-CBA Benefits	Total
2022	\$ 123,770	\$ 1,473	\$ 125,243
2023	123,770	1,473	125,243
2024	123,770	1,473	125,243
2025	123,770	1,473	125,243
2026	123,770	1,473	125,243
Thereafter	528,215	(246)	527,969
	<u>\$ 1,147,065</u>	<u>\$ 7,119</u>	<u>\$ 1,154,184</u>

12) Risk Management

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

Risks for O’Hare, Midway, and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years. Accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs with an excess liability insurance policy covering claims in excess of the self-insured retention of \$20,000,000. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Position as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2021, the total amount of non-Enterprise Fund claims was \$670.6 million and Enterprise Fund was \$104.2 million. This liability is the City’s best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	2021	2020
Balance, January 1	\$ 749,813	\$ 614,961
Claims incurred and change in estimates	681,243	670,439
Claims paid on current and prior year events	(656,182)	(535,587)
Balance, December 31	<u>\$ 774,874</u>	<u>\$ 749,813</u>

13) Expenditure of Funds and Appropriation of Fund Balances

The City expends funds by classification as they become available, and “Restricted” funds are expended first. If/when City Council formally sets aside or designates funds for a specific purpose, they are considered “Committed.” The Mayor (or his/her designee) may, in this capacity, also set aside or designate funds for specific purposes and all of these funds will be considered “Assigned.” Any remaining funds, which are not specifically allocated in one or more of the previous three categories, are considered “Unassigned” until such allocation is completed.

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

Fund Balance Classifications

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

	General	Federal, State and Local Grants	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	STSC Debt Service	Community Development Improvement Projects	Other Governmental Funds
Nonspendable Purpose:								
Inventory	\$ 37,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STSC Blended Balance *	-	-	-	-	-	4,299,448	-	-
Restricted Purpose:								
Capital Projects	-	-	2,261,455	-	-	-	230,082	72,942
Grants	-	9,863	-	-	-	-	-	-
Debt Service	-	-	-	-	-	142,998	-	-
Committed Purpose:								
Budget and Credit								
Rating Stabilization	-	-	-	685,326	-	-	-	-
Repair, Maintenance and City Services								
	-	-	-	-	-	-	-	236,637
Assigned Purpose:								
Future obligations	323,400	-	-	-	-	-	-	243
Unassigned	318,095	(436,839)	-	(1,429,054)	(3,884,825)	-	-	(78,736)
Total Government Fund Balance	<u>\$ 679,141</u>	<u>\$ (426,976)</u>	<u>\$ 2,261,455</u>	<u>\$ (743,728)</u>	<u>\$ (3,884,825)</u>	<u>\$ 4,442,446</u>	<u>\$ 230,082</u>	<u>\$ 231,086</u>

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

At the end of the fiscal year, total encumbrances amounted to \$13.5 million for the General Operating Fund, \$97.7 million for the Special Taxing Areas Fund, \$138.1 million for the Capital Projects Fund and \$60.2 million for the Non Major Special Revenue Fund.

14) Deferred Outflows and Inflows of Resources

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

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The components of the deferred outflows of resources and deferred inflows of resources at December 31, 2021 are as follows (dollars in thousands):

	Governmental Activities	Business-type Activities
Deferred Outflows of Resources:		
Deferred outflows from pension activities	\$ 1,935,715	\$ 108,453
Deferred outflows from other post employment benefits activities	1,274,596	-
Changes in proportionate share of pension contributions	155,243	52,908
Unamortized deferred bond refunding costs	189,054	155,810
Derivatives	-	21,232
Total Deferred Outflows of Resources	\$ 3,554,608	\$ 338,403
Deferred Inflows of Resources:		
Deferred inflows from pension activities	\$ 1,107,654	\$ 130,072
Deferred inflows from other post employment benefits activities	120,412	-
Changes in proportionate share of pension contributions	70,699	126,423
Long-Term lease and Service concession arrangements	1,429,061	1,515,758
Total Deferred Inflows of Resources	\$ 2,727,826	\$ 1,772,253

The components of the deferred inflows of resources related to the governmental funds at December 31, 2021 are as follows (dollars in thousands):

	Federal, State and Local	Special Taxing Areas	Service Concession and Reserve	Bond, Note Redemption and Interest	Pension	Other Governmental Funds	Total Governmental Funds
	General	Grants	Grants	Grants	Grants	Grants	Grants
Governmental Funds:							
Deferred inflow of resources:							
Property Taxes	\$ -	\$ -	\$ 769,057	\$ -	\$ 187,183	\$ 1,154,308	\$ 2,148,628
Grants	-	544,526	-	-	-	-	544,526
Long-term Lease and Concession Agreements	-	-	-	1,429,061	-	-	1,429,061
Total Governmental Funds ...	\$ -	\$ 544,526	\$ 769,057	\$ 1,429,061	\$ 187,183	\$ 1,154,308	\$ 4,122,215

15) Commitments and Contingencies

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

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

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As of December 31, 2021, the City has entered into contracts for approximately \$347.0 million for construction projects. As of December 31, 2021, the Enterprise Funds have entered into contracts for approximately \$589.0 million for construction projects.

The City's pollution remediation obligation of \$49.5 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

16) Concession Agreements

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

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

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

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

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

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

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

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17) Tax Abatements

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

Tax Abatement Agreements Entered into Directly by the City

The Boeing Company

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

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

The above listed real estate taxes are reimbursed by way of an annual payment to Boeing in an amount equal to the allocable share of the real estate taxes. The City is entitled to terminate the agreement and/or recover certain payments if Boeing does not comply with the terms of the agreement.

Calendar year 2021 was the last year of the 20-year agreement between the City and Boeing. For the 2021 reporting period, Boeing did not meet one of the payment conditions described in the Agreement and therefore did not submit an Annual Reimbursement request. The final payment under the Agreement was not issued and the Agreement expired December 14, 2021.

Tax Increment Financing

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

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

For the 2021 reporting period, the amount of property tax revenue forgone by the City due to the agreements under the Tax Increment Allocation Redevelopment Act amounts to \$71.8 million on an accrual basis of accounting.

Tax Abatement Agreements Entered Into By Other Governments

Cook County

Cook County provides tax reductions under numerous programs with individuals, local businesses, and developers.

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The objective of the agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, reutilization of abandoned property, and increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor's Office. Upon approval by the County Assessor's Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

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

In the absence of the incentive, the property tax would be assessed at 25 percent of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For the 2021 reporting period, the amount of property tax revenue forgone by the City due to these incentives is estimated at \$20.3 million.

18) Subsequent Events

Ratings

In January 2022, Standard & Poor's revised the outlook for the Midway First Lien and Second Lien Bonds from Stable to positive.

In June 2022, Standard & Poor's revised the outlook for the O'Hare Customer Facility Charge Bonds from Stable to positive.

Commercial Paper and Lines of Credit

In April 2022, the City of Chicago increased its revolving line of credit agreement with the Bank of America NA at the Chicago O'Hare International Airport from \$300.0 million to \$500.0 million to finance additional capital projects.

In June 2022, the City increased the credit capacity on Midway Airport commercial paper program to \$100.0 million ahead of the July 8, 2022 expiration of the existing \$60.0 million standby letter of credit (LOC). The new letter of credit expires on June 21, 2024 and is provided by Bank of Montreal, acting through its Chicago Branch.

In June 2022, PNC replaced Barclays as letter of credit provider for the 2014C bonds. The expiration date for the new facility is July 10, 2025.

O'Hare and Midway

In November 2021, the President signed the Bipartisan Infrastructure Law (BIL) bill into law. The BIL provides \$25.0 billion of capital grants for airport infrastructure improvements to address repair and maintenance backlogs, reduce congestion and emissions near ports and airports, and drive electrification and other low-carbon technologies over a period of five years, starting in federal fiscal year 2022, of which \$15.0 billion will be allocated to primary airports, \$5.0 billion will be provided as discretionary funding to primary airports and \$5.0 billion will be provided to secondary and general aviation airports. O'Hare will be able to draw on its annual allocated share of funds of \$73.7 million starting in the second half of 2022 every year over the next five years. Midway will be able

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

to draw on its annual allocated share of funds of \$20.2 million starting in the second half of 2022 every year over the next five years. The airports expect the BIL funding to strengthen its respective capital funding sources to continue with major capital improvements.

In June 2022, the City received \$40.0 million from Bally's Chicago Operating Company, LLC (Bally's) as an upfront payment required under the host community agreement between the City and Bally's. The host community agreement was approved by City Council in May 2022 and signed in June 2022 in connection with the expected Bally's application to the Illinois Gaming Board for an owners' license to operate a casino within the City.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Municipal Employees':	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 246,066	\$ 236,302	\$ 228,465
Interest	1,228,905	1,190,694	1,159,253
Benefit changes	-	-	-
Differences between expected and actual experience	121,988	100,938	16,676
Assumption changes	-	-	-
Benefit payments including refunds	(1,010,191)	(973,478)	(952,652)
Pension plan administrative expenses	-	-	-
Net change in total pension liability	<u>\$ 586,768</u>	<u>\$ 554,456</u>	<u>\$ 451,742</u>
Total pension liability - beginning	<u>17,814,812</u>	<u>17,260,356</u>	<u>16,808,614</u>
Total pension liability - ending (a)	<u>\$ 18,401,580</u>	<u>\$ 17,814,812</u>	<u>\$ 17,260,356</u>
Plan fiduciary net position			
Contributions-employer	\$ 573,198	\$ 496,992	\$ 418,269
Contributions-employee	163,411	157,798	146,645
Net investment income	498,299	335,403	560,940
Benefit payments including refunds of employee contribution	(1,010,191)	(973,478)	(952,652)
Administrative expenses	(6,687)	(7,118)	(6,740)
Other	-	-	-
Net change in plan fiduciary net position	<u>\$ 218,030</u>	<u>\$ 9,597</u>	<u>\$ 166,462</u>
Plan fiduciary net position - beginning	<u>4,090,239</u>	<u>4,080,642</u>	<u>3,914,180</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,308,269</u>	<u>\$ 4,090,239</u>	<u>\$ 4,080,642</u>
Net pension liability - ending (a)-(b)	<u>\$ 14,093,311</u>	<u>\$ 13,724,573</u>	<u>\$ 13,179,714</u>
Plan fiduciary net position as a percentage of the total pension liability	23.41 %	22.96 %	23.64 %
Covered payroll*	\$ 2,001,181	\$ 1,861,905	\$ 1,802,790
Employer's net pension liability as a percentage of covered payroll	704.25 %	737.13 %	731.07 %

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

Note:

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

	2018	2017	2016	2015
	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
	1,123,348	915,711	878,369	909,067
	-	-	-	2,140,009
	95,540	(177,755)	(127,119)	(109,835)
	-	(7,431,191)	(578,920)	8,711,755
	(916,198)	(888,174)	(859,672)	(826,036)
	-	-	-	-
	\$ 526,218	\$ (7,008,875)	\$ (67,599)	\$ 11,051,776
	16,282,396	23,291,271	23,358,870	12,307,094
	\$ 16,808,614	\$ 16,282,396	\$ 23,291,271	\$ 23,358,870
	\$ 349,574	\$ 261,764	\$ 149,718	\$ 149,225
	138,400	134,765	130,391	131,428
	(204,975)	610,515	281,419	114,025
	(916,198)	(888,174)	(859,672)	(826,036)
	(6,639)	(6,473)	(7,056)	(6,701)
	-	5,394	-	-
	\$ (639,838)	\$ 117,791	\$ (305,200)	\$ (438,059)
	4,554,018	4,436,227	4,741,427	5,179,486
	\$ 3,914,180	\$ 4,554,018	\$ 4,436,227	\$ 4,741,427
	\$ 12,894,434	\$ 11,728,378	\$ 18,855,044	\$ 18,617,443
	23.29 %	27.97 %	19.05 %	20.30 %
	\$ 1,734,596	\$ 1,686,533	\$ 1,646,939	\$ 1,643,481
	743.37 %	695.41 %	1,144.85 %	1,132.81 %

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

Laborers':	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost *	\$ 40,411	\$ 39,216	\$ 38,522
Interest	192,343	191,099	188,347
Benefit changes	-	-	-
Differences between expected and actual experience	(31,083)	(18,992)	(8,820)
Assumption changes	21,870	44,034	32,846
Benefit payments including refunds	(172,514)	(169,056)	(164,959)
Pension plan administrative expenses	(3,837)	(3,616)	(3,691)
Net change in total pension liability	\$ 47,190	\$ 82,685	\$ 82,245
Total pension liability - beginning	<u>2,858,334</u>	<u>2,775,649</u>	<u>2,693,404</u>
Total pension liability - ending (a)	<u>\$ 2,905,524</u>	<u>\$ 2,858,334</u>	<u>\$ 2,775,649</u>
Plan fiduciary net position			
Contributions-employer	\$ 84,969	\$ 73,744	\$ 59,346
Contributions-employee	17,637	18,064	18,143
Net investment income	138,105	163,057	184,027
Benefit payments including refunds of employee contribution	(172,514)	(169,056)	(164,959)
Administrative expenses	(3,837)	(3,616)	(3,691)
Other	-	-	-
Net change in plan fiduciary net position	\$ 64,360	\$ 82,193	\$ 92,866
Plan fiduciary net position - beginning	<u>1,269,742</u>	<u>1,187,549</u>	<u>1,094,683</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,334,102</u>	<u>\$ 1,269,742</u>	<u>\$ 1,187,549</u>
Net pension liability - ending (a)-(b)	<u>\$ 1,571,422</u>	<u>\$ 1,588,592</u>	<u>\$ 1,588,100</u>
Plan fiduciary net position as a percentage of the total pension liability	45.92 %	44.42 %	42.78 %
Covered payroll **	\$ 212,122	\$ 207,195	\$ 211,608
Employer's net pension liability as a percentage of covered payroll	740.81 %	766.71 %	750.49 %

* Includes pension plan administrative expenses.

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

Note:

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

	2018	2017	2016	2015
\$	40,801	\$ 80,232	\$ 82,960	\$ 38,389
	183,135	154,047	150,166	153,812
	-	150	-	384,033
	15,143	(62,178)	(30,428)	(46,085)
	(11,788)	(1,074,754)	(62,905)	1,175,935
	(160,061)	(157,050)	(154,683)	(152,530)
	(3,933)	(3,985)	(4,080)	(3,844)
\$	63,297	\$ (1,063,538)	\$ (18,970)	\$ 1,549,710
	2,630,107	3,693,645	3,712,615	2,162,905
\$	2,693,404	\$ 2,630,107	\$ 3,693,645	\$ 3,712,615
\$	47,844	\$ 35,457	\$ 12,603	\$ 12,412
	17,837	17,411	17,246	16,844
	(75,219)	207,981	57,997	(22,318)
	(160,061)	(157,050)	(154,683)	(152,530)
	(3,933)	(3,985)	(4,080)	(3,844)
	661	-	-	-
\$	(172,871)	\$ 99,814	\$ (70,917)	\$ (149,436)
	1,267,554	1,167,740	1,238,657	1,388,093
\$	1,094,683	\$ 1,267,554	\$ 1,167,740	\$ 1,238,657
\$	1,598,721	\$ 1,362,553	\$ 2,525,905	\$ 2,473,958
	40.64 %	48.19 %	31.61 %	33.36 %
\$	211,482	\$ 208,442	\$ 208,155	\$ 204,773
	755.96 %	653.68 %	1,213.47 %	1,208.15 %

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

Policemen's:	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost *	\$ 284,707	\$ 286,537	\$ 240,383
Interest	963,417	942,623	944,739
Benefit changes	-	-	24,216
Differences between expected and actual experience	450,528	61,914	(68,010)
Assumption changes	37,029	260,021	1,140,418
Benefit payments including refunds	(887,076)	(841,598)	(800,668)
Pension plan administrative expenses	(3,337)	(4,359)	(4,734)
Net change in total pension liability	\$ 845,268	\$ 705,138	\$ 1,476,344
Total pension liability - beginning	15,494,740	14,789,602	13,313,258
Total pension liability - ending (a)	\$ 16,340,008	\$ 15,494,740	\$ 14,789,602
Plan fiduciary net position			
Contributions-employer	\$ 788,770	\$ 739,441	\$ 581,936
Contributions-employee	136,225	113,622	110,792
Net investment income	370,141	271,891	369,982
Benefit payments including refunds of employee contribution	(887,076)	(841,598)	(800,668)
Administrative expenses	(3,337)	(4,359)	(4,734)
Other	91	472	32
Net change in plan fiduciary net position	\$ 404,814	\$ 279,469	\$ 257,340
Adjustment as of January 1,	(48)	-	(91)
Plan fiduciary net position - beginning	3,441,898	3,162,429	2,905,180
Plan fiduciary net position - ending (b)	\$ 3,846,664	\$ 3,441,898	\$ 3,162,429
Net pension liability - ending (a)-(b)	\$ 12,493,344	\$ 12,052,842	\$ 11,627,173
Plan fiduciary net position as a percentage of the total pension liability	23.54 %	22.21 %	21.38 %
Covered payroll**	\$ 1,258,338	\$ 1,195,980	\$ 1,228,987
Employer's net pension liability as a percentage of covered payroll	992.84 %	1,007.78 %	946.08 %

* Includes pension plan administrative expenses.

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

Note:

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

	2018	2017	2016	2015
\$	242,998	\$ 237,333	\$ 220,570	\$ 213,585
	931,731	917,720	851,098	832,972
	-	-	606,250	-
	(281,151)	(299,923)	1,801	(105,969)
	(259,052)	238,975	112,585	-
	(771,104)	(747,891)	(707,196)	(676,777)
	(4,626)	(4,843)	(4,750)	(4,508)
\$	(141,204)	\$ 341,371	\$ 1,080,358	\$ 259,303
	13,454,462	13,113,091	12,032,733	11,773,430
\$	13,313,258	\$ 13,454,462	\$ 13,113,091	\$ 12,032,733
\$	588,035	\$ 494,483	\$ 272,428	\$ 572,836
	107,186	103,011	101,476	107,626
	(137,977)	412,190	142,699	(5,334)
	(771,104)	(747,891)	(707,196)	(676,777)
	(4,626)	(4,843)	(4,750)	(4,508)
	1,600	97	1,413	3,092
\$	(216,886)	\$ 257,047	\$ (193,930)	\$ (3,065)
	-	-	-	-
	3,122,066	2,865,019	3,058,949	3,062,014
\$	2,905,180	\$ 3,122,066	\$ 2,865,019	\$ 3,058,949
\$	10,408,078	\$ 10,332,396	\$ 10,248,072	\$ 8,973,784
	21.82 %	23.20 %	21.85 %	25.42 %
\$	1,205,324	\$ 1,150,406	\$ 1,119,527	\$ 1,086,608
	863.51 %	898.15 %	915.39 %	825.85 %

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Concluded

Last Seven Fiscal Years (dollars are in thousands)

Firemen's:	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 112,730	\$ 109,487	\$ 102,141
Interest	429,630	410,128	408,586
Benefit changes	196,531	-	-
Differences between expected and actual experience	93,928	174,717	(65,213)
Assumption changes	(340,370)	30,468	190,954
Benefit payments including refunds	(388,674)	(366,160)	(346,337)
Pension plan administrative expenses	-	-	-
Net change in total pension liability	<u>\$ 103,775</u>	<u>\$ 358,640</u>	<u>\$ 290,131</u>
Total pension liability - beginning	<u>6,901,131</u>	<u>6,542,491</u>	<u>6,252,360</u>
Total pension liability - ending (a)	<u>\$ 7,004,906</u>	<u>\$ 6,901,131</u>	<u>\$ 6,542,491</u>
Plan fiduciary net position			
Contributions-employer	\$ 367,481	\$ 368,423	\$ 255,382
Contributions-employee	52,268	54,414	46,623
Net investment income	129,513	105,367	161,082
Benefit payments including refunds of employee contribution	(388,674)	(366,160)	(346,337)
Administrative expenses	(3,082)	(2,991)	(3,226)
Other	5	13	507
Net change in plan fiduciary net position	<u>\$ 157,511</u>	<u>\$ 159,066</u>	<u>\$ 114,031</u>
Plan fiduciary net position - beginning	<u>1,308,887</u>	<u>1,149,821</u>	<u>1,035,790</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,466,398</u>	<u>\$ 1,308,887</u>	<u>\$ 1,149,821</u>
Net pension liability - ending (a)-(b)	<u>\$ 5,538,508</u>	<u>\$ 5,592,244</u>	<u>\$ 5,392,670</u>
Plan fiduciary net position as a percentage of the total pension liability	20.93 %	18.97 %	17.57 %
Covered payroll **	\$ 520,047	\$ 500,368	\$ 457,082
Employer's net pension liability as a percentage of covered payroll	1,065.00 %	1,117.63 %	1,179.80 %

* Includes pension plan administrative expenses.

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

Note:

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

2018	2017	2016	2015
\$ 97,143 *	\$ 93,367 *	\$ 94,115 *	\$ 87,203 *
410,821	371,622	342,085	338,986
-	-	227,213	-
(56,418)	26,954	24,110	(7,981)
382,611	414,219	(74,373)	176,282
(324,662)	(306,098)	(286,759)	(278,017)
(3,285)	(3,172)	(3,217)	(3,149)
\$ 506,210	\$ 596,892	\$ 323,174	\$ 313,324
5,746,150	5,149,258	4,826,084	4,512,760
\$ 6,252,360	\$ 5,746,150	\$ 5,149,258	\$ 4,826,084
\$ 249,684	\$ 228,453	\$ 154,101	\$ 236,104
45,894	47,364	48,960	46,552
(58,000)	140,570	60,881	7,596
(324,662)	(306,098)	(286,759)	(278,017)
(3,285)	(3,172)	(3,217)	(3,149)
6	22	(53)	7
\$ (90,363)	\$ 107,139	\$ (26,087)	\$ 9,093
1,126,153	1,019,014	1,045,101	1,036,008
\$ 1,035,790	\$ 1,126,153	\$ 1,019,014	\$ 1,045,101
\$ 5,216,570	\$ 4,619,997	\$ 4,130,244	\$ 3,780,983
16.57 %	19.60 %	19.79 %	21.66 %
\$ 456,969	\$ 469,407	\$ 478,471	\$ 465,232
1,141.56 %	984.22 %	863.22 %	812.71 %

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

Municipal Employees':

Years Ended December 31,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll *	Contributions as a percentage of Covered Payroll
2012	\$ 690,823	\$ 148,859	\$ 541,964	\$ 1,590,794	9.36 %
2013	820,023	148,197	671,826	1,580,289	9.38 %
2014	839,039	149,747	689,292	1,602,978	9.34 %
2015	677,200	149,225	527,975	1,643,481	9.08 %
2016	961,770	149,718	812,052	1,646,939	9.09 %
2017	1,005,457	261,764	743,693	1,686,533	15.52 %
2018	1,049,916	349,574	700,342	1,734,596	20.15 %
2019	1,117,388	418,269	699,119	1,802,790	23.20 %
2020	1,167,154	496,992	670,162	1,861,905	26.69 %
2021	1,218,361	573,198	645,163	2,001,181	28.64 %

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

Laborers':

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a percentage of Covered Payroll
2012	\$ 77,566	\$ 11,853	\$ 65,713	\$ 198,790	5.96 %
2013	106,199	11,583	94,616	200,352	5.78 %
2014	106,019	12,161	93,858	202,673	6.00 %
2015	79,851	12,412	67,439	204,773	6.06 %
2016	117,033	12,603	104,430	208,155	6.05 %
2017	124,226	35,457	88,769	208,442	17.01 %
2018	129,247	47,844	81,403	211,482	22.62 %
2019	148,410	59,346	89,064	211,608	28.05 %
2020	155,794	73,744	82,050	207,195	35.59 %
2021	155,245	84,969	70,276	212,122	40.06 %

* 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 level dollar payments and a 30-year open amortization period.

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

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

Policemen's:

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a percentage of Covered Payroll
2012	\$ 431,010	\$ 197,885	\$ 233,125	\$ 1,015,171	19.49 %
2013	474,177	179,521	294,656	1,015,426	17.68 %
2014	491,651	178,158	313,493	1,074,333	16.58 %
2015	785,501	575,928	209,573	1,086,608	53.00 %
2016	785,695	273,840	511,855	1,119,527	24.46 %
2017	910,938	494,580	416,358	1,150,406	42.99 %
2018	924,654	589,635	335,019	1,205,324	48.92 %
2019	933,770	581,968	351,802	1,228,987	47.35 %
2020	1,037,582	739,913	297,669	1,195,980	61.87 %
2021	1,047,839	788,861	258,978	1,258,338	62.69 %

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

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

Firemen's:

Years Ended December 31,	Actuarially Determined Contributions *	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll **	Contributions as a percentage of Covered Payroll
2012	\$ 271,506	\$ 81,522	\$ 189,984	\$ 418,965	19.46 %
2013	294,878	103,669	191,209	416,492	24.89 %
2014	304,265	107,334	196,931	460,190	23.32 %
2015	323,545	236,104	87,441	465,232	50.75 %
2016	333,952	154,101	179,851	478,471	32.21 %
2017	372,845	228,453	144,392	469,407	48.67 %
2018	412,220	249,684	162,536	456,969	54.64 %
2019	442,045	255,382	186,663	457,082	55.87 %
2020	466,556	368,423	98,133	500,368	73.63 %
2021	476,498	367,481	109,017	520,047	70.66 %

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

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

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

Actuarial Methods and Assumptions:	Municipal Employees'		Laborers'		Policemen's		Firemen's
Actuarial valuation date.....	12/31/2021	(a)	12/31/2021		12/31/2021		12/31/2021
Actuarial cost method.....	Entry age normal		Entry age normal		Entry age normal		Entry age normal
Asset valuation method.....	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market
Actuarial assumptions:							
Inflation	2.50%		2.25%		2.25%		2.25%
Salary increases	3.50% - 7.75%	(b)	3.00%	(c)	3.50%	(d)	3.50 - 25.00%
Investment rate of return	7.00%	(f)	7.25%	(g)	6.75%		6.75%
Retirement Age	(h)		(i)		(j)		(k)
Mortality	(l)		(m)		(n)		(o)
Other information	(p)		(q)		(q)		(p)

- (a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the end of the year.
- (b) (1.50%-6.50% for 2020-2022), varying by years of service.
- (c) Plus a service-based increase in the first 9 years.
- (d) Plus service based increases consistent with bargaining contracts.
- (e) Varying by years of service.
- (f) Net of investment expense.
- (g) Net of investment expense, including inflation.
- (h) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2017).
For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011).
For employees first hired on or after July 6, 2017, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).
- (i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020, valuation pursuant to an experience study of the period January 1, 2017, through December 31, 2019.
- (j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2019, actuarial valuation pursuant to an experience study of the period January 1, 2014, through December 31, 2018.
- (k) Retirement rates are based on the recent experience of the Fund (effective December 31, 2017).
- (l) Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females, and projected generationally using scale MP-2016. Pre-retirement mortality rates were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.
- (m) Post Retirement Mortality: Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.
Pre Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.
- (n) Post-Retirement Healthy mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 119% for males and 102% for females, set forward one year for males. Pre-Retirement mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Employee Mortality Tables weighted 100% for males and 100% for females. Disabled Mortality: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 129% for males and 112% for females, set forward one year for males. Future mortality improvements are reflected by projecting the base mortality tables forward using the MP-2018 projection scale.
- (o) Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.
- (p) Other assumptions: Same as those used in the December 31, 2021, actuarial funding valuation.
- (q) The actuarial valuation is based on the statutes in effect as of December 31, 2020.

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

CBA Benefits:	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 126,249	\$ 12,215	\$ 3,398	\$ 3,954
Interest	34,661	16,357	14,760	15,049
Benefit changes	9,896 *	(82,923) *	(10) **	-
Differences between expected and actual experience	(4,226)	(6,712)	19,330	(35,640)
Assumption changes	(61,564)	1,261,663	253,605	(9,990)
Benefit payments including refunds	(72,444)	(56,528)	(51,717)	(49,972)
OPEB plan administrative expense	-	-	-	-
Net change in total OPEB liability	<u>\$ 32,572</u>	<u>\$ 1,144,072</u>	<u>\$ 239,366</u>	<u>\$ (76,599)</u>
Total OPEB liability - beginning	<u>1,769,296</u>	<u>625,224</u>	<u>385,858</u>	<u>462,457</u>
Total OPEB liability - ending (a)	<u>\$ 1,801,868</u>	<u>\$ 1,769,296</u>	<u>\$ 625,224</u>	<u>\$ 385,858</u>
Plan fiduciary net position				
Contributions-employer	\$ 72,444	\$ 56,528	\$ 51,717	\$ 49,972
Contributions-employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments including refunds of member contribution	(72,444)	(56,528)	(51,717)	(49,972)
Administrative expenses	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u><u>\$ 1,801,868</u></u>	<u><u>\$ 1,769,296</u></u>	<u><u>\$ 625,224</u></u>	<u><u>\$ 385,858</u></u>
Covered employee payroll***	\$ 1,723,556	\$ 1,657,041	\$ 1,631,705	\$ 182,222
Net OPEB liability as a percentage of covered employee payroll	104.54 %	106.77 %	38.32 %	211.75 %

*Contribution Increases

**Cadillac tax & Subsidy

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

Notes:

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

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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

Non-CBA Benefits:	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 15,049	\$ 12,697	\$ 14,904	\$ 10,673
Interest	3,696	5,331	11,869	9,411
Benefit changes	-	-	(106,959) *	-
Differences between expected and actual experience	2,717	(11,185)	24,481	(7,490)
Assumption changes	1,177	1,597	(20,946)	22,922
Benefit payments including refunds	(18,534)	(17,959)	(18,560)	(20,606)
OPEB plan administrative expense	-	-	-	-
Net change in total OPEB liability	<u>\$ 4,105</u>	<u>\$ (9,519)</u>	<u>\$ (95,211)</u>	<u>\$ 14,910</u>
Total OPEB liability - beginning	<u>194,044</u>	<u>203,563</u>	<u>298,774</u>	<u>283,864</u>
Total OPEB liability - ending (a)	<u>\$ 198,149</u>	<u>\$ 194,044</u>	<u>\$ 203,563</u>	<u>\$ 298,774</u>
Plan fiduciary net position				
Contributions-employer	\$ 18,534	\$ 17,959	\$ 18,560	\$ 20,606
Contributions-employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments including refunds of member contribution	(18,534)	(17,959)	(18,560)	(20,606)
Administrative expenses	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 198,149</u>	<u>\$ 194,044</u>	<u>\$ 203,563</u>	<u>\$ 298,774</u>
Covered employee payroll**	\$ 1,162,829	\$ 1,161,573	\$ 1,153,439	\$ 2,580,360
Net OPEB liability as a percentage of covered employee payroll	17.04 %	16.71 %	17.65 %	11.58 %

*Cadillac tax & Subsidy

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

Notes:

Beginning with fiscal year 2018, the City will accumulate ten years of data.
There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the “City”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 29, 2022. Our report includes a reference to other auditors who audited the financial statements of the City’s Pension Trust Funds (the “Trust Funds”), as described in our report on the City’s financial statements. The financial statements of the Trust Funds were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Trust Funds or that are reported on separately by those auditors who audited the financial statements of the Trust Funds.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Deloitte & Touche LLP

June 29, 2022

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

1. No findings.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

The following schedule contains the finding reference number and title for each of the findings included in the December 31, 2020 report. The letters under the heading Corrective Action indicates the following:

F - Full (the Status of Prior Year Finding was fully implemented)

R - Repeated during Current Year

Reference Number	Title	Corrective Action
2020-001	The Department of Finance, as well as other departments, are not currently adequately staffed, thereby creating competing demands of their time and ability to timely review nonroutine transactions with complex technical accounting and financial requirements.	F

CITY OF CHICAGO

Chicago, Illinois

REPORT ON FEDERAL AWARDS

For the Year Ended December 31, 2021

CITY OF CHICAGO

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Independent Auditors' Report on Schedule of Expenditures of Federal Awards

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

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of the City of Chicago (the City) for the year ended December 31, 2021, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the City for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Chicago, Illinois
July 29, 2022

CITY OF CHICAGO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
I. Department of Agriculture					
A. Food and Nutrition Service					
Child Nutrition Cluster					
Summer Food Service Program for Children (passed through Illinois State Board of Education)					
Summer Food Program 2019	10.559	IL058N1099	\$ 174	\$ -	\$ -
			174	-	-
Total Child Nutrition Cluster			174	-	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (passed through Illinois Department of Human Services)					
Women, Infants and Children Program 2020	10.557	FCSZQ00825	2,244,598	-	596,854
Women, Infants and Children Program 2021	10.557	FCSZQ00825	1,863,374	-	580,533
			4,107,972	-	1,177,387
Total Food and Nutrition Service			4,108,146	-	1,177,387
B. Natural Resources Conservation Service					
Environmental Quality Incentives Program					
Conservation Innovation Grant Program	10.912	69-3A75-17-55	56,371	-	37,424
			56,371	-	37,424
Total Natural Resources Conservation Service			56,371	-	37,424
Total Department of Agriculture			4,164,517	-	1,214,811
II. Department of Housing and Urban Development					
A. Assistant Secretary for Community Planning and Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants					
Community Development Block Grant YR43	14.218	B17MC170006	2,395	-	-
Community Development Block Grant YR44	14.218	B18MC170006	33,333	-	-
Community Development Block Grant YR45	14.218	B19MC170006	4,298	-	(19,188)
Community Development Block Grant YR46	14.218	B20MC170006	6,327,986	-	976,265
Community Development Block Grant YR47	14.218	B21MC170006	69,866,183	-	30,265,198
Neighborhood Stabilization Program (NSP1) HERA 2009	14.218	B08MN170002	1,251	-	(10,217)
COVID-19 Community Development Block Grant CARES Act (CDBG-CV)	14.218	B20MW170006	15,618,485	-	10,992,190
COVID-19 Community Development Block Grant CARES Act (CDBG-CV)	14.218	B20MW170006	500,871	-	398,219
			92,354,802	-	42,602,467
Total CDBG - Entitlement Grants Cluster			92,354,802	-	42,602,467
Emergency Solutions Grant Program					
Emergency Solutions Grant 2018	14.231	E-18-MC-17-0006	(4,164)	-	(4,164)
Emergency Solutions Grant 2019	14.231	E19-MC-17-0006	208,363	208,363	(2,444)
Emergency Solutions Grant 2020	14.231	E-20-MC-17-0006	305,387	305,388	51,094
Emergency Solutions Grant 2021	14.231	E21-MC-17-0006	5,688,286	5,688,286	5,519,504
COVID-19 Emergency Solutions Grant 2020 - CARES ACT	14.231	E-20-MW-17-0006	22,790,876	-	22,481,005
			28,988,748	6,202,037	28,044,995
Home Investment Partnerships Program					
HOME 2015	14.239	M15MC170201	327,523	-	-
HOME 2016	14.239	M16MC170201	11,182	-	-
HOME 2017	14.239	M17MC170201	2,156,981	-	-
HOME 2018	14.239	M18MC170201	11,030,010	-	56,669
HOME 2019	14.239	M19MC170201	693,299	-	225,068
HOME 2021	14.239	M21MC170201	1,121,939	-	-
			15,340,934	-	281,737
Housing Opportunities for Persons with AIDS					
HOPWA 2018-2020	14.241	ILH18F001	(126,439)	-	-
HOPWA 2019/2021	14.241	ILH19F001	71,209	-	(3,000)
HOPWA 2020/2022	14.241	ILH20F001	50,618	-	50,618
HOPWA 2021/2023	14.241	ILH21F001	9,608,483	-	9,021,952
HOPWA Housing & Healthy Study 2019/2021	14.241	ILH180010	482,289	-	470,077
			10,086,160	-	9,539,647
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)					
ARRA Neighborhood Stabilization Program (NSP II) 2010	14.256	B09LNL0025	(406,399)	-	(406,399)
			(406,399)	-	(406,399)

See of expenditures of federal awards

CITY OF CHICAGO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Neighborhood Stabilization Program Neighborhood Stabilization Program (NSP III) 2011	14.264	B11MN170002	\$ 3,181	\$ -	\$ -
			3,181	-	-
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) CDBG - Disaster Recovery Program for Hurricane Sandy & Other Disasters 2013	14.269	B13MS170001	224,463	-	-
			224,463	-	-
Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			224,463	-	-
Total Assistant Secretary for Community Planning and Development			146,591,889	6,202,037	80,062,447
B. Assistance Secretary for Public and Indian Housing					
Moving to Work Demonstration Program (passed through Chicago Housing Authority) CHA Family Supportive Services 2021/2022	14.881	12649	1,116,967	-	677,932
Chicago Housing Authority Home Modification Program	14.881	12297	33,107	-	33,107
			1,150,074	-	711,039
Total Assistance Secretary of Public and Indian Housing			1,150,074	-	711,039
C. Office of Lead Hazard Control and Healthy Homes					
Lead Hazard Reduction Demonstration Grant Program Lead Hazard Reduction Demonstration Grant Program 2019	14.905	ILLHB06710-18	1,293,139	-	922,264
Lead Hazard Reduction Demonstration Grant Program	14.905	ILLHD0270-14	92,029	-	(217,658)
			1,385,168	-	704,606
Total Office of Lead Hazard Control and Healthy Homes			1,385,168	-	704,606
Total Department of Housing and Urban Development			149,127,131	6,202,037	81,478,092
III. Department of the Interior					
A. National Park Service					
Historic Preservation Fund Grants-In-Aid African American Civil Rights (AACR) Preservation Grants	15.904	P18AP00073	255,469	-	-
			255,469	-	-
Total Department of The Interior			255,469	-	-
IV. Department of Justice					
A. Office of Justice Programs					
Coronavirus Emergency Supplemental Funding Program COVID-19 Coronavirus Emergency Supplemental Program - 2020	16.034	2020VDBX1542	714,011	-	-
			714,011	-	-
Services for Trafficking Victims (passed through Illinois Criminal Justice Information Authority) Housing Assist For Victims of Human Trafficking 2020/2023	16.320	2020VTBX0053	15,044	-	15,044
			15,044	-	15,044
National Institute of Justice Research, Evaluation, and Development Project Grants (passed through Illinois Criminal Justice Information Authority) Initialed Research and Evaluation on Firearm Violence Program 2019	16.560	N/A	1,508	-	-
			1,508	-	-
Crime Victim Assistance (passed through Illinois Criminal Justice Information Authority) Services to Victims of Domestic Violence Help Line 2020/2021	16.575	218115	341,767	-	-
Services to Victims of Domestic Violence Help Line 2021/2022	16.575	219115	73,608	-	-
			415,375	-	-
Crime Victim Assistance/Discretionary Grants Law Enforcement - Based Victim Specialist - 2019/2022	16.582	2019V3GX0053	306,395	-	-
			306,395	-	-
Project Safe Neighborhoods Project Safe Neighborhoods - PSN FY 2017	16.609	2017-GP-BX-0001	200,869	-	73,413
			200,869	-	73,413
Special Data Collections and Statistical Studies NCS-X Implementation PG - 2019/2021	16.734	2019FUCXK018	13,253	-	-
			13,253	-	-

See of expenditures of federal awards

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Edward Byrne Memorial Justice Assistance Grant Program					
Edward Byrne Memorial Justice Assistance 2018	16.738	2018-DJ-BX-0598	\$ 267,594	\$ -	-
Technology Innovation For Public Safety (TIPS)	16.738	2017-DG-BX-K102	121,772	-	(73,413)
Edward Byrne Memorial Justice Assistance 2019	16.738	2019-DJ-BX-0682	86,551	-	-
Edward Byrne Memorial Justice Assistance 2020	16.738	2020-DJ-BX-0446	108,294	-	-
			<u>584,211</u>	<u>-</u>	<u>(73,413)</u>
Criminal and Juvenile Justice and Mental Health Collaboration Program					
Justice and Mental Health Collaboration - 2018	16.745	2018MOBX0032	204,215	-	-
			<u>204,215</u>	<u>-</u>	<u>-</u>
Byrne Criminal Justice Innovation Program					
Byrne Criminal Justice Innovation Program 2017	16.817	2017-AJ-BX-0005	3,753	-	-
			<u>3,753</u>	<u>-</u>	<u>-</u>
Justice Reinvestment Initiative					
Justice Reinvestment Initiative - 2019	16.827	2019ZBBX0007	36,676	-	-
			<u>36,676</u>	<u>-</u>	<u>-</u>
Body Worn Camera Policy and Implementation					
Body Worn Camera Policy and Implementation - 2018	16.835	2018-BC-BX-0025	305,107	-	-
			<u>305,107</u>	<u>-</u>	<u>-</u>
Comprehensive Opioid, Stimulant, and Substance Abuse Program					
Comprehensive Opioid Abuse Site-Based - 2019	16.838	2019ARBK003	436,523	-	-
			<u>436,523</u>	<u>-</u>	<u>-</u>
Total Office of Justice Programs			<u>3,236,940</u>	<u>-</u>	<u>15,044</u>
B. Office on Violence Against Women (OVW)					
Violence Against Women Formula Grants					
(passed through Illinois Criminal Justice Information Authority)					
VAWA - Sexual Assault Multi-Discipline FY 2019	16.588	616060	(2,867)	-	-
VAWA - Domestic Violence Multi-Discipline FY 2021	16.588	617170	37,152	-	-
Violence Against Women Sexual Assault FY 2021	16.588	617160	37,152	-	-
			<u>71,437</u>	<u>-</u>	<u>-</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (passed through Cook County's States Attorney's Office)					
Improving Criminal Justice Response to Domestic Violence - 2019/2022	16.590	N/A	21,370	-	-
Improving Criminal Justice Response to Domestic Violence - 2020/2023	16.590	2020WEAX0005	103,159	-	-
			<u>124,529</u>	<u>-</u>	<u>-</u>
Total Office on Violence Against Women Office (OVW)			<u>195,966</u>	<u>-</u>	<u>-</u>
C. Office of Community Oriented Policing Services					
Public Safety Partnership and Community Policing Grants					
Cops Hiring Program - 2017	16.710	2017ULWX0006	986,306	-	-
Cops Hiring Program - 2020	16.710	2020ULWX0056	3,869,177	-	-
Law Enforcement Mental Health & Wellness ACT - 2019-2021	16.710	2019MHWXK005	37,464	-	-
			<u>4,892,947</u>	<u>-</u>	<u>-</u>
Total Office of Community Oriented Policing Services			<u>4,892,947</u>	<u>-</u>	<u>-</u>
D. Criminal Division					
Equitable Sharing Program					
Asset Forfeiture Program	16.922	N/A	1,656,429	-	-
			<u>1,656,429</u>	<u>-</u>	<u>-</u>
Total Criminal Division			<u>1,656,429</u>	<u>-</u>	<u>-</u>
Total Department of Justice			<u>9,982,282</u>	<u>-</u>	<u>15,044</u>
V. Department of Transportation					
A. Federal Aviation Administration					
Airport Improvement Program					
Federal Airport Midway Field Development	20.106	N/A	3,833,909	-	-
COVID-19 Federal Airport Midway CARES Act	20.106	N/A	42,490,360	-	-
Federal Airport O'Hare Field Development	20.106	N/A	67,373,470	-	-
COVID-19 Federal Airport O'Hare CARES Act	20.106	N/A	177,450,322	-	-
			<u>291,148,061</u>	<u>-</u>	<u>-</u>
Total Federal Aviation Administration			<u>291,148,061</u>	<u>-</u>	<u>-</u>
B. Federal Highway Administration					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
(passed through Illinois Department of Transportation)					
Transportation Planning and Programming	20.205	N/A	236,191	-	-
Transportation Planning and Programming	20.205	C-22-0014	380,687	-	-
Vision Zero South Side	20.205	C-19-0015	18,746	-	-

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CITY OF CHICAGO
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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Highway Planning and Construction (cont.)					
North Grant Park - Streeterville Transportation Demand Study	20.205	C-20-0015	\$ 93,648	\$ -	\$ -
Pedestrian Countdown Signals (Various Locations) Design	20.205	P-88-057-12	2,392	266	-
Grand Avenue Improvements: Chicago to Damen	20.205	D-88-031-12	13,966	3,491	-
35th Street Bicycle and Pedestrian Bridge	20.205	C-88-003-09	(222,364)	(55,591)	(222,364)
Lake Street (Ashland Avenue - Kennedy Expressway)	20.205	N/A	115,278	28,819	-
Lincoln/Ashland/Belmont Phase I & II	20.205	N/A	32,618	-	-
130th Street/Torrence Avenue/Brainard Avenue Main Contract	20.205	N/A	-	327,699	-
Broadway-Sheridan Road, Devon To Hollywood Signal Interconnect System (Design)	20.205	N/A	(385)	(96)	-
Cortland Street Bridge Over North Branch of Chicago River	20.205	N/A	10,405	2,601	-
Webster Street Bridge Over North Branch Of Chicago River	20.205	N/A	1,976	494	-
Van Buren Street Bridge Over Main Branch of Chicago River	20.205	N/A	7,383	1,846	-
Advanced Traffic Controller Signal, Controller Upgrade & Timing Program	20.205	N/A	14,301	-	-
Street for Cycling Project #1	20.205	N/A	11,297	-	-
Grand Avenue Improvements - Sec V - Pulaski road to Chicago Avenue	20.205	N/A	(484)	(121)	-
Lake Front Bicycle Trail #3 Over the Chicago River	20.205	N/A	18,151	4,538	-
Street for Cycling Phase V-1	20.205	N/A	25,485	-	-
Lake Front Bicycle Trail #2 (Navy Pier Flyover)	20.205	N/A	119,275	-	-
Commuter Bicycle Parking & Promotion	20.205	N/A	37,117	-	-
Chicago Riverwalk From Lake Street to Franklin Street	20.205	N/A	39,891	-	-
Chicago Riverwalk From Lake Street to Franklin Street	20.205	N/A	(139,454)	-	-
Highway Safety Improvement Program	20.205	N/A	462,560	-	-
Milwaukee Avenue - Belmont to Addison Street	20.205	N/A	5,233	-	-
Arterial Street Resurfacing Project 76 - Central Area	20.205	N/A	(52)	-	(52)
South Water Viaduct from Stetson Avenue to Beaubien	20.205	N/A	66,263	-	-
Lake Front Bicycle Trail #2 (Navy Pier Flyover)	20.205	N/A	(117,147)	-	-
41st Street Pedestrian Bridge Over Lake Shore Drive (STP)	20.205	N/A	(29,010)	-	-
Oakwood Blvd. Viaduct Over Metra/ICRR - STP	20.205	N/A	415,410	-	(52)
Bridge Inspection Services	20.205	N/A	1,300,063	-	-
Lakefront Bicycle Trail #3 (Navy Pier Flyover) Over the Chicago River (STP)	20.205	N/A	5,980,342	-	-
North Branch Riverwalk Underbridge Connection at Addison Street	20.205	N/A	146,440	-	-
North Branch Riverwalk Underbridge Connection at Addison Street	20.205	N/A	(40,158)	-	-
Pershing Road Improvement Ashland Avenue to Dan Ryan Expressway	20.205	N/A	4,788	1,197	-
Damen Avenue/Elston Avenue/Fullerton Avenue	20.205	N/A	381	24	381
ADARamp Improvement Project 58 & 62 Far South Area	20.205	N/A	29,585	7,396	-
43rd Street Bicycle & Pedestrian Bridge Over South LSD	20.205	D-88-014-08	7,776	1,944	-
Weber Spurt Trail (Phase I & II)	20.205	N/A	456,297	114,074	-
Adams Street Viaduct Over Union Station & Adams Bascule Rehab	20.205	N/A	(246,634)	(326,933)	(246,634)
Intelligent Transportation System Centralized Traffic Management Center	20.205	C-88-039-00	1,375,814	343,953	-
Archer Avenue at Kenton Ave - Create GS09	20.205	N/A	53,962	13,490	-
Columbus Avenue at Maplewood - CREATE GS11	20.205	N/A	7,121	16,617	-
Columbia Drive Bridge Over Jackson Park Lagoon	20.205	N/A	13,254	3,314	-
Roosevelt Rd. From Western Ave. to LSD	20.205	N/A	2,718,455	-	(9,594)
Stony Island Avenue Interconnect - Midway Plaisance to 95th Street	20.205	N/A	17,753	-	-
Chicago Traffic Advisory System	20.205	N/A	27,373	-	-
Enhanced Travel Information and Arterial Monitoring Systems					
- Midway Airport Area	20.205	N/A	997,484	-	-
Chicago Streets for Cycling PH IV - Project 1A	20.205	N/A	261,603	-	(52)
Streets for Cycling - Phase VI: Belmont Cragin (Design)	20.205	N/A	69,334	-	-
Chicago Streets for Cycling Phase IV - Project 3A	20.205	N/A	2,399	-	-
Streets for Cycling - Phase VII (Program Management)	20.205	N/A	661,887	-	643
Lakefront Bicycle Trail #3 (Navy Pier Flyover) Over The Chicago River (CMAQ)	20.205	N/A	3,058,494	-	-
Walk To Transit Series III	20.205	N/A	1,203	-	-
Walk to Transit: Series I & II	20.205	N/A	107,275	-	(33)
Broadway/Sheridan Road Interconnect: Devon Ave. To Hollywood Ave.	20.205	N/A	33,348	-	-
Irving Park Road Bridge Over the North Branch of the Chicago River	20.205	N/A	29,769	29,768	-
Blue Island Streetscape Improvement Project,					
West 19th Street - West 21st Street	20.205	N/A	42,541	-	-
Lincoln Village Pedestrian and Bicycle Bridge Over					
North Shore Channel at Hood Avenue	20.205	N/A	342,788	-	-
Randolph Corridor Improvement Study	20.205	N/A	6,989	-	-
ADA Ramps Improvement Project 55 & 59 North Area	20.205	N/A	(1,034)	-	(1,034)
IDOT Transportation Funds - Arterial Street Resurfacing # 79	20.205	N/A	(1,232)	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 81	20.205	N/A	1,357	-	-
IDOT Transportation Funds - Arterial Street Resurfacing # 82	20.205	N/A	18,135	-	-
Arterial Street Resurfacing Project 83 - North Area	20.205	N/A	(218,722)	-	-
Arterial Street Resurfacing Project 84 - Central Area	20.205	N/A	921,512	-	-
Arterial Street Resurfacing Project 85 - South Area	20.205	N/A	46,757	-	-
Arterial Street Resurfacing Project 86 - far South Area	20.205	N/A	(194,820)	-	(194,820)
Arterial Street Resurfacing Project #87 - North Area	20.205	N/A	7,416,098	-	-
Arterial Street Resurfacing #88 (Central)	20.205	C-88-005-19	7,418,008	-	-
Arterial Street Resurfacing #89	20.205	C-88-006-19	3,550,823	-	-
Arterial Street Resurfacing #90 (Far South)	20.205	N/A	7,168,783	-	-
Pavement Preservation and Roadside Safety Appurtenances	20.205	N/A	679,927	-	-
Traffic Signal Modernization Number 1	20.205	P-88-003-20	475,978	-	-
South Water Street Viaduct From Beaubien CT. to Stetson Avenue	20.205	C-88-012-18	5,963,854	-	-
Irving Park Road Bridge Over the North Branch of the Chicago River	20.205	N/A	491,237	491,237	-
71st Street Streetscape/South Shore Drive to Jeffrey Blvd. - Phase II (Median)	20.205	C-88-008-19	1,228,527	-	-
43rd Street Bicycle Pedestrian Bridge - ITEP	20.205	N/A	723,567	-	-
ADA Ramp Improvement Project No. 56 & 60 (Central)	20.205	N/A	674,758	-	(2,497)
Pedestrian Countdown Signals (Various Locations) - Construction	20.205	N/A	22,949	-	-
Chicago Avenue, Latrobe Ave to Kedzie Ave	20.205	N/A	49,794	-	-
Chicago Congestion Pricing and Mobility Study	20.205	N/A	116,617	-	-
Vision Zero South Side	20.205	21-1439-9815	67,212	-	-
Complex Intersections Framework Plan	20.205	19-1439-9531	293,536	-	-
Southwest Industrial Corridor Transportation Study (SWICTS)	20.205	N/A	93,731	-	-
Chicago/Oak Park Traffic Safety & Mobility	20.205	20-143916448	34,560	-	-
Vision Zero Northwest Side - Grant to GSR	20.205	19-1439-2911	200,000	-	-
Economic Benefits of Create	20.205	20-1439-16352	247,107	-	-

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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Highway Planning and Construction (cont.)					
South Branch Parks Access Study	20.205	60JN(686)	\$ 2,248	\$ -	\$ -
43rd Street Bicycle Pedestrian Bridge - TAP	20.205	N/A	14,634,816	-	(1,923,533)
North Avenue Viaduct Vertical Clearance Improvement/Ashland Ave. to Elston Ave.	20.205	N/A	142,239	-	-
43rd Street Bicycle Pedestrian Bridge - STP	20.205	N/A	1,015,272	-	438,815
Columbus Avenue From Kedzie Avenue to Western Avenue	20.205	N/A	1,613,680	-	2,103
Cicero Avenue Bascula Bridge - Sanitary and Ship Canal Rehabilitation	20.205	N/A	112,590	-	-
Chicago Safe Routes to School	20.205	N/A	22,506	-	-
			<u>74,119,473</u>	<u>1,010,027</u>	<u>(2,158,723)</u>
Total Highway Planning and Construction Cluster			74,119,473	1,010,027	(2,158,723)
Total Federal Highway Administration			<u>74,119,473</u>	<u>1,010,027</u>	<u>(2,158,723)</u>
C. Federal Railroad Administration					
Railroad Development (passed through Illinois Department of Transportation)					
95th / Eggleston - Create GS21A	20.314	P-88-010-12	94,059	-	(37,051)
			<u>94,059</u>	<u>-</u>	<u>(37,051)</u>
Total Federal Railroad Administration			94,059	-	(37,051)
D. Federal Transit Administration					
Federal Transit Cluster					
Federal Transit – Capital Investment Grants					
Union Station Transportation and Central Loop BRT	20.500	IL-03-0282-00	273,511	68,378	-
Union Station Transportation and Central Loop BRT	20.500	IL-03-0282-00	169,018	42,255	-
			<u>442,529</u>	<u>110,633</u>	<u>-</u>
Federal Transit - Formula Grants					
Washington Wabash Loop Elevated CTA Station	20.507	IL-95-X027-01	185,026	-	-
Western Avenue TSP (Howard to 79th Street)	20.507	IL-95-X030	9,198	-	-
Clark/Division CTA Subway Station	20.507	IL-95-X010-03	291,115	-	-
Washington Wabash Loop Elevated CTA Station	20.507	IL-2018-027-00	253,197	-	-
State / Lake Loop Elevated	20.507	IL-2016-002-01	4,050,361	-	-
			<u>4,788,897</u>	<u>-</u>	<u>-</u>
Total Federal Transit Cluster			5,231,426	110,633	-
Transit Services Programs Cluster					
New Freedom Program					
Accessible Pedestrian Signals (APS) in the Central Loop	20.521	IL-57-X025-XX	32,502	-	-
			<u>32,502</u>	<u>-</u>	<u>-</u>
Total Transit Services Programs Cluster			32,502	-	-
Total Federal Transit Administration			<u>5,263,928</u>	<u>110,633</u>	<u>-</u>
E. National Highway Traffic Safety Administration					
Highway Safety Cluster					
State and Community Highway Safety (passed through Illinois Department of Transportation)					
IDOT Sustained Traffic Enforcement Program 2020	20.600	343-20620	307,111	-	-
			<u>307,111</u>	<u>-</u>	<u>-</u>
National Priority Safety Programs (passed through Illinois Department of Transportation)					
Injury Prevention (Pedestrian and Bicycle Safety Initiative)	20.616	HS-21-0255	564,750	-	-
Injury Prevention (Pedestrian and Bicycle Safety Initiative)	20.616	PB-21-0244	48,186	-	-
Local Alcohol Program 2020	20.616	AP-21-0245	111,651	-	-
Injury Prevention (Pedestrian and Bicycle Safety Initiative)	20.616	PB-20-0249, 12-02	(56,257)	-	-
			<u>668,330</u>	<u>-</u>	<u>-</u>
Total Highway Safety Cluster			975,441	-	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements					
Vision Zero WST Side - NSC Grant	20.614	DTNH2215H00473-0002	54,086	-	-
			<u>54,086</u>	<u>-</u>	<u>-</u>
Total National Highway Traffic Safety Administration			1,029,527	-	-

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CITY OF CHICAGO
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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
F Office of the Secretary (OST) Administration Secretariat					
National Infrastructure Investments (passed through Illinois Department of Transportation) 41st Street Pedestrian Bridge Over Lake Shore Drive (TIGER)	20.933	N/A	\$ 15,454 15,454	\$ - -	15,452 15,452
Total Office of the Secretary (OST) Administration Secretariat			15,454	-	15,452
Total Department of Transportation			371,670,502	1,120,660	(2,180,322)
VI. Department of Treasury					
Equitable Sharing					
Treasury Forfeiture Fund	21.016	N/A	774,125 774,125	- -	- -
A. Departmental Offices					
COVID-19 Coronavirus Relief Fund					
COVID-19 Corona Relief Fund	21.019	N/A	63,974,784	121,891	38,344,267
COVID-19 Corona Relief Fund	21.019	N/A	(146,917)	-	(146,917)
			63,827,867	121,891	38,197,350
COVID-19 Emergency Rental Assistance Program					
COVID-19 Emergency Rental Assistance Program	21.023	N/A	21,474,038	-	-
COVID-19 Emergency Rental Housing Assistance	21.023	N/A	76,741,430	-	4,503,958
			98,215,468	-	4,503,958
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
COVID-19 ARP Local Fiscal Recovery Fund	21.027	N/A	782,205,935 782,205,935	- -	- -
Total Departmental Offices			944,249,270	121,891	42,701,308
Total Department of Treasury			945,023,395	121,891	42,701,308
VII. National Endowment for the Arts					
Promotion of the Arts_Grants to Organizations and Individuals					
COVID-19 NEA CARES ACT	45.024	1882299-95-20	45,620	-	-
NEA Artworks - 2020/2021	45.024	1862745-62-20	7,666	28,000	-
NEA Our Town Maxwell Street	45.024	1809529-42-18	515	-	-
			53,801	28,000	-
Promotion of the Arts Partnership Agreements (passed through Illinois Arts Council)					
IAC - Community Arts Access Program (CAAP)	45.025	1863387-61-20	140,200 140,200	- -	- -
Total National Endowment for the Arts			194,001	28,000	-
VIII. Institute of Museum and Library Services					
Grants to States (passed through Office of Secretary of State, Illinois State Library)					
Project Next Generation: Chicago Gamers Guild	45.310	22-3029-PNG	548	-	-
Increasing Ebook Access for Chicago	45.310	21SL568186	125,000	-	-
Digital Network Access Grant - CARES ACT	45.310	21SL568884	10,000	-	-
Project Next Generation - 2019/2020	45.310	20SL488022	(1,250)	-	-
Project Next Generation - 2020/2021	45.310	21SL498146	27,300	-	-
			161,598	-	-
Total Institute of Museum and Library Services			161,598	-	-
IX. Small Business Administration					
COVID-19 Shuttered Venue Operators Grant Program					
COVID-19 Shuttered Venue Operators Grant	59.075	SBHQ21SV0146	550,302 550,302	- -	- -
Total Small Business Administration			550,302	-	-

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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
X. Environmental Protection Agency					
A. Office of Water					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds (passed through Illinois Environmental Protection Agency)					
Sewer Rehab Miscellaneous Improvements FY 2020	66.458	L175399	\$ 2,580,358	\$ -	-
Sewer Lining CY 2020	66.458	L175653	19,622,950	-	-
			<u>22,203,308</u>	-	-
Total Clean Water State Revolving Fund Cluster			22,203,308	-	-
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds (passed through Illinois Environmental Protection Agency)					
JWPP Medium Voltage Switchgear	66.468	L175319	1,819,922	-	-
Central Park Pumping Station Conversion	66.468	L175330	4,240,437	-	-
			<u>6,060,359</u>	-	-
Total Drinking Water State Revolving Fund Cluster			6,060,359	-	-
Total Office of Water			28,263,667	-	-
B. Office of Solid Waste and Emergency Response					
Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements					
Anadarko Streeterville Removal	66.802	00E02452	499,205	-	-
			<u>499,205</u>	-	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements					
Brownfields Assessment Program FY 2016/2021	66.818	BF00E02063	13,035	-	-
Brownfields Assessment Program FY 2020/2023	66.818	BF00E02870	45,363	-	-
			<u>58,398</u>	-	-
Total Office of Solid Waste and Emergency Response			557,603	-	-
Diesel Emission Reduction Act (DERA) National Grants					
Diesel Emissions Reduction Act-20 USEPA DERA CNG Sweepers FY21	66.039	DE-00E02853	197,120	-	-
			<u>197,120</u>	-	-
Total Environmental Protection Agency			29,018,390	-	-
XI. Department of Education					
COVID-19 Education Stabilization Fund (passed through Chicago Public Schools)					
COVID-19 Early Childhood Block Grant-GEER Fund 2020/2021	84.425C	201028EX2	1,022,399	-	925,983
			<u>1,022,399</u>	-	<u>925,983</u>
Total Department of Education			1,022,399	-	925,983
XII. Department of Health and Human Services					
A. Administration for Community Living					
Aging Cluster					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (passed through Illinois Department on Aging)					
COVID-19 CARES 2020/2021	93.044	CAREST32012	267,688	-	-
COVID-19 Vaccination Transportation 2021	93.044	COT2112	29,101	-	-
Area Aging Plan 2019/2020	93.044	T31912	(56)	-	(56)
Area Aging Plan 2020/2021	93.044	T32012	86,968	-	44,634
Area Aging Plan 2021/2022	93.044	T32112	1,758,592	-	471,338
Area Aging Plan 2022/2023	93.044	T32212	224,026	-	68,976
			<u>2,366,319</u>	-	<u>584,892</u>
Special Programs for the Aging - Title III, Part C - Nutrition Services (passed through Illinois Department on Aging)					
Area Aging Plan 2019/2020	93.045	T31912	(209,787)	-	(209,787)
Area Aging Plan 2020/2021	93.045	T32012	2,376,483	-	2,151,182
Area Aging Plan 2021/2022	93.045	T32112	2,565,130	-	1,449,413
Area Aging Plan 2022/2023	93.045	T32212	773,042	-	506,503
			<u>5,504,868</u>	-	<u>3,897,311</u>

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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Nutrition Services Incentive Program					
(passed through Illinois Department on Aging)					
Area Aging Plan 2021/2022	93.053	T32112	\$ 1,763,348	\$ -	\$ 1,763,348
Area Aging Plan 2020/2021	93.053	T32012	399,549	-	399,549
			<u>2,162,897</u>	<u>-</u>	<u>2,162,897</u>
Total Aging Cluster			10,034,084	-	6,645,100
Special Programs for the Aging, Title VII, Chapter 3					
Programs for Prevention of Elder Abuse, Neglect, and Exploitation (passed through Illinois Department on Aging)					
Area Aging Plan 2021/2022	93.041	T32112	6,000	-	-
			<u>6,000</u>	<u>-</u>	<u>-</u>
Special Programs for the Aging - Title VII, Chapter 2					
Long Term Care Ombudsman Services for Older Individuals (passed through Illinois Department on Aging)					
Area Aging Plan 2021/2022	93.042	T32112	11,070	-	-
COVID-19 CARES 2020/2021	93.042	CAREST32012	63,686	-	-
			<u>74,756</u>	<u>-</u>	<u>-</u>
Special Programs for the Aging - Title III, Part D					
Disease Prevention and Health Promotion Services (passed through Illinois Department on Aging)					
Area Aging Plan 2019/2020	93.043	T31912	(529)	-	(529)
Area Aging Plan 2021/2022	93.043	T32112	115,899	-	115,899
Area Aging Plan 2022/2023	93.043	T32212	3,500	-	3,500
Area Aging Plan 2020/2021	93.043	T32012	26,597	-	26,597
			<u>145,467</u>	<u>-</u>	<u>145,467</u>
National Family Caregiver Support, Title III, Part E					
(passed through Illinois Department on Aging)					
COVID-19 CARES 2020/2021	93.052	CAREST32012	478,298	-	351,803
Area Aging Plan 2022/2023	93.052	T32212	80,116	-	80,116
Area Aging Plan 2020/2021	93.052	T32012	98,547	-	98,547
Area Aging Plan 2021/2022	93.052	T32112	906,654	-	27,521
			<u>1,563,615</u>	<u>-</u>	<u>557,987</u>
Special Programs for the Aging - Title IV and Title II					
Discretionary Projects and Programs (passed through AGE Options)					
Senior Medicare Patrol 2020/2021	93.048	90MPPG003603	10,500	-	10,500
Senior Medicare Patrol 2021/2022	93.048	90MPPG003604	23,000	-	23,000
			<u>33,500</u>	<u>-</u>	<u>33,500</u>
Medicare Enrollment Assistance Program					
(passed through Illinois Department on Aging)					
Medicare Improvements for Patients and Providers ACT (MIPPA) 2020/2021	93.071	MIPPA2112	1,146	-	-
Medicare Improvements for Patients and Providers ACT (MIPPA) 2021/2022	93.071	MIPPA2212	58,913	-	-
			<u>60,059</u>	<u>-</u>	<u>-</u>
Alzheimer's Disease Program Initiative (ADPI)					
Alzheimer's Disease Programs Initiative - Grants to States and Communities					
	93.470	90ADPI003301	270,297	-	-
			<u>270,297</u>	<u>-</u>	<u>-</u>
Total Administration for Community Living			12,187,778	-	7,382,054
B. Administration for Children and Families					
Community Services Block Grant					
(passed through Illinois Department of Commerce and Economic Opportunity)					
COVID-19 Community Services Block Grant CARES Act	93.569	20-211036	7,685,592	-	7,591,809
Community Services Block Grant 2020	93.569	20-231036	(10,813)	-	-
Community Services Block Grant 2021	93.569	21-231036	11,827,648	-	5,442,871
			<u>19,502,427</u>	<u>-</u>	<u>13,034,680</u>
Child Care Development Relief (CCDF) Cluster					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (passed through Illinois Department of Human Services)					
Child Care Services 2020	93.596	FCSI00434	575,842	3,052,469	575,842
Child Care Services 2021	93.596	FCSI00434	82,589	2,939,945	82,588
			<u>658,431</u>	<u>5,992,414</u>	<u>658,430</u>
Total Child Care Development Relief (CCDF) Cluster			658,431	5,992,414	658,430

See of expenditures of federal awards

CITY OF CHICAGO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Head Start Cluster					
Head Start					
Base Headstart 2017/2018	93.600	05CH84600400	\$ (15,045)	\$ -	\$ (15,045)
Base Headstart 2017/2018	93.600	05CH8460/04	(21,596)	-	(21,596)
Base Headstart 2019/2020	93.600	05CH8460-06	491,183	-	491,183
Base Headstart 2020/2021	93.600	05CH011895	58,643,781	-	50,622,420
Early Headstart 2018/2019	93.600	05CH8460/05	(51)	-	(51)
Early Headstart 2019/2020	93.600	05CH8460-06	(4,913)	-	(4,913)
Early Headstart 2020/2021	93.600	05CH011895	17,273,282	-	15,646,799
Base Headstart 2021/2022	93.600	05CH012050-02	1,701,797	-	1,375,326
Early Headstart 2021/2022	93.600	05CH012050-02	1,477,093	-	1,241,394
Base Headstart 2021	93.600	05CH012050-01	5,745,717	-	5,486,065
Early Headstart 2021	93.600	05CH012050-01	6,394,811	-	5,797,825
Early Headstart Child Care Partnership 2018/2019	93.600	05HP0001/04	(453)	-	(453)
Early Headstart Child Care Partnership 2020/2021	93.600	05HP000439	12,680,792	-	10,907,760
Early Headstart Child Care Partnership 2021/2022	93.600	05HP000439	1,087,659	-	696,268
Early Headstart Expansion 2020/2021	93.600	05HP000150-02	2,835,015	-	2,596,392
Early Headstart Expansion 2021/2022	93.600	05HP000150-01	225,123	-	201,746
COVID-19 Base Headstart CARES ACT Supplement	93.600	05CH8460-06-C3	(1,011)	-	(1,011)
			108,513,184	-	95,020,109
Total Head Start Cluster			108,513,184	-	95,020,109
Social Services Block Grant					
(passed through Illinois Department of Human Services)					
Title XX - Donated Funds Initiative - A.S.N. 2020/2021	93.667	FCSZJ00048	187,180	-	187,180
Title XX - Donated Funds Initiative - A.S.N. 2021/2022	93.667	FCSAJ00048	191,373	-	191,373
Title XX - Donated Funds Initiative - Challenge 2020/2021	93.667	FCSZJ00229	106,520	-	106,520
Title XX - Donated Funds Initiative - Challenge 2021/2022	93.667	FCSAJ00229	77,959	-	59,740
Title XX - Donated Funds Initiative - Dare 2020/2021	93.667	FCSZJ00231	288,846	-	288,846
Title XX - Donated Funds Initiative - Dare 2021/2022	93.667	FCSAJ00231	240,952	-	188,046
Chicago Family Connects 2020/2021	93.667	FCSZU05470	431,711	-	-
Chicago Family Connects 2021/2022	93.667	FCSAU05885	235,670	-	-
			1,760,211	-	1,021,705
Total Administration for Children and Families			130,434,253	5,992,414	109,734,924
C. Centers for Disease Control and Prevention					
Public Health Emergency Preparedness					
Public Health Emergency Preparedness 2019	93.069	NU90TP922033-01	203,963	-	-
Public Health Emergency Preparedness 2020	93.069	NU90TP922033-02	5,249,706	-	77,992
Public Health Emergency Preparedness 2021	93.069	NU90TP922033	2,897,187	-	-
			8,350,856	-	77,992
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
Tuberculosis Elimination and Laboratory 2021	93.116	NU52PS910172	889,884	-	-
			889,884	-	-
Injury Prevention and Control Research and State and Community Based Programs					
Overdose Data to Action 2019/2020	93.136	NU17CE924986	(6,214)	-	-
Overdose Data to Action 2020/2021	93.136	NU17CE924986	747,326	-	747,326
Overdose Data to Action 2021/2022	93.136	NU17CE924986	846,389	-	-
			1,587,501	-	747,326
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children					
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2020	93.197	6NUE2EH001376-02	415,264	-	128,705
Lead Poisoning Prevention - Childhood Lead Poisoning Prevention 2021	93.197	NUE2EH001436	37,304	-	-
			452,568	-	128,705
Immunization Cooperative Agreements					
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	629,009	-	22,329
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	1,827,153	-	33,644
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	1,200,260	-	-
COVID-19 Immunization and Vaccines for Children 2020	93.268	NH23IP922613	14,779,414	-	6,170,018
Immunization and Vaccines for Children 2020	93.268	NH23IP922613	2,209,337	-	141,855
Immunization and Vaccines for Children 2020	93.268	NH23IP922613	94,882	-	-
Immunization and Vaccines for Children 2021	93.268	NH23IP922613	1,303,995	-	-
			22,044,050	-	6,367,846
Immunization and Vaccines for Children 2021 - Direct Assistance					
Vaccines	93.268	6U23IP000732-05	30,618,860	-	-
Personnel	93.268	6U23IP000732-05	2,581,941	-	-
Other	93.268	6U23IP000732-05	6,377	-	-
			33,207,178	-	-
Total Immunization Cooperative Agreements			55,251,228	-	6,367,846

See of expenditures of federal awards

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)					
Building Epidemiology and Health IT Capacity Program 2019	93.323	NU50CK000556-01	\$ 316,522	\$ -	(754)
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	6NU50CK000556-01	2,475,078	-	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases 2020	93.323	NU50CK000556-01	56,434,495	-	18,217,261
Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556-02	858,561	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	92,052	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2019	93.323	NU50CK000556	68,336	-	68,336
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	231,000	-	231,000
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	515,000	-	515,000
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	529,075	-	-
Building Epidemiology and Health IT Capacity Program 2021	93.323	NU50CK000556	144,278	-	-
COVID-19 Building Epidemiology and Health IT Capacity Program 2020	93.323	NU50CK000556	15,910,360	-	-
			77,574,757	-	19,030,843
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response					
Public Health Crisis Response - 2019	93.354	NU90TP922073	1,877,511	-	(115)
COVID-19 Public Health Crisis Response - 2021	93.354	NU90TP922158	12,550	-	-
			1,890,061	-	(115)
Activities to Support State, Tribal, Local and Territorial (STLT)					
Health Department Response to Public Health or Healthcare Crises					
COVID-19 Health Disparities (C5) 2021	93.391	NH75OT000082	162,711	-	-
			162,711	-	-
HIV Prevention Activities - Health Department Based					
Integrated HIV Surveillance and Prevention 2019	93.940	NU62PS924560	(10,280)	-	-
Integrated HIV Surveillance and Prevention 2020	93.940	NU62PS924560	(43,016)	-	-
Integrated HIV Surveillance and Prevention 2021	93.940	NU62PS924560	7,933,137	-	3,196,199
Integrated HIV Ending HIV Epidemic 2020	93.940	NU62PS924631	29,520	-	-
Integrated HIV Ending HIV Epidemic 2021	93.940	NU62PS924631	25,200	-	-
			7,934,561	-	3,196,199
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance					
Medical Monitoring Project 2020	93.944	NU62PS924603	221,414	-	-
Medical Monitoring Project 2021	93.944	NU62PS924603	323,407	-	-
HIV Behavioral Surveillance 2020	93.944	NU62PS005083	344,109	-	179,952
			888,930	-	179,952
Sexually Transmitted Diseases (STD) Prevention and Control Grants					
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2019					
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2019	93.977	NH25PS005128	(74,540)	-	-
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2020					
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2020	93.977	NH25PS005128	77,469	-	-
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2021					
Strengthening STD Prevention & Control for Health Departments (STD PCHD) 2021	93.977	NH25PS005128	1,722,618	-	60,000
COVID-19 Strengthening STD Prevention & Control for Health Departments (C6) 2021					
COVID-19 Strengthening STD Prevention & Control for Health Departments (C6) 2021	93.977	NH25PS005128	44,978	-	-
			1,770,525	-	60,000
Total Centers for Disease Control and Prevention			156,753,582	-	29,788,748
D. Office of the Secretary					
Teenage Pregnancy Prevention Program					
Teen Pregnancy Prevention 2019	93.297	TP2AH000034-05	81,700	-	-
			81,700	-	-
National Bioterrorism Hospital Preparedness Program					
COVID-19 Hospital Preparedness Program (HPP) 2019					
Hospital Preparedness Program (HPP) 2019	93.889	U3REP190582	1,305,685	-	1,305,685
Hospital Preparedness Program (HPP) 2021	93.889	U3REP190582C	764,891	-	162,217
COVID-19 Bioterrorism Hospital Preparedness Program (HPP) 2020					
Hospital Preparedness Program (HPP) 2020	93.889	U3REP190582-01	804,396	-	500,396
Bioterrorism Hospital Preparedness Program (HPP) 2020	93.889	U3REP190582-02	1,766,139	-	1,155,053
			4,641,111	-	3,123,351
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities					
HPP Ebola Preparedness & Response Activities 2015					
HPP Ebola Preparedness & Response Activities 2015	93.817	1U3REP150522-01	396,361	-	384,354
			396,361	-	384,354
Total Office of the Secretary			5,119,172	-	3,507,705
E. Health Resources and Services Administration					
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B					
Ending the HIV Epidemic-Ryan White 2020					
Ending the HIV Epidemic-Ryan White 2020	93.686	UT8H33950-01	220,747	-	220,747
Ending the HIV Epidemic-Ryan White 2021					
Ending the HIV Epidemic-Ryan White 2021	93.686	UT8H33950-02	1,002,630	-	642,300
			1,223,377	-	863,047
HIV Emergency Relief Project Grants					
Ryan White HIV Care Act - Part A Emergency Relief 2020					
Ryan White HIV Care Act - Part A Emergency Relief 2020	93.914	H89HA00008-30	5,967,703	-	5,967,700
Ryan White HIV Care Act - Part A Emergency Relief 2021					
Ryan White HIV Care Act - Part A Emergency Relief 2021	93.914	H89HA00008-31	21,472,671	-	16,309,614
COVID-19 Ryan White HIV/AIDS Program Part A - COVID-19 Response					
COVID-19 Ryan White HIV/AIDS Program Part A - COVID-19 Response	93.914	H9AHA36920	221,139	-	221,138
			27,661,513	-	22,498,452

See of expenditures of federal awards

CITY OF CHICAGO
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Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Maternal and Child Health Services Block Grant to the States (passed through Illinois Department of Public Health)					
Maternal and Child Health Block Grant 2020	93.994	B04MC29341	\$ 2,790,235	\$ -	\$ 366,765
Maternal and Child Health Block Grant 2021	93.994	B04MC29341	2,090,125	-	(300)
Oral Health Promotion 2021	93.994	13489001	43,823	-	5,300
			<u>4,924,183</u>	<u>-</u>	<u>371,765</u>
Total Health Resources and Services Administration			33,809,073	-	23,733,264
F. Substance Abuse and Mental Health Services Administration					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
First Responders Comprehensive Addiction and Recovery 2018	93.243	1H79SP080314	248,180	-	-
Chicago Southside Early Diversion 2018 - FED	93.243	1H79SM080512	54,300	-	20,675
Resiliency in the Communities After Stress and Trauma ReCAST 2018	93.243	79SM063522-03	(962)	-	(962)
Resilience in Communities After Stress and Trauma (RECAST)	93.243	5H79SM063522	474,372	-	215,777
			<u>775,890</u>	<u>-</u>	<u>235,490</u>
Block Grants for Prevention and Treatment of Substance Abuse (passed through Illinois Department of Human Services)					
Substance Abuse and AIDS Prevention Program 2019/2020	93.959	43CYZ03560	(9,855)	-	-
Substance Abuse Prevention Program 2020/2021	93.959	43CZZ03560	96,388	-	-
Substance Abuse Prevention Program 2021/2022	93.959	43CAZ03560	117,492	-	-
			<u>204,025</u>	<u>-</u>	<u>-</u>
Total Substance Abuse and Mental Health Services Administration			979,915	-	235,490
Total Department of Health and Human Services			339,283,773	5,992,414	174,382,185
XIII. Corporation for National and Community Service					
Corporation for National and Community Service					
Foster Grandparent/Senior Companion Cluster					
Foster Grandparent Program					
Foster Grandparent Program 2020/2021	94.011	18SFNIL005	316,206	-	-
Foster Grandparent Program 2021/2022	94.011	21SFCIL002	154,028	-	-
			<u>470,234</u>	<u>-</u>	<u>-</u>
Senior Companion Program					
Senior Companion Program 2020/2021	94.016	18SCNIL001	113,683	-	-
Senior Companion Program 2021/2022	94.016	21SCCIL001	165,161	-	-
			<u>278,844</u>	<u>-</u>	<u>-</u>
Total Foster Grandparent/Senior Companion Cluster			749,078	-	-
Total Corporation for National and Community Service			749,078	-	-
XIV. Social Security Administration					
Social Security - Work Incentives Planning and Assistance Program					
Work Incentives Planning and Assistance Program 2020/2021	96.008	6WIP15050430-05-01	100,647	-	-
			<u>100,647</u>	<u>-</u>	<u>-</u>
Total Social Security Administration			100,647	-	-
XV. Department of Homeland Security					
A. Federal Emergency Management Agency					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (passed through Illinois Emergency Management Agency)					
COVID-19 Fema Public Assistance Grant - 2020	97.036	FEMA4489DRIL	77,471,489	-	-
COVID-19 Fema Public Assistance Grant - 2021	97.036	FEMA4489DRIL	18,362,273	99,802,237	-
			<u>95,833,762</u>	<u>99,802,237</u>	<u>-</u>
Assistance to Firefighters Grant					
Assistance to Firefighters 2018	97.044	EMW-2018-FO-04038	11,870	-	-
COVID-19 Assistance to Firefighters 2020	97.044	EMW-2020-FG-00311	663,393	-	(74,880)
			<u>675,263</u>	<u>-</u>	<u>(74,880)</u>
Port Security Grant Program					
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00207-S01	17,844	-	-
Port Security Grant Program 2017/CFD	97.056	EMW-2017-PU-00029-S01	32,400	-	-
Port Security Grant Program 2017/CFD	97.056	EMW-2017-PU-00039-S01	4,508	-	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00394	62,744	-	-
Port Security Grant Program 2018/CFD	97.056	EMW-2018-PU-00040-S01	88,029	-	-
Port Security Grant Program 2019/CFD	97.056	EMW-2019-PU-00024-S01	299	-	-
Port Security Grant Program 2020/CFD	97.056	EMW-2020-PU-00047-S02	215,132	-	-
			<u>420,956</u>	<u>-</u>	<u>-</u>

See of expenditures of federal awards

CITY OF CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency / Program / Grant Title or Cluster Title	Assistance Listing Number	Federal Grant/ State Pass-Through Number	2021 Federal Expenditures	2021 Non-Federal Expenditures	2021 Sub recipient Expenditures
Homeland Security Grant Program					
(passed through Illinois Emergency Management Agency)					
Urban Areas Security Initiative Grant 2017	97.067	17UASICHGO	\$ 4,491,739	\$ -	\$ (34,227)
Urban Areas Security Initiative Grant 2018	97.067	18UASICHGO	9,869,089	-	-
Urban Areas Security Initiative Grant 2019	97.067	19UASICHGO	9,589,427	-	85,800
Urban Areas Security Initiative Grant 2020	97.067	20UASICHGO	5,280,187	-	-
			<u>29,230,442</u>	<u>-</u>	<u>51,573</u>
Rail and Transit Security Grant Program					
(passed through Chicago Transit Authority)					
Transit Security Grant Program 2018	97.075	EMW-2018-RA-00019-S01	283,187	-	-
Transit Security Grant Program 2019	97.075	EMW-2019-RA-00017-S01	233,998	-	-
Transit Security Grant Program 2020	97.075	EMW-2020-RA-00027-S01	7,193,172	-	-
			<u>7,710,357</u>	<u>-</u>	<u>-</u>
Preparing for Emerging Threats and Hazards					
Complex Coordinator Terrorist Attacks 2016					
	97.133	EMW-2016-GR-00095-S01	195,030	-	-
			<u>195,030</u>	<u>-</u>	<u>-</u>
Total Federal Emergency Management Agency			<u>134,065,810</u>	<u>99,802,237</u>	<u>(23,307)</u>
B. Assistant Secretary for Countering Weapons of Mass Destruction					
Securing the Cities Program					
Securing the Cities Program 2018	97.106	16DNSTC00001-02-00	494,478	-	-
Securing the Cities Program 2019	97.106	16DNSTC00001	272,912	-	-
			<u>767,390</u>	<u>-</u>	<u>-</u>
Total Assistant Secretary for Countering Weapons of Mass Destruction			<u>767,390</u>	<u>-</u>	<u>-</u>
Total Department of Homeland Security			<u>134,833,200</u>	<u>99,802,237</u>	<u>(23,307)</u>
XVI. Research and Development Cluster					
Department of Health and Human Services					
National Institutes of Health					
National Center for Advancing Translational Sciences					
(passed through Northwestern University)					
C3 Clinical and Translational Research - Northwestern University 2020	93.350	5UL1TR001422	\$ 34,255	\$ -	\$ -
C3 Clinical and Translational Research - Northwestern University 2021	93.350	5UL1TR001422	25,219	-	-
(passed through University of Chicago)					
C3 Clinical and Translational Research - University of Chicago 2020	93.350	5UL1TR002389	27,160	-	-
C3 Clinical and Translational Research - University of Chicago 2021	93.350	5UL1TR002389	16,910	-	-
			<u>103,544</u>	<u>-</u>	<u>-</u>
Total Department of Health and Human Services			<u>103,544</u>	<u>-</u>	<u>-</u>
Total Research and Development Cluster			<u>103,544</u>	<u>-</u>	<u>-</u>
TOTALS			<u>\$ 1,986,240,228</u>	<u>\$ 113,267,239</u>	<u>\$ 298,513,794</u>

See of expenditures of federal awards

CITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2021

NOTE 1 – REPORTING ENTITY

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

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

U.S. Department of Agriculture	\$ 4,164,517
U.S. Department of Housing and Urban Development	149,127,131
U.S. Department of the Interior	255,469
U.S. Department of Justice	9,982,282
U.S. Department of Transportation	371,670,502
U.S. Department of Treasury	945,023,395
U.S. National Endowment for the Arts	194,001
U.S. Institute of Museum and Library Services	161,598
U.S. Small Business Administration	550,302
U.S. Environmental Protection Agency	29,018,390
U.S. Department of Education	1,022,399
U.S. Department of Health and Human Services	339,283,773
Research and Development Cluster	103,544
U.S. Corporation for National and Community Service	749,078
U.S. Social Security Administration	100,647
U.S. Department of Homeland Security	<u>134,833,200</u>
Total Expenditures of Federal Awards	<u>\$ 1,986,240,228</u>

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

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the City of Chicago under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of the City of Chicago and accordingly, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Chicago.

CITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2021

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The City has a cost allocation plan for allocation of common and indirect costs related to grant programs. The amounts allocated to 2021 grant programs are based primarily on 2020 budgeted amounts. Variances between actual costs and budgeted amounts are adjusted on a prospective basis. A copy of the cost allocation plan is kept on file at the City. The City's cost allocation plan for 2021 has been prepared on a Direct Cost Base that does conform to the direct cost bases in the Uniform Guidance. The City's 2021 Cost Allocation Plan (Local Organization Cost Allocation Plan – LOCAP) was provided for review and negotiation to the City's indirect cost cognizant agency and is pending negotiation and approval, expected in 2022.

The City has not elected to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance. Individual City departments' indirect cost rate proposals (ICRP's) for 2021 have been prepared on a Salaries and Wages plus all Fringe Benefits (S&W+FB) Direct Cost Base that does conform to the OMB Uniform Guidance.

The 2021 Indirect Cost Rate Agreements related to the ICRP's for the Chicago Departments of Planning and Development, Housing, Public Health, and Family and Support Services are pending negotiation with the City's indirect cost cognizant agency as a result of late submission of the ICRP's. The provisional rates included in the 2020 Indirect Cost Rate Agreements for these departments extending from 1/01/2020 through 12/31/2022 were used for 2021 indirect cost recovery.

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

The state contract for the Child Care program (federal cluster 93.575/93.596), passed through the Illinois Department of Human Services (IDHS), has been considered a Type A cluster for audit testing purposes each year. The final allocation of federal expenditures varies depending on the most recent available information provided by IDHS and may be reported under both ALN numbers or just one of the individual ALN numbers. For FY2021 the Child Care program was confirmed by IDHS as non-federal funding.

CITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2021

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

COVID-19

Since the start of the COVID-19 pandemic, the City was awarded over \$3.6 billion in federal assistance in response to the impact of COVID-19 to cover expenses during the public health emergency, including \$1.9 billion in American Rescue Plan (ARP) Act funding distributed between 2021 and 2022, COVID-19 response and recovery, mitigation and prevention, providing food, healthcare and mental health support, housing and shelters, ongoing communication and outreach, rental assistance, supporting small businesses, funding for first responders and funding to support airport operations.

In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and in FY2021 received reimbursements for eligible costs incurred in FY2020 under this grant in the amount of \$77,471,489. The Schedule of Expenditures for Federal Awards ALN 97.036 also reflects additional FEMA reimbursements in the amount of \$18,362,273 for eligible expenditures incurred in 2021.

Midway and O'Hare Airports

Midway was awarded a total of \$161.6 million of COVID-19 Relief Funds, excluding Concessionaire Relief Grants. Midway has applied \$126.6 million of the COVID-19 Relief Funds through 2021 to airline rates and charges and has \$35.0 million of funds remaining to be applied in 2022 and future years. Additionally, the City will apply \$8.6 million of the Grants directly to Concessionaire Relief in 2022 and future years, in addition to the \$2.2 million already applied through 2021.

O'Hare was awarded a total of \$608.1 million of COVID-19 Relief Funds, excluding Concessionaire Relief Grants. The City has applied \$386.0 million of the COVID-19 Relief Funds through 2021 to airline rates and charges, Passenger Facility Charges PFCs and Customer Facility Charges and has \$222.1 million of funds remaining to be applied in 2022 and future years. Additionally, the City will apply \$35.0 million of the Grants directly to Concessionaire Relief in 2022 and in future years, in addition to the \$8.8 million already applied through 2021.

**Independent Auditors' Report on Compliance
for Each Major Federal Program and Report on
Internal Control Over Compliance Required
by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Chicago's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of the compliance and, accordingly, we express no opinion on it.

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

Baker Tilly US, LLP

Chicago, Illinois
July 29, 2022

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

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

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

_____ yes X no

FEDERAL AWARDS

Internal control over major programs:

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

Type of auditor’s report issued on compliance for major programs: *Unmodified*

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

 X yes _____ no

Auditee qualified as low-risk auditee?

 X yes _____ no

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

 \$ 5,958,721

CITY OF CHICAGO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant Program
14.231	COVID-19 Emergency Solutions Grant Program
14.239	Home Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
20.106	Airport Improvement Program
20.106	COVID-19 Airport Improvement Program
21.019	COVID-19 Coronavirus Relief Fund
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund
66.468	Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds
93.044	Aging Cluster: Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
93.044	Aging Cluster: COVID-19 Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
93.045	Aging Cluster: Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Aging Cluster: Nutrition Services Incentive Program
93.889	National Bioterrorism Hospital Preparedness Program
93.889	COVID-19 National Bioterrorism Hospital Preparedness Program
93.914	HIV Emergency Relief Project Grants
93.914	COVID-19 HIV Emergency Relief Project Grants
97.036	COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

No findings were reported by other auditors in a separate report.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2021-001

Assistance

Listing Numbers

14.239 Home Investments Partnership Program
93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
93.044 COVID-19 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
93.889 National Bioterrorism Hospital Preparedness Program
93.914 HIV Emergency Relief Project Grants

Federal Agencies

14.239: U.S. Department of Housing and Urban Development
93.044, 93.889, and 93.914: U.S. Department of Health and Human Services

Pass-through Agency

93.044: Illinois Department on Aging

Award Numbers / Years

14.239: M21MC170201
93.044: CAREST32012, T32012, T32112, and T32212
93.889: U3REP190582C and U3REP190582-02
93.914: H89HA00008-30 and H89HA00008-31

City Departments

14.239: Department of Housing
93.044: Department of Family and Support Services
93.889 and 93.914: Department of Public Health

Criteria: 2 CFR section 200.303 requires the City to establish and maintain effective internal controls over federal awards, including salaries charged to those federal awards. The City's Personnel Activity Reporting (PAR) and Reconciliation Manual requires managers to have all submitted time reviewed and either approved or rejected by the end of the following week in which the time is submitted.

Condition/Context: For two of the 40 employees' monthly time sampled, the supervisor's approval of time charged to awards did not equal 100% of the total time submitted by the employee. The time submitted for the two employees for the month selected were 147 hours and 154 hours. However, the time approved by the supervisor was 7 hours and 77 hours, respectively. Our sample was not statistically valid.

Upon further inspection of the approval spreadsheets provided by the City for the departments listed above, a total of 262 instances occurred in which the supervisor did not approve 100% of the employee's time submitted out of a total of 7,607 time entry submissions.

Effect: Without approval of all the time charged to grant programs, this could result in payroll being charged to federal programs that is unsupported by records.

Questioned Costs: None noted.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

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

FINDING 2021-001 (cont.)

Cause: Supervisor approval of employee time submissions is a manual control and unapproved time may continue to pass through the PAR System and get charged to a federal program.

Recommendation: We recommend utilization and review of the Time Approval Rates available from the PAR System to identify instances where time submitted is not approved at a rate of 100%. If the time approved is not 100% for any given employee, we recommend that the Office of Budget and Management work with the responsible supervisor to approve or deny the time submitted.

Views of Responsible Officials: See Corrective Action Plan.

FINDING 2021-002

Assistance

Listing Numbers

93.044 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.044 COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.914 HIV Emergency Relief Project Grants

Federal Agency

U.S. Department of Health and Human Services

Pass-through Agency

93.044: Illinois Department on Aging

Award Numbers / Years

93.044: CAREST32012, T32012, and T32212
93.914: H89HA00008-30

City Departments

93.044: Department of Family and Support Services
93.914: Department of Public Health

Criteria: 2 CFR section 200.430(i)(1)(viii)(C) requires the system of internal controls to include processes to conduct after-the-fact reviews of interim charges made to federal awards based on budget estimates used to charge salaries and wages. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

Condition/Context: The Personnel Activity Report (PAR) and Reconciliation process occurs quarterly to reconcile the budgeted amount of salaries and wages to the actual salaries and wages that should be charged to a grant award.

The Special Programs for the Aging - Title III, Part B – Grants for Supportive Services and Senior Centers (awards CAREST32012 and T32012) closed on September 30, 2021. However, the 4th quarter reconciliations were not completed prior to grant closeout and final report submission to the grantor. Therefore, unsupported payroll costs were charged to these awards. Additionally, award T32212 did not close during the audit period, but included unsupported payroll costs.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

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

FINDING 2021-002 (cont.)

The HIV Emergency Relief Project Grants (award H89HA00008-30) closed on February 28, 2021, and the final report was submitted to the grantor on July 31, 2021. No payroll was charged to the fund in the accounting system or the PAR System beyond the first quarter, however, the City did not identify an adjustment to be made to the award fund until the 4th quarter reconciliation, which was after the final report was submitted to the grantor. Therefore, unsupported payroll costs were charged to this award. Additionally, time worked by employees in March 2021 were charged to this award after closeout.

Effect: There was unsupported payroll charged to the federal awards.

Questioned Costs: Questioned costs were calculated by comparing the amounts reported in the general ledger and included in reimbursement requests to the grantor with the amounts calculated by the PAR System.

For ALN 93.914, questioned costs totaled \$43,318.

For ALN 93.044, questioned costs totaled \$60,467 for the COVID-19 portion and \$426,757 for the non-COVID-19 portion.

Cause: The grant was closed prior to the City completing the quarterly PAR reconciliations, and therefore adjustments could not be made. Additionally, the City payroll was not posted timely to the system to allow for the quarterly PAR reconciliations to be completed timely.

Recommendation: We recommend the City post payroll and perform the quarterly PAR reconciliations on a timely basis. Additionally, the City should be cognizant of grant award closeout dates. In cases where adjustments must be made after closeout, a process to charge those expenditures to another funding source should be implemented.

Views of Responsible Officials: See Corrective Action Plan.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

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

FINDING 2021-003

Assistance

Listing Number 21.019 COVID-19 Coronavirus Relief Fund

Federal Agency U.S. Department of Treasury

Pass-through Agency Not Applicable

Award Number / Year 2020

City Department Department of Housing

Criteria: In accordance with 2 CFR Part 200.332, pass-through entities must evaluate subrecipient risk of noncompliance with federal awards and monitor subrecipient activities to ensure the subaward is used for authorized purposes.

Condition/Context: Out of nine subrecipients selected for testing, it was noted that one subrecipient was not subject to a risk assessment or monitoring by the Chicago Department of Housing, the awarding City department. Our sample was not statistically valid.

Effect: Noncompliance could occur in a subrecipient that is not subject to monitoring procedures.

Questioned Costs: None noted.

Cause: The Department of Housing did not follow its policies in regard to subrecipient monitoring.

Recommendation: We recommend the Chicago Department of Housing review its procedures for subrecipient monitoring to ensure that appropriate risk assessments and monitoring of activities are completed on a regular basis.

Views of Responsible Officials: See Corrective Action Plan.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

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

FINDING 2021-004

Assistance

Listing Number 21.023 COVID-19 Emergency Rental Assistance Program

Federal Agency U.S. Department of Treasury

Pass-through Agency Not Applicable

Award Number / Year 2021

City Department Department of Housing

Criteria: The U.S. Department of Treasury established a variety of reporting requirements in relation to the Emergency Rental Assistance Program. Monthly reports were due 15 days after the end of the month and due dates for certain quarterly reports were extended until November 29, 2021.

Condition/Context: We included two monthly reports in our sample and one of them was submitted 12 days after the due date. We also included two quarterly reports in our sample and one of them was submitted 2 days after the due date. Our sample was not statistically valid.

Effect: The City did not meet the reporting timeline requirements established by the grantor.

Questioned Costs: None noted.

Cause: The specific cause has not been determined.

Recommendation: We recommend the City review its reporting procedures to ensure that reports are submitted by the established due dates.

Views of Responsible Officials: See Corrective Action Plan.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

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

FINDING 2021-005

Assistance

Listing Number 14.241 Housing Opportunities for Persons with AIDS

Federal Agency U.S. Department of Housing and Urban Development

Pass-through Agency Not applicable

Award Numbers / Years ILH18F001, ILH19F001, ILH20F001, ILH21F001, and ILH180010

City Department Department of Public Health (CDPH)

This is a partial repeat of Finding 2020-003 from the previous year.

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

Condition/Context: Five subawards were sampled related to Assistance Listing Number 14.241. CDPH did not report one of its first tier subawards of \$30,000 or more through FSRS by the required due date. Our sample was not statistically valid.

CFDA No.	Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
14.241	5	1	0	0	0
	Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
	\$2,664,256	\$1,000,000	\$0	\$0	\$0

Effect: The subaward mentioned above was not submitted timely.

Questioned Costs: None noted.

Cause: There is uncertainty as to when specific awards are available for reporting within FSRS; therefore, City staff are not always aware of when the reporting timelines begin.

Recommendation: We recommend that City staff responsible for reporting establish regular system checks to help avoid risks of late or missed reporting requirements.

Views of Responsible Officials: See Corrective Action Plan.

CITY OF CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

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

FINDING 2021-006

Assistance

Listing Numbers

14.239 Home Investment Partnerships Program
93.889 National Bioterrorism Hospital Preparedness Program
93.914 HIV Emergency Relief Project Grants

Federal Agencies

14.239: U.S. Department of Health and Human Services
93.889 and 93.914: U.S. Department of Housing and Urban
Development

Pass-through Agency

Not applicable

Award Numbers / Years

14.239: M19MC170201
93.889: U3REP190582C and U3REP190582-02
93.914: H89HA00008-31

City Department

Department of Finance

Criteria: 2 CFR section 200, Appendix VII, paragraph D requires governmental units to submit the indirect cost rate proposals to their cognizant agency within six months after the close of the governmental unit's fiscal year.

Condition/Context: We selected the 2021 indirect cost rate proposals for the Department of Public Health and Department of Housing for testing. The indirect cost rate proposals were due to the cognizant agency by June 30, 2021; however, they were not submitted until June 16, 2022.

Effect: The 2021 indirect cost rate proposals were not submitted timely.

Questioned Costs: None noted.

Cause: The indirect cost rate proposals were not submitted timely due to an oversight in the Grant and Project Accounting Division of the Department of Finance.

Recommendation: We recommend that controls are established to ensure timely submission of the indirect cost rate proposals.

Views of Responsible Officials: See Corrective Action Plan.

**CITY OF CHICAGO, ILLINOIS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021**



CITY OF CHICAGO



DEPARTMENT OF FINANCE

FINDING 2021-001

The City concurs with this funding and has modified the Tableau reconciliation formulas and reports to reflect all non-approved time under the “Non-PAR” column, which would transfer all unapproved time to a non-grant funding source. This system control will ensure that all unapproved time is not charged to a grant program.

In accordance with the Personnel Activity Reporting and Reconciliation policy, each department is responsible for ensuring that all employees funded or providing services for a federal and/or state funded grant is active in the PAR System and assigned to the appropriate PAR Group and Cost objective. Departments can monitor employee and manager time entry and approval in the PAR system, which can be accessed at <http://chicagopar.cityofchicago.org/>. In addition, OBM will provide a Tableau dashboard to provide additional live data views on underreporting employees and managers. Departments will be responsible for reviewing the dashboard reports frequently, to ensure that all time entered has been approved or rejected by the manager. OBM will schedule monthly meetings to review any under-reporting employee and unapproved manager time. OBM conducts a quarterly reconciliation with each department and will review all final approved time before departments can process the appropriate expense transfer. Any unapproved PAR time and expense will be charged against a viable funding source.

Deputy Commissioner Rafac at the Department of Family and Support Services will actively coordinate with employees and Managers to ensure all appropriate time is entered, reviewed and approved/rejected, which will allow for the processing of the PAR reconciliation and subsequent reporting to the grantor.

Deputy Commissioner Emmanuel at the Department of Public Health, will actively coordinate with employees and Managers to ensure all appropriate time is entered, reviewed and approved/rejected, which will allow for the processing of the PAR reconciliation and subsequent reporting to the grantor.

Deputy Commissioner Schmitz at the Department of Planning and Development and the Department of Housing will actively coordinate with employees and Managers to ensure all appropriate time is entered, reviewed and approved/rejected, which will allow for the processing of the PAR reconciliation and subsequent reporting to the grantor.

Deputy Budget Director Vaughn at the Office of Budget and Management will be responsible for ensuring that the PAR reporting and reconciliation process allocates the approved time and effort reported by an employee to a specific grant program/fund.

Corrective action plan will be implemented by December 31, 2023.

FINDING 2021-002

The City concurs with this finding, which is a result of the timing of the various grant reporting and performance schedules, timing of the City’s costing verification and payroll processing, and reconciliation process.

CITY OF CHICAGO

CORRECTIVE ACTION PLAN Year Ended December 31, 2021

FINDING 2021-002 (cont.)

Grant programs are executed on different schedules and have varying performance and budget terms, as well as reporting requirements. The City utilizes standard general ledger reports provided through the Financial Management and Purchasing System (FMPS) and Business Objects system, identifies all expenses posted against certain funds and accounts, which are used to prepare and submit the financial reports to all grantors. If the grant requires the submission of a financial report on a specific schedule, the initial expenses which were reported in the general ledger are used to comply with the grantor reporting requirements; necessary adjustments are revised/submitted (when permitted) during the subsequent reporting period or during the closeout schedule and are based on the expenditure details provided in the general ledger.

The City's budget system does not allow for the allocation of position cost across multiple funds; therefore, the City utilizes the costing process to identify the allocation of the budgeted employee across multiple funds, cost centers, and/or reporting category. This process requires manual validation and can delay the processing of payroll. The Office of Budget and Management (OBM) runs payroll reports monthly that are utilized in the Personnel Activity Reporting (PAR) and during the reconciliation process. These reports are run when final payroll expenses are posted to the City's general ledger on a schedule determined by the Department of Finance (DOF). Delayed processing and posting of payroll expenses directly impacted the late processing of the PAR and reconciliation process, which resulted in under and/or over reporting of salary expenses across certain grant funds.

As a corrective action, the City added resources to ensure that payroll costing are completed timely, which will allow for the timely posting of payroll. In addition, the Department of Finance will coordinate with department leads and OBM prior to submitting financial reports to grantors to ensure that cost accurately reflects all reconciled time; any personnel expense that is included in the general ledger without sufficient reconciliation confirmation will not be submitted to the grantor. In addition to the immediate measures, the City is actively working to procure a new payroll system that will include enhancements and strengthened controls to budget and allocate position cost across multiple funds and will also facilitate a more streamlined payroll processing process.

Deputy Comptroller Webster at the Department of Finance will be responsible for ensuring timely posting of the City's payroll to allow for the processing of the quarterly PAR reconciliation.

Deputy Comptroller James at the Department of Finance in the Grants and Project Accounting Division will be responsible for coordinating with the lead departments and OBM when submitting financial reports to the grantor. Department of Finance will provide departments with guidance to ensure accurate submission of eligible expenses against grant programs.

Director of Finance Cieczczak at the Department of Family and Support Services will actively coordinate with the DOF and OBM on required financial reporting.

Deputy Commissioner Emmanuel at the Department of Public Health will actively coordinate with the DOF and OBM on required financial reporting.

Deputy Budget Director Vaughn at the Office of Budget and Management will be responsible for ensuring that the PAR reporting and reconciliation is prepared and submitted by each relevant department on a quarterly basis.

Corrective action plan will be implemented by December 31, 2023.

CITY OF CHICAGO

CORRECTIVE ACTION PLAN Year Ended December 31, 2021

FINDING 2021-003

Currently, Department of Housing (DOH) evaluates subrecipient risk during its subaward solicitation process by incorporating certain scoring criteria into its Requests for Proposals (RFPs) and subsequent application reviews and award decisions. However, this is not conducted uniformly across DOH solicitations and programs.

As a corrective action, DOH Finance will use a standard risk assessment questionnaire, developed by the city's Department of Finance (DOF) and Office of Budget and Management (OBM), to evaluate each potential subrecipient uniformly in compliance with the requirements found in 2 CFR Part 200.332. All subrecipient award packets will be reviewed and approved by the DOH Finance Deputy Commissioner to ensure a risk assessment was conducted using the questionnaire, before being sent to the DOF for activation.

In tandem, DOH Finance will review and revise accordingly its current Delegate Agency Fiscal Monitoring and Audit Policy to align with the new standardized risk assessment process. This revised policy will clearly identify monitoring plans tied to specific tiers of risk.

Lastly, DOH Finance will request a new staff resource to help coordinate and oversee these new risk evaluation and monitoring policies and procedures. In addition to correcting subrecipient risk evaluation and monitoring holistically, DOH will use its new standard risk assessment questionnaire and monitoring process to assess this COVID-19 CRF contract retroactively to ensure no compliance issues arise.

Finance Deputy Commissioner Schmitz at the Department of Housing will be responsible for ensuring that this corrective action plan is implemented by December 31, 2023.

FINDING 2021-004

Currently, Treasury reporting for the Emergency Rental Assistance Program is conducted primarily by the Department of Housing (DOH) Policy Bureau, and the Treasury reporting system is not integrated into other DOH grant systems and processes to provide a wider view for DOH Finance as to the status of report submissions.

As a corrective action, DOH Policy will integrate its Treasury reporting process with DOH Finance's grant reporting process by establishing an internal shared calendar that outlines all reporting deadlines through the remaining duration of the grant program. This calendar will send notifications of upcoming deadlines to all pertinent staff in DOH Policy and DOH Finance at the end of each reporting period, 15 calendar days in advance of report due dates, to allow for adequate report preparation time. This calendar will then send additional notifications on the actual deadlines.

Once DOH Policy submits the report in the Treasury system, on or before the reporting deadline, DOH Policy must circulate a final copy of the submitted report, with time-stamped proof of submission, to DOH Finance for validation and record keeping.

Director of Policy Hertz at the Department of Housing will be responsible for ensuring that this corrective action plan is implemented by December 31, 2023.

CITY OF CHICAGO

CORRECTIVE ACTION PLAN Year Ended December 31, 2021

FINDING 2021-005

The Contract Review Specialist from the Contracts unit will enter contract data into the FFATA system within 30 days of the contract being executed. He/she will save a PDF of the FFATA report. The staff and the Contracts Administrator will have a standing meeting on the 4th Monday of every month to review the FFATA reports and to confirm that every executed contract was properly entered into the FFATA system for that month.

Contracts Administrator Pfeiffer at the Department of Public Health will be responsible for ensuring that this corrective action plan is implemented by September 1, 2022.

FINDING 2021-006

The Department of Finance (DOF) through its Grant and Project Accounting Division (GPAD) will enhance controls to ensure that indirect cost rate proposals are submitted timely as required by uniform guidance. These controls will include measures to work in collaboration with contracted consultants specializing in the preparation of Indirect cost allocation plans. GPAD's Assistant Comptroller is responsible for overseeing the coordination of indirect cost rates proposals for city spending departments that require approved federal negotiated indirect cost rate agreements. A timeline schedule will be implemented and followed to ensure that the indirect cost rate proposals are submitted to the cognizant agency within at least 30 days prior to the June 30th deadline.

Deputy Comptroller James at the Department of Finance will be responsible for ensuring that this corrective action plan is implemented by December 31, 2023.

**CITY OF CHICAGO, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**



CITY OF CHICAGO



DEPARTMENT OF FINANCE

FINDING 2020-001

Assistance Listing No.	Not Applicable
Federal Agency	Not Applicable
Pass-through Agency	Not Applicable
Award Number / Year	Not Applicable
City Department	Department of Finance

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

2021 STATUS

During 2021, the City strengthened the hiring process by adding in new positions in the 2021 and 2022 budgets for Finance, Department of Human Resources and departments that had an influx of additional grant funds, such as CDPH, DFSS, CDOT and DOH/DPD.

In addition, the City is working on a temporary professional service hiring contract that will allow departments to receive temporary staffing for critical financial, administrative, and programmatic functions.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2021

FINDING 2020-002

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

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

2021 STATUS

In response to the 2020 finding, DOL proposed to transition all relevant staff into the City's Personnel Activity Reporting system as of January 1, 2022. However, after further process and feasibility review, it was determined that the DOL provides a specialized function, which provides centralized legal assistance for all City departments based on cases assigned to DOL staff, which could vary daily.

Due to this specialized function, transitioning a subset of employees for DOL was unattainable, specifically due to the unique nature of the cases assigned. The DOL worked with the Department of Buildings (DOB) to identify all CDBG-eligible cases using a report (which identifies notated neighborhood mapping), which identifies locations that are CDBG-eligible, which allows attorneys to identify exact cases and the associated time and effort for activities eligible to charge to the CDBG program.

As a result of this reporting functionality, it was determined that the DOL would continue to use the semi-annual certification form, with an updated reconciliation sheet to ensure that all reconciliations are processed timely. DOL will run the report on a semi-annual basis and provide the exact percentage of activity to charge to CDBG and other sources for each relevant employee. OBM will continue to work with the DOL to ensure that all semi-annual certifications are reviewed, and all reconciliations are completed timely and accurately reflect the amount of employees' time spent on the grant.

Latoya Vaughn, Deputy Budget Director, in the Office of Budget and Management and Julie Morgan, Deputy Corporation Council, in the Department of Law will be responsible for implementation and monitoring of this corrective action.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2021

FINDING 2020-003

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

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

Pass-through Agency Not applicable

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

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

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

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

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

2021 STATUS

Currently neither the FSRS nor federal grantor agency provides any notifications when the federal agency uploads the contract, which would allow for the proper notification to the City to report against the associated contract. In the absence of this notification, the DOH established during the final quarter of FY2021 an ongoing internal process to monitor the FFATA System bi-weekly to confirm the uploading of the contract. Once DOH has confirmed the contract is uploaded in FSRS, the DOH will upload the first tier subawards. Subaward source documentation will come from the Director of Finance to the Contracts Administrator for reporting in FSRS. Once complete, the DOH will upload an electronic copy in the City's FMPS system with the respective federal grant program. DOH will also maintain an electronic copy of the submission for reference.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2021

FINDING 2020-003 (cont.)

In the absence of notification of contract upload in the FSRS, the Department of Family and Support Services (DFSS) also established during the final quarter of FY2021 an internal process to monitor the FFATA System monthly to confirm the uploading of the contract and to ensure that all contracts are uploaded within 30 days of the contract execution. In addition, all information entered will be verified by DFSS staff for accuracy prior to submission, based on support documentation. When the federal agency uploads the contract in FSRS, DFSS will utilize the subaward source documentation to guide the FFATA data entry, which will be reviewed internally by DFSS staff. Once complete, the DFSS will upload an electronic copy of the submission confirmation in the City's FMPS system with the respective federal grant program. DFSS will also maintain an electronic copy of the submission for reference.

Alessandra Budnik, Contracts Administrator in the DOH, is responsible for implementation oversight and ongoing monitoring of this corrective action. Raymond Barrett, Director of Research and Development, in the DFSS, is responsible for implementation and monitoring of the corrective action for DFSS.

In the absence of notification of contract upload in the FSRS, the Department of Public Health (DPH) also established, effective July 28, 2021, an internal process to monitor the FFATA System monthly to confirm the uploading of the contract and to ensure that all contracts are uploaded within 30 days of the contract execution. The Grant Number field was added to a contract status spreadsheet and the grant number was moved next to the FFATA data. The CDPH Contracts Administrator with assistance from the CDPH contract team and the Deputy Commissioner of Finance are responsible for ongoing monitoring of FFATA requirements to ensure compliance.

CITY OF CHICAGO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2021

FINDING 2020-004

Assistance Listing No.	16.922 Equitable Sharing Program
Federal Agency	U.S. Department of Justice
Pass-through Agency	Not applicable
Award Numbers / Years	N/A / 2020
City Department	Chicago Police Department (CPD)

CPD did not submit its Equitable Sharing Annual Certification (ESAC) report by the 2-month deadline (March 1) after the City's fiscal year-end. CPD was out of compliance with the Equitable Sharing program's reporting requirements until the ESAC report was submitted on May 21, 2021, the date the report was submitted.

2021 STATUS

On February 15, 2022, the City of Chicago Office of Public Safety Administration (OPSA) completed the Chicago Police Department's FY2021 Equitable Sharing Annual Certification Agreement (ESAC). The ESAC reported the FY2021 revenues, expenditures, and any civil rights cases. The ESAC was forwarded on the same day to the CPD Superintendent's office for the Superintendent's review and for his signature as the Agency Head.

The CPD Superintendent signed the ESAC on February 24, 2022. Then the ESAC was forwarded to the Chicago Office Budget and Management (OBM) Budget Director on the same day for review before meeting with the Mayor's Chief of Staff to obtain the Mayor's Chief of Staff's signature as the Governing Body Head.

The Mayor's Chief of Staff signed the ESAC on February 28, 2022. The Office of Budget Management returned the fully signed ESAC to OPSA on the same day. OPSA forwarded the fully signed ESAC to the CPD Bureau of Counterterrorism for them to submit the ESAC in the DOJ eShare Portal. The FY2021 ESAC was successfully electronically submitted on February 28, 2022.