

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

Annual Comprehensive Financial Report
For the Year Ended December 31, 2023



Brandon J. Johnson, Mayor
Jill Jaworski, Chief Financial Officer
Chasse Rehwinkel, City Comptroller
Jamie L. Rhee, Commissioner

**2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CHICAGO MIDWAY INTERNATIONAL AIRPORT**

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PART I

INTRODUCTORY SECTION



CITY OF CHICAGO



CHICAGO DEPARTMENT OF AVIATION

June 28, 2024

To the Honorable Mayor Brandon Johnson, members of the City Council, and residents of the City of Chicago:

I am pleased to submit the Annual Comprehensive Financial Report (“ACFR”) of Chicago Midway International Airport (“Airport”) for the year ended December 31, 2023. State law requires that all governmental units publish, within six months of the close of each fiscal year, financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited by a licensed public accountant.

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

ECONOMIC CONDITION AND OUTLOOK

The Airport provides regional travelers with access to service by a number of airlines that generally specialize in low-fare, point-to-point, origin and destination (“O&D”) passenger service and has been among the busiest stations in the Southwest Airlines network for several years. The Airport’s major attributes that allow it to enjoy a unique market niche include the Airport’s location proximate to a large O&D passenger base, its accessibility, and its low per-passenger cost structure. In 2023, the Airport connected Chicago to approximately 93 destinations in the U.S., Canada, Mexico, and the Caribbean. In 2023, services were added to previously unserved Boise, ID, and Provo, UT while ultra low-cost carrier Frontier continued to build out its now sizeable operations at Midway, serving 16 destinations over the course of the year (including points in Mexico and the Caribbean). Passenger figures increased to more than 22 million passengers in 2023, a 10.7% increase over 2022 and more than 1.2 million more passengers than prior to the COVID-19 pandemic in 2019.

Chicago has a unique position and role in the national and global transportation infrastructure, and the pandemic has not changed that. As the country discusses the importance of investment in infrastructure, CDA will push the economic benefits and growth opportunities for our city through our airports.

REPORTING ENTITY

The Airport is located approximately eight miles southwest of the City’s central business district and is within one of the largest O&D passenger bases in the United States. In addition, the Airport is near the center of the Chicago region’s population. This geographic advantage is further enhanced by the existence

of an extensive highway and passenger rail network providing convenient access to the Airport. The Airport occupies approximately 840 acres on slightly more than a one-mile square area.

MAJOR INITIATIVES

In 2023, the City completed the final phase of the Midway Modernization Program (“MMP”), a \$400 million capital improvement project designed to enhance the overall passenger experience.

Throughout the program, our diverse team of employees and contractors developed creative solutions to improve passenger flow by reconfiguring the existing space within Midway’s footprint. Updates include a new security pavilion; a streamlined, single checkpoint area doubling the passenger throughput capacity double from 2,500 to 5,000 passengers per hour; a new inline baggage handling system for carry-on items; improvements to the Customs arrival corridor; and parking garage improvements that offer electric vehicle charging stations, upgraded elevators, and other accessible features.

In November 2023, we marked the completion of the MMP with the grand reopening of Midway’s Central Market. The Central Market is the centerpiece of the \$75 million investment in Midway’s concessions, the southwest side community, and local businesses. The revamped Central Market is home to a mix of new and existing brands with diverse ownership teams. As of December 31, 2023, there were 56 concession locations—31 retail, 24 food and beverage, and 1 service, a shoeshine—throughout the Airport.

Through our outreach and engagement with local businesses, Midway’s concessions program has achieved one of the highest reported Airport Concessions Disadvantaged Business Enterprise (DBE) participation rates in the nation – 56% – a statistic that demonstrates our commitment to growing a diverse team of business owners at the airport.

Additional development is planned in 2024, including opening the airport’s first-ever lounge in the Central Market next fall, and the buildouts for several additional retail and food and beverage locations.

These projects are focused on maintaining and enhancing the Airport’s operational capability and efficiency, growing non-airline revenue, and bringing further improvements to the overall travel experience for passengers. Finally, the Airport continues to invest in our surrounding community and has invested over \$300 million as part of the ongoing residential and school sound insulation programs since 1996.

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

FINANCIAL INFORMATION

The Departments of Finance and Aviation are responsible for implementing and maintaining an internal control structure to ensure the integrity of the Airport’s operations and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. As the cost of a control should not exceed the benefits to be derived, the internal control structure is designed to provide reasonable, rather than absolute, assurance to all stakeholders that the financial statements reflect operations free of theft, neglect or material misstatements that could affect the efficiency of operations

at the Airport. This objective is being met by adequate supervision of employees, segregation of the duties and multiple approval and budgetary controls over all expenditures.

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

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

RELEVANT FINANCIAL POLICIES

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

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

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

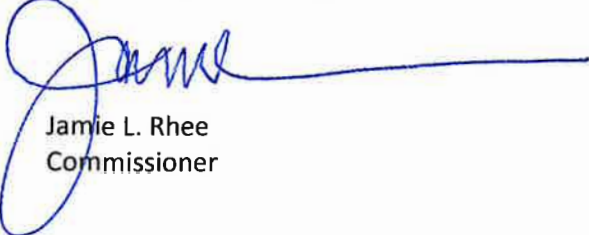
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its ACFR for the fiscal year ended December 31, 2022. This was the 26th consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish

an easily readable and efficiently organized ACFR. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Jamie L. Rhee
Commissioner



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Chicago Midway International Airport
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

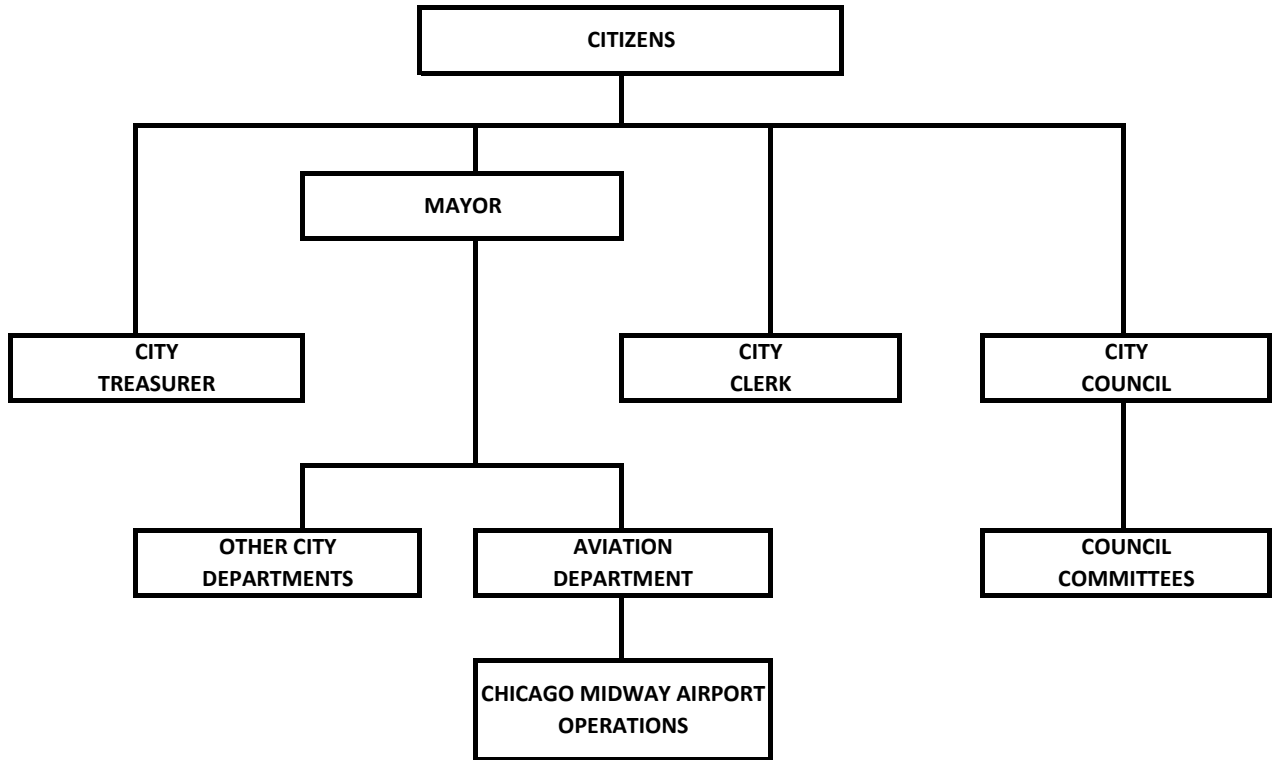
December 31, 2022

Christopher P. Morill

Executive Director/CEO

**CITY OF CHICAGO
CHICAGO MIDWAY INTERNATIONAL AIRPORT
ORGANIZATION CHART**

AS OF 12/31/2023



List of Principal Officials

Brandon Johnson	Mayor
Jamie L. Rhee	Commissioner

PART II
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Brandon Johnson, Mayor
and Members of the City Council
City of Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chicago Midway International Airport (the "Airport"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Chicago Midway International Airport as of December 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended 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). 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 Airport, 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.

Emphasis of Matter

As discussed in Note 1, the basic financial statements present only Chicago Midway International Airport, an enterprise fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of December 31, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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 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 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, 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 Airport'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.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

June 28, 2024

CITY OF CHICAGO, ILLINOIS

CHICAGO MIDWAY INTERNATIONAL AIRPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Dollars in thousands)

This following discussion and analysis of the Chicago Midway International Airport's (the "Airport" or "Midway") performance provides an introduction and overview of the Airport's financial activities for the year ended December 31, 2023. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- Operating revenues for 2023 increased by \$64,409 compared to 2022 operating revenue primarily due to a significant increase in leisure passenger traffic and terminal rental revenues and concessions, primarily parking revenues, due to the ongoing recovery from the impacts of the COVID-19 pandemic in previous years.
- Operating expenses before depreciation and amortization for 2023 increased by \$24,930 compared to 2022 due to an increase in other operating expenses of \$14,552 due to COVID relief grant expenses related to concessions, an increase in salary expense of \$3,627 due to contractual increases and fringe benefit costs, and an increase in repairs and maintenance of \$8,393 due to the increase in vendor costs based on economic impact offset by a decrease in pension expense of \$6,171 primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments.
- The Airport's total net deficit at December 31, 2023, was (\$291,420), which was a decrease of \$52,761 compared to total net deficit at December 31, 2022, was (\$344,181), which was an increase of \$3,663, primarily due to an increase in investment income of \$41,014 due to recognized fair market value changes on December 31, 2023, and an increase in operating income before depreciation and amortization of \$39,479 due to an increase in landing fees of \$41,821, an increase in Passenger and Customer Facility Charges ("PFC" and "CFC") of \$1,951 and \$528, respectively; increase in rents and concessions of \$22,588 as leisure passenger activity continued to increase in 2023 as the Airport was still recovering from the impact of the COVID-19 pandemic on travel.
- Capital asset additions for 2023 were \$7,791, which was a decrease of \$4,343 compared to 2022, primarily due a reduction of major capital projects work as a majority of Midway Modernization Program ("MMP") was primarily completed in 2022. Remaining projects in the MMP are related to the modernization of the concession areas. Completed projects totaling \$12,758 were transferred from construction in progress to applicable buildings and other facilities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The Required Supplementary Information section presents the schedule of changes in the net pension liability and related ratios and the schedule of contributions.

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

FINANCIAL ANALYSIS

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

At December 31, 2023, the Airport's financial position included total assets and deferred outflows of \$2,024,600, total liabilities and deferred inflows of \$2,316,020, and net (deficit) position of \$291,420. A comparative condensed summary of the Airport's net deficit at December 31, 2023 and 2022, is as follows:

	Net (Deficit) Position	
	2023	2022
Current unrestricted assets	\$ 139,343	\$ 119,786
Restricted and other assets—noncurrent	677,375	591,794
Capital assets—net	<u>1,181,446</u>	<u>1,229,867</u>
 Total assets	 1,998,164	 1,941,447
Deferred outflows	<u>26,436</u>	<u>48,650</u>
 Total assets and deferred outflows	 <u>2,024,600</u>	 <u>1,990,097</u>
Current unrestricted liabilities	57,867	58,870
Liabilities payable from restricted assets and noncurrent liabilities	<u>1,980,663</u>	<u>2,030,855</u>
 Total liabilities	 2,038,530	 2,089,725
Deferred inflows	44,806	33,541
Deferred inflows of resources for leases	<u>232,684</u>	<u>211,012</u>
 Total liabilities and deferred inflows	 <u>2,316,020</u>	 <u>2,334,278</u>
 Net position:		
Net investment in capital assets	(151,040)	(160,863)
Restricted	171,394	149,693
Unrestricted	<u>(311,774)</u>	<u>(333,011)</u>
 Total net deficit	 <u>\$ (291,420)</u>	 <u>\$ (344,181)</u>

Current unrestricted assets increased by \$19,557 (16.3%) primarily due to an increase in cash and cash equivalents of \$17,500 as a result of increases in the activity in aeronautical and non-aeronautical revenues as economic recovery continued during 2023, as well as the increase in investments of \$4,797, and an increase in accounts receivable and accrued revenues of \$6,886 due to an increase in activity from airlines and concessionaires. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2023, was 2:41. Noncurrent restricted and other assets increased by \$85,581 (14.5%) mainly due to an increase in the lease receivables of \$25,803 based on new concessionaire contracts at the Airport and restricted cash and cash equivalents of \$69,074. Net capital assets decreased by \$48,548 (3.9%) due primarily depreciation expense of \$56,909, offset by the increase in capital additions of \$7,791 from the MMP and other capital improvement projects.

The decrease in current liabilities of \$1,003 (1.7%) is primarily due to a decrease to Due to other City Funds of \$5,457 (17.4%) due to timing differences in amounts due to Governmental Funds for shared services, offset by an increase in billings over amounts earned of \$4,939 and a decrease in accounts payable and accrued liabilities of \$1,523 (5.8%) as the Airport implemented measures to pay invoices promptly. Liabilities

payable from restricted assets and noncurrent liabilities decreased by \$50,192 (2.5%) in 2023 mainly due to a decrease in revenue bonds payable from restricted funds of \$30,394 (2.0%) and a reduction in interest payables of \$9,226 (28.1%) and a decrease in net pension liability of \$12,469 (3.3%) compared to 2023 primarily as a result of adjustments in the discount rate and a lower allocation of pension costs for certain pension funds to the Airport.

Deferred outflows decreased by \$22,214 (45.7%) and deferred inflows related to pensions increased by \$11,265 (33.6%) during 2023 due to the difference between changes in actuarial assumptions from the prior year. In addition, due to new concessionaire contracts at the Airport, deferred inflows related to contracts where the Airport is a lessor increased by \$21,672 as of December 31, 2023.

A comparative condensed summary of the Airport's changes in net (deficit) position for the years ended December 31, 2023 and 2022 is as follows (dollars in thousands):

	Changes in Net (Deficit) Position	
	2023	2022
Operating revenues:		
Landing fees and terminal area use charges	\$ 179,047	\$ 137,226
Rents, concessions and other	<u>117,786</u>	<u>95,198</u>
Total operating revenues	<u>296,833</u>	<u>232,424</u>
Operating expenses:		
Salaries and wages	63,773	60,146
Pension expense	29,681	35,852
Repairs and maintenance	61,517	53,124
Professional and engineering	28,064	23,535
Other operating expenses	27,659	13,107
Depreciation and amortization	<u>56,909</u>	<u>57,345</u>
Total operating expenses	<u>267,603</u>	<u>243,109</u>
Operating income(loss)	<u>29,230</u>	<u>(10,685)</u>
Nonoperating revenue (expenses):		
Passenger facility charge revenue	38,517	36,566
Customer facility charge revenue	6,224	5,696
Lease Interest income (expenses)	7,702	7,710
Noise mitigation	(1,642)	(865)
Cost of Issuance	(4,759)	-
Investment income (loss)	23,649	(17,365)
Interest expense	(65,029)	(68,205)
Grant revenues	16,972	36,603
Other nonoperating revenues (expenses)	<u>346</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>21,980</u>	<u>140</u>
(Loss) before capital grants	51,210	(10,545)
Capital grants	<u>1,551</u>	<u>6,882</u>
Change in net (deficit) position	52,761	(3,663)
Net (deficit) position beginning of year	<u>(344,181)</u>	<u>(340,518)</u>
Net (deficit) position end of year	<u><u>\$ (291,420)</u></u>	<u><u>\$ (344,181)</u></u>

Landing fees and terminal area use charges for the years 2023 and 2022 were \$179,047 and \$137,226, respectively. Rents, concessions, and other revenues for the years 2023 and 2022 were \$117,786 and \$95,198, respectively. The increase in 2023 operating revenues from 2022 of \$64,409 (27.7%) was due to an increase in rents and other concession revenue, including parking of \$22,588 (23.7%) due to an increase in activity of aircraft operations and passenger activity as the Airport continued to recover from the impacts of COVID-19 on travel. Salaries and wages increased by \$3,627 (6.0%) in 2023 as compared to 2022 due to annual contractual salary increases and centralized support staff costs. Repairs and maintenance increased by \$8,393 (15.8%) due to an increase in activity and increase in costs due to economic impacts. Other operating expenses increased by \$14,552 (111.0%) due to grant expenses related to COVID-19 relief for concessions, and a reduction in bad debt expense.

Pension expense decreased by \$6,171 (17.2%) from \$35,852 in 2022 to \$29,681 in 2023 as a result of composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments. During 2023, the Airport made cash contributions of \$4,044 toward the pension plans.

The 2023 nonoperating revenues of \$93,410 are comprised of PFC revenues of \$38,517, CFC revenues of \$6,224, Lease Interest Income of \$7,702 and COVID Relief Grants of \$16,972. During 2023, nonoperating revenues increased by \$6,835 primarily due to the increase in investment income of \$41,014, offset by a decrease in Grant revenues of \$19,631 and an increase in PFC and CFC collections of \$1,951 and \$528, respectively as the Airport continued to recover from the impacts of the COVID-19 pandemic on travel and tourism.

Nonoperating expenses of \$71,430 and \$86,435 for the years 2023 and 2022, respectively, were primarily comprised of bond interest expense and an increase in cost of issuance of \$4,759 due to bond issuance in 2023 and noise mitigating costs of \$777.

Capital grants decreased by \$5,331 in 2023 primarily due to the decrease of capital grant revenues earned during 2023 for Airport Improvement Grants (AIP) grant reimbursements.

A comparative summary of the Airport's cash flows for the years ended December 31, 2023 and 2022 is as follows:

	Cash Flows	
	2023	2022
Cash provided by (used in) activities:		
Operating	\$ 103,410	\$ 64,244
Capital and related financing	(71,181)	(76,466)
Noncapital financing	25,124	38,111
Investing	<u>19,410</u>	<u>(3,193)</u>
Net change in cash and cash equivalents	76,763	22,696
Cash and cash equivalents:		
Beginning of year	<u>174,240</u>	<u>151,544</u>
End of year	<u>\$ 251,003</u>	<u>\$ 174,240</u>

As of December 31, 2023, the Airport's cash and cash equivalents of \$251,003 increased by \$76,763 as compared to \$174,240 at December 31, 2022 due to an increase of operating activities of \$39,166 as accrued revenues for 2021 were paid by the airlines during 2023 and revenues continued to recover from the impacts of the COVID-19 pandemic, investing of \$22,603, and capital and related financing of \$5,285 related to the reduction of construction spending as the expansion of the passenger security checkpoint and enhancements to the parking garage included in the MMP, were completed in 2023; offset by a decrease in noncapital financing activities of \$12,987 during 2023. Total cash and cash equivalents at December 31, 2023, were comprised of unrestricted and restricted cash and cash equivalents of \$69,074 and \$181,929 respectively.

PROPERTY & FACILITIES AND DEBT ADMINISTRATION

At the end of 2023 and 2022, the Airport had invested \$1,180,646 and \$1,229,867, respectively, in net property and facilities. During 2023, the Airport had additions of \$7,791 related to capital activities. Construction projects include runway rehabilitation, central terminal pad development and terminal parking garage expansions.

During 2023, completed projects totaling \$12,758 were transferred from construction in progress to applicable buildings and other facilities capital account. These major completed projects were related to building security, runway and taxi improvements and parking enhancements.

The Airport's fixed assets at December 31, 2023 and 2022, are summarized as follows:

	Fixed Assets at Year-End	
	2023	2022
Fixed assets not depreciated:		
Land	\$ 116,900	\$ 116,798
Construction in progress	<u>5,195</u>	<u>10,367</u>
Total fixed assets not depreciated	<u>122,095</u>	<u>127,165</u>
Fixed assets depreciated:		
Buildings and other facilities	2,046,573	2,033,815
Less accumulated depreciation for:		
Buildings and other facilities	<u>(988,022)</u>	<u>(931,113)</u>
Total fixed assets depreciated—net	<u>1,058,551</u>	<u>1,102,702</u>
Total property and facilities—net	<u><u>\$ 1,180,646</u></u>	<u><u>\$ 1,229,867</u></u>

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

The Airport's outstanding debt at December 31, 2023 and 2022, is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End	
	2023	2022
Revenue bonds and notes	\$ 1,513,915	\$ 1,539,160
Unamortized:		
Bond premium (discount)	<u>67,445</u>	<u>72,704</u>
Total revenue bonds payable—net of unamortized premium discount	1,581,360	1,611,864
Current bonds payable	<u>(68,350)</u>	<u>(68,460)</u>
Total long-term revenue bonds and notes payable—net	<u>\$ 1,513,010</u>	<u>\$ 1,543,404</u>

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

The Airport's revenue bonds at December 31, 2023, had credit ratings with each of the four major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings	Kroll Ratings
Second Lien Chicago Midway Revenue Bonds	A3	A	A	A

At December 31, 2023, the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

In February 2023, Standard & Poor's upgraded the Midway Second Lien Revenue Bonds to A from A-.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

The airlines using the Airport generally provide low fare, point-to-point origination and destination passenger service. Southwest Airlines accounted for 87.3% and 89.4% during 2023 and 2022, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for 2024, total budgeted Operating and Maintenance Expenses are projected at \$237,865 and total net debt service and fund deposit requirements are projected at \$93,996. Additionally, 2024 nonairline and nonsignatory revenues are budgeted for \$93,843, resulting in a net airline requirement of \$238,018 that will be funded through landing fees, terminal area use charges, and fueling system charges.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**STATEMENT OF NET (DEFICIT) POSITION
AS OF DECEMBER 31, 2023
(\$ in thousands)**

ASSETS		LIABILITIES	
CURRENT ASSETS:		CURRENT LIABILITIES:	
Cash and cash equivalents (Note 2)	\$ 69,074	Accounts payable and accrued liabilities	\$ 24,931
Cash and cash equivalents—restricted (Note 2)	98,093	Due to other City funds	25,991
Investments (Note 2)	15,823	Advances for terminal and hangar rent	1,217
Accounts receivable—net of allowance for doubtful accounts of approximately \$723	17,989	Billings over amounts earned	5,044
Amounts to be billed	9,808	Lease liability (Note 6)	42
Due from other City funds	7,087	Subscription liability (Note 6)	642
Prepaid expenses	768	Liabilities payable from restricted assets:	
		Accounts payable	5,597
Interest receivable	589	Due to other City funds	581
Lease receivable (Note 6)	<u>18,205</u>	Interest payable	23,565
		Current portion of revenue bond payable (Note 4)	<u>68,350</u>
Total current assets	<u>237,436</u>	Total current liabilities	<u>155,960</u>
NONCURRENT ASSETS:		NONCURRENT LIABILITIES:	
Cash and cash equivalents (Note 2)—restricted	83,836	Revenue bonds payable—net of current maturities (Note 4)	1,513,010
Investments (Note 2)—restricted	266,935	Net pension liability (Note 7)	360,937
Lease receivable (Note 6)	218,854	Derivative instrument (Note 4)	6,622
Due from other governments—restricted	4,320	Performance deposits	1,954
Passenger facility charges and other receivables—restricted	2,857	Subscription liability (Note 6)	3
Interest receivable—restricted	1,416	Lease liability (Note 6)	44
Prepaid expenses	1	Total noncurrent liabilities	<u>1,882,570</u>
Other assets	1,063		
		Total liabilities	<u>2,038,530</u>
Capital Assets:		DEFERRED INFLOWS (Note 10)	44,806
Right of use lease asset—net (Note 5)	86	DEFERRED INFLOWS OF RESOURCES FOR LEASES (Note 10)	<u>232,684</u>
Right of use Subscription assets-net (Note 5)	714		
Property and facilities (Note 5):		NET POSITION (Note 1):	
Land	116,900	Net investment in capital assets (deficit)	<u>(151,040)</u>
Buildings and other facilities	2,046,573		
Construction in progress	5,195	Restricted net position:	
Total property and facilities	2,168,668	Debt service	67,375
Less accumulated depreciation	<u>(988,022)</u>	Capital projects	25,051
Property and Facilities - net	<u>1,180,646</u>	Passenger facility charges	4,825
		Airport use agreement	47,320
Total Net Capital Assets	<u>1,181,446</u>	Customer facility charges	13,294
		Other assets	<u>13,529</u>
Total noncurrent assets	<u>1,760,728</u>	Total restricted net position	<u>171,394</u>
Total assets	<u>1,998,164</u>		
DEFERRED OUTFLOWS (Note 10)	26,436	Unrestricted net (deficit)	<u>(311,774)</u>
		Total net (deficit)	<u>(291,420)</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,024,600</u>	TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET (DEFICIT)	<u>\$ 2,024,600</u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2023
(\$ in thousands)**

OPERATING REVENUES:	
Landing fees and terminal area use (Note 6)	\$ 179,047
Rents, concessions and other (Note 6)	<u>117,786</u>
Total operating revenues	<u>296,833</u>
OPERATING EXPENSES:	
Salaries and wages	63,773
Pension expense (Note 7)	29,681
Repairs and maintenance	61,517
Professional and engineering services	28,064
Other operating expenses	<u>27,659</u>
Total operating expenses before depreciation and amortization	210,694
Depreciation and amortization	<u>56,909</u>
Total operating expenses	<u>267,603</u>
OPERATING INCOME	<u>29,230</u>
NONOPERATING REVENUES (EXPENSES):	
Passenger facility charges revenues	38,517
Customer facility charges revenues	6,224
Investment Income (loss)	23,649
Interest expense (Note 4)	(65,029)
Noise mitigation costs	(1,642)
Cost of Issuance	(4,759)
Grant revenues (Note 1)	16,972
ROU Asset Interest income (expenses)	7,702
Other nonoperating revenues (expenses)	<u>346</u>
Total nonoperating revenues (expenses)	<u>21,980</u>
CHANGE IN NET (DEFICIT) POSITION BEFORE CAPITAL GRANTS	51,210
CAPITAL GRANTS	<u>1,551</u>
CHANGE IN NET (DEFICIT) POSITION	52,761
TOTAL NET (DEFICIT)—Beginning of year	<u>(344,181)</u>
TOTAL NET (DEFICIT)—End of year	<u>\$ (291,420)</u>

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(\$ in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Landing fees and terminal area use charges	\$ 177,561
Rents, concessions and other	138,228
Payments to vendors	(143,446)
Payments to employees	(56,131)
Transactions with other City funds (used in) provided by	(498)
Transactions with other City funds provided by	<u>(12,304)</u>
Cash flows provided by operating activities	<u>103,410</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of commercial paper	8,689
Payments on commercial paper	(31,674)
Proceeds from issuance of bonds	532,515
Principal paid on bonds	(68,460)
Interest paid	(72,430)
Interest income from leases	7,702
Principal paid on leases and subscriptions	(24,907)
Acquisition and construction of capital assets	(7,149)
Grant receipts	992
Bond issuance costs	(10,307)
Cash paid to refund bonds	(450,607)
Passenger Facility Charges revenues	38,257
Customer Facility Charges revenues	<u>6,198</u>
Cash flows used in capital and related financing activities	<u>(71,181)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from COVID-19 Relief Funding	26,422
Cash paid for noise mitigation program	<u>(1,298)</u>
Cash flows provided by noncapital financing activities	<u>25,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale (purchases) of investments—net	8,983
Investment interest	<u>10,427</u>
Cash flows provided by investing activities	<u>19,410</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	76,763
CASH AND CASH EQUIVALENTS—Beginning of year	<u>174,240</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 251,003</u>

(Continued)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(\$ in thousands)**

RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE
STATEMENT OF NET POSITION:

Unrestricted	\$ 69,074
Restricted:	
Current	98,093
Noncurrent	<u>83,836</u>

TOTAL \$ 251,003

RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 29,230
Adjustments to reconcile operating loss to cash flows from operating activities:	
Depreciation and amortization	56,909
Provision for uncollectible accounts	(516)
Changes in assets and liabilities:	
Accounts receivable	(6,238)
Due from other City funds	(498)
Prepaid expenses	6
Due to other City funds	(4,877)
Amounts to be billed	(133)
Deferred inflows	25,716
Billings over amounts earned	4,940
Advances for terminal and hangar rent	394
Accounts payable and accrued liabilities	<u>(1,523)</u>

CASH FLOWS FROM OPERATING ACTIVITIES \$ 103,410

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS—Property additions in 2023 of \$4,220 are included in accounts payable.

The fair value adjustments (loss) to investments for 2023 were (\$13,900).

See notes to basic financial statements.

(Concluded)

CITY OF CHICAGO, ILLINOIS

CHICAGO MIDWAY INTERNATIONAL AIRPORT

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago Midway International Airport (the “Airport” or “Midway”) is operated by the City of Chicago, Illinois (the “City”) Department of Aviation. The Airport is included in the City’s reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region. The Airport operated subject to the provisions of the Airport Use Agreement and Facilities Lease (“Use Agreement”) commencing January 1, 2013, which is a residual Use Agreement that is scheduled to terminate on December 31, 2027.

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

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

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

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

Cash, Cash Equivalents and Investments—Cash, cash equivalents, and investments generally are held with the City treasurer as required by the Municipal Code of Chicago (the “Code”). Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly.

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

Investments are limited to those authorized by the Code. Investments authorized by the Code include, but are not limited to, interest-bearing general obligations of the City, the State of Illinois (the “State”), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual

funds regulated by, and in good standing with, the Securities and Exchange Commission; and tax anticipation warrants issued by the City (see Note 2). The City is prohibited by ordinance from investing in derivative instruments, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

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

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

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

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

Due from Other Governments—These are receivables due from federal and state agencies, related to grants receivable. These funds are for reimbursement of capital improvements under the Airport Improvement Program.

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

Property and Facilities—Property and facilities are recorded at cost or, for donated assets, donated works of art and similar items, and capital assets received in a consortium arrangement at acquisition value. Expenditures greater than \$5,000 for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

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

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

Deferred Outflows—Deferred outflows represent the unamortized loss on bond refundings, the changes in fair value of hedging derivative instruments and differences between pension related balances.

Debt—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 financed purchase of the underlying asset, or accounts payable.

Deferred Inflows—Deferred inflows represent the differences between pension related balances. Deferred inflows of resources for leases represents the resources related to the lease arrangements that will be recognized as revenue in future years over the terms of the leases between the City and the lessors.

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

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

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code 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.

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

Capitalized Interest—Interest expense on construction bond proceeds are expensed as incurred.

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

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

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

Passenger Facility Charge (PFC) Revenue—The Airport imposed PFC of \$4.50 per eligible enplaned passenger for the year ended December 31, 2023. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Customer Facility Charge (CFC) Revenue—The Airport imposed a CFC of \$4.75 per contract day on each customer for motor vehicle rentals at the Airport for the year ended December 31, 2023. CFCs are available to finance-specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Grants and Federal Reimbursements—Grants and Federal reimbursements are recorded as revenue in the accounting period in which eligibility requirements have been met to receive reimbursement of federal funds.

The Coronavirus Response and Relief Supplemental Appropriations (“CRRSA”) and American Rescue Plan (“ARP”) Acts funds approved by the United States Congress and signed by the President in 2021, are actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports (collectively, the COVID-19 Relief Funds). The Airport applied \$8.6 million of ARP Act funds allocated to Concessions Relief during 2023.

Leases—The Airport follows GASB 87 which defines the Airport’s leasing arrangement as the right to use an underlying asset as a lessor or lessee.

As lessee, the Airport recognizes a lease liability and an intangible right of use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. As there is no stated or implicit rate per the lease agreements, the right of use lease assets are measured based on the net present value of the future lease payments at inception using the incremental borrowing rate. Amortization for ROU intangible assets is computed using the straight-line method over the shorter of the lease term or estimated useful lives of the assets. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Airport calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

As a lessee or lessor, the Airport does not consider variable lease payments in the lease liability and lease receivable calculations. They are recognized as outflows of resources in the period in which the obligation was incurred.

For lease contracts that are short-term, the Airport recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

As lessor, the Airport recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Periodic payments are reflected as a reduction of the discounted lease receivable and as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Re-measurement of lease receivables occur when there are modifications including, but not limited to, changes in the contract price, lease term and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

Expenses—Salaries and wages, repair and maintenance, pension expense, professional and engineering services, and other expenses that relate to Airport operations are reported as operating expenses. Interest expense, financing costs, and noise mitigation costs are reported as nonoperating expenses.

Adopted and Upcoming Accounting Standards

GASB Statement	Impact
GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (“GASB 94”)	This statement's primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs). This statement establishes the definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. In addition, the statement provides more relevant and reliable information for financial statement users and creates consistency in practice. The implementation of GASB 94 did not have a material impact to the financial statements.
GASB Statement No. 96, <i>Subscription-Based Information Technology Arrangements</i> (“GASB 96”)	This statement is intended to reduce inconsistencies and improve the accounting and financial reporting of subscription-based information technology arrangements (SBITAs). This statement defines a SBITA as a contract that conveys control of the right to use another party’s information technology as specified in the contract for a period of time in an exchange or exchange-like transaction. It establishes that a SBITA will result in an intangible right-to-use subscription asset and a corresponding subscription liability. The Airport adopted GASB 96 as of January 1, 2023. The adoption of GASB 96 had no material impact on the basic financial statements.

GASB Statement	Impact
GASB Statement No. 99, <i>Omnibus 2022</i> (“GASB 99”)	Addresses clarifications of provisions in GASB 87, GASB 94, and GASB 96. The Airport adopted these provisions of GASB 99 as of and for the year ended December 31, 2023. The adoption of these certain provisions of GASB 99 had no material impact to the basic financial statements.

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 Airport upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Accounting Standard	Required Year of Adoption
GASB Statement No. 99, <i>Omnibus 2022</i> (“GASB 99”)—Remaining provisions	2024
GASB Statement No. 100, <i>Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62</i> (“GASB 100”)	2024
GASB Statement No. 101, <i>Compensated Absences</i> (“GASB 101”)	2024
GASB Statement No. 102, <i>Certain Risk Disclosures</i> (“GASB 102”)	2025
GASB Statement No. 103, <i>Financial Reporting Model Improvements</i> (“GASB 103”)	2026

2. RESTRICTED AND UNRESTRICTED CASH EQUIVALENTS AND INVESTMENTS

Cash Equivalents and Investments—As of December 31, 2023, the Airport had the following investments (dollars in thousands):

Investment Type	Maturities (in Years)				Fair Value
	Less than 1	1–5	6–10	10+	
U.S. agencies	\$ 61,862	\$ 208,954	\$ 453	\$ -	\$ 271,269
U.S. treasuries	-	-	-	-	-
Municipal bonds	3,832	10,625	-	2,031	16,488
Corporate bonds	-	-	-	-	-
Money market funds	<u>230,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,791</u>
Subtotal	<u>\$ 296,485</u>	<u>\$ 219,579</u>	<u>\$ 453</u>	<u>\$ 2,031</u>	<u>\$ 518,548</u>

U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp.

Investments Fair Value Measurements—The City categorizes the fair value measurements of its investments based 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

The investments measured at fair value as of December 31, 2023, were (dollars in thousands):

	Level 1	Level 2	Level 3
U.S. agencies	\$ -	\$ 248,146	\$ -
Municipal bonds	<u>-</u>	<u>16,488</u>	<u>-</u>
Total investments at fair value	<u>\$ -</u>	<u>\$ 264,634</u>	<u>\$ -</u>

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.

Money market investments, U.S. agencies, 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 Midway is \$253.9 million at December 31, 2023.

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

Credit Risk—With regard to credit risk, the Code limits the investments in securities to:

- (1) Interest-bearing general obligations of the United States and the State of Illinois;
- (2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
- (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;
- (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
- (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;

- (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;
- (7) Bankers' acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
- (8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
- (9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
- (10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;
- (11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;
- (12) Bonds of companies organized in the United States with assets exceeding \$500 million that, at the time of purchase, are rated not less than two ratings above investment grade, or equivalent rating, by at least two accredited ratings agencies;
- (13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;
- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;

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

(17) Bonds, notes, debentures, or other similar obligations of agencies of the United States.

Total holdings across all funds held by the Airport shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The Airport's exposure to credit risk at December 31, 2023, was as follows (dollars in thousands):

Quality Rating

Moody's/S&P:

AAA	\$ 236,103
AA	270,170
A1	<u>12,275</u>
Total funds	<u>\$ 518,548</u>

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

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 100% by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 102% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.

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

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$248.0 million. 100% of the bank balance was either insured or collateralized with securities held by City agents in the City's name. There was no uncollateralized bank balance at December 31, 2023.

Custodial Credit Risk—Investments—For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no custodial credit risk exposure because investment securities are insured, registered and held by the City.

The investments reported in the basic financial statements at December 31, 2023, are summarized as follows (dollars in thousands):

Per Note 2—investments—airport	<u>\$ 518,548</u>
Per basic financial statements:	
Restricted investments	\$ 266,935
Unrestricted investments	15,823
Investments classified as cash and cash equivalents on the statement of net position	<u>235,790</u>
	<u>\$ 518,548</u>

3. RESTRICTED ASSETS

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

Restricted cash, cash equivalents, and investment balances in accordance with the Master Indenture requirements at December 31, 2023, were as follows (dollars in thousands):

Account	
Construction	\$ 170,294
Capitalized interest	5,875
Debt service	90,525
Debt service reserve	104,097
Operation and maintenance reserve	33,696
Repair and replacement	13,669
Emergency reserve	508
Customer Facility Charge (CFC)	13,600
Other	<u>14,646</u>
Subtotal—master indentures and use agreement accounts	446,910
Passenger Facility Charges (PFC)	<u>1,954</u>
Total	<u>\$ 448,864</u>

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

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

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

The debt service reserve account requirement was funded upon issuance of, the Series 2004 second lien bonds, the Series 2013 second lien bonds, the Series 2016 second lien bonds and the Series 2014 second lien bonds with a cash deposit. The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

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

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

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

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

At December 31, 2023, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Master Indentures.

4. LONG-TERM DEBT

Long-term debt at December 31, 2023, consisted of the following (dollars in thousands):

Senior lien bonds:

\$211,020 Series 2023A Chicago Midway Airport Senior Lien Revenue and Refunding Bonds, issued November 11, 2023, due through 2053, interest at 5.00%–5.75%	\$ 211,020
\$302,490 Series 2023B Chicago Midway Airport Senior Lien Refunding Bonds, issued November 11, 2023, due through 2036, interest at 5.00%	<u>302,490</u>
Subtotal—Senior lien bonds	<u>513,510</u>

Second lien bonds:

\$152,150 Series 2004 C and D Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2035, interest rate swap at 4.174% and 4.247% at December 31, 2023	95,675
\$150,365 Series 2013 B Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2035, interest rate at 4.125%–5.250%	17,735
\$484,200 Series 2014 A Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2041, interest rate at 5.000%	435,240
\$287,610 Series 2014 B Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2036, interest rate at 4.000%–5.000%	14,520
\$124,710 Series 2014 C Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2044 variable floating interest rate (3.89% at December 31, 2023)	124,710
\$121,265 Series 2016 A Chicago Midway Airport Second Lien Revenue Bonds, issued June 1, 2016, due through 2033, interest rate at 2.000%–5.000%	89,050
\$221,130 Series 2016 B Chicago Midway Airport Second Lien Revenue Bonds, issued June 1, 2016, due through 2046, interest rate at 2.000%–5.000%	195,020
\$45,670 Series 2018 A Chicago Midway Airport Second Lien Revenue Bonds, issued August 1, 2018, due through 2029, interest rate at 2.937%–3.897%	<u>27,065</u>
Subtotal—Second lien bonds	999,015

Commercial paper notes - Series A	<u>1,390</u>
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Total revenue bonds and notes	1,513,915
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Unamortized premium	<u>67,445</u>
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Total revenue bonds payable—net of unamortized premium	1,581,360
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Current portion	<u>(68,350)</u>
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Total long-term revenue bonds payable	<u>\$1,513,010</u>
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Long-term debt during the year ended December 31, 2023, changed as follows (dollars in thousands):

	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds and notes	\$1,539,160	\$522,199	\$(547,444)	\$1,513,915	\$68,350
Unamortized premium (discount)	<u>72,704</u>	<u>19,005</u>	<u>(24,264)</u>	<u>67,445</u>	<u>-</u>
Total long-term debt	<u>\$1,611,864</u>	<u>\$541,204</u>	<u>\$(571,708)</u>	<u>\$1,581,360</u>	<u>\$68,350</u>

Interest expense includes amortization of the deferred loss/gain on bond refunding for 2023 of \$0.5 million, and amortization of \$7.4 million of premium, net.

Issuance of Debt—The Airport Commercial Paper Notes, Series A outstanding at December 31, 2023, was \$1.4 million, with a \$100.0 million maximum aggregated authorized by City Council. In 2023, \$8.7 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 and to defease the Midway 1998C First Lien Bonds. An irrevocable letter of credit (LOC) (\$111.2 million) provided for the timely payment of principal and interest on the notes until June 21, 2024. Amounts paid by drawing on the LOC shall be reimbursed by the Airport on said day; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate, plus 1.50% or the federal funds rate, plus 2.0% and 7.5% (Base Rate). Advances outstanding greater than 90 days will bear interest at the Base Rate, plus 1.0% beginning on the 90-first day after such advance is made. At December 31, 2023, there were no outstanding LOC advances.

At December 31, 2023, Midway had unused commercial paper capacity of \$98.6 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. In the event of long-term rating assigned to the Junior Lien Obligation Bonds, by either S&P or Fitch, the Facility Fee rate then in effect will increase by 1.00% per annum.

In November 2023, the Airport sold \$211.0 million of Chicago Midway Airport Senior Lien Revenue Bonds, Series 2023A (AMT) at a premium of \$4.6 million. The Bonds have interest rates of 5.0% to 5.75%. The bonds are subject to mandatory and optional redemption and have maturity dates ranging from January 1, 2027 to January 1, 2053. Certain net proceeds of \$32.0 million were used to pay a portion of the outstanding commercial notes; certain net proceeds of \$59.6 million will be used to finance the costs of various airport projects; certain net proceeds of \$115.2 million together with \$5.7 million transferred from the debt service and the debt service reserve account were deposited into an irrevocable escrow account to fully defease the Series 2013A Second Lien Bonds (\$118.6 million of principal and \$2.3 million of interest); certain net proceeds of \$6.4 million were used to fund the capitalized interest deposit requirement and certain net proceeds of \$2.4 million were used to pay the cost of issuance of the bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of the refunded debts of \$0.5 million that will be charged to operation over 11 years using the straight-line method. The current refunding decreased the Airport's total debt service by \$11.7 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of \$4.4 million.

In November 2023, the Airport sold \$302.5 million of Chicago Midway Airport Senior Lien Revenue Bonds, Series 2023B (Non-AMT) at a premium of \$14.4 million. The Bonds have interest rate at 5.0%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity

dates ranging from January 1, 2025 to January 1, 2036. Certain net proceeds of \$313.7 million together with \$16.0 million transferred from the debt service and the debt service reserve account were deposited into an irrevocable escrow account to partially defease the Series 2013B Second Lien Bonds (\$83.5 million of principal and \$1.4 million of interest) and the Series 2014B Second Lien Bonds (\$240.9 million of principal and \$3.9 million of interest) and certain net proceeds of \$3.2 million were used to pay the cost of issuance of the bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of the refunded debts of \$14.1 million that will be charged to operation over 3 to 9 years using the straight-line method. The current refunding decreased the Airport's total debt service by \$29.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of \$12.5 million.

In October 2023, the Airport legally defeased \$4.3 million of outstanding Midway 1998C First Lien Revenue Bonds. The defeasance was funded by the Midway Operating Revenue and the commercial paper note proceeds.

Defeased Bonds—Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide an amount sufficient for payment of all principal and interest. Defeased bonds outstanding at December 31, 2023 are as follows (dollars in thousands):

	Defeased	Outstanding
Chicago Midway Airport First Lien Revenue Bonds, Series 1998C	\$ 4,300	\$ 4,300
Chicago Midway Airport Second Lien Revenue Bonds, Series 2013A	118,600	118,600
Chicago Midway Airport Second Lien Revenue Bonds, Series 2013B	83,525	83,525
Chicago Midway Airport Second Lien Revenue Bonds, Series 2014B	<u>240,885</u>	<u>240,885</u>
Total	<u>\$ 447,310</u>	<u>\$ 447,310</u>

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

Years Ending December 31	Principal	Interest	Total
2024	\$ -	\$ 16,926	\$ 16,926
2025	24,095	25,662	49,757
2026	25,500	24,422	49,922
2027	29,485	23,048	52,533
2028	31,920	21,512	53,432
2029–2033	173,235	83,716	256,951
2034–2038	142,620	34,597	177,217
2039–2043	21,355	21,494	42,849
2044–2048	28,205	14,436	42,641
2049–2053	<u>37,095</u>	<u>5,319</u>	<u>42,414</u>
Total	<u>\$ 513,510</u>	<u>\$ 271,132</u>	<u>\$ 784,642</u>

Following is a schedule of debt service requirements to maturity of the second lien bonds. For issues with variable rates, interest is imputed at the percent rate effective at December 31, 2023 (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2024	\$ 66,960	\$ 45,272	\$ 112,232
2025	42,690	42,643	85,333
2026	43,280	40,609	83,889
2027	45,295	38,505	83,800
2028	47,495	36,298	83,793
2029–2033	260,120	144,158	404,278
2034–2038	168,545	93,770	262,315
2039–2043	229,925	47,178	277,103
2044–2046	<u>94,705</u>	<u>4,446</u>	<u>99,151</u>
Total	<u>\$ 999,015</u>	<u>\$ 492,879</u>	<u>\$ 1,491,894</u>

The Airport’s second lien variable rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent, in consultation with the City. At December 31, 2023, the Series 2004 C&D bonds and the Series 2014C bonds were in a weekly rate interest mode. An irrevocable LOC (\$144.1 million) provides for the timely payment of principal and interest on the Series 2004 C&D bonds until November 25, 2024. The Series 2004 C&D bonds were fully refunded by the Midway 2024 A&B Senior Lien Bonds in March 2024.

An irrevocable LOC (\$126.8 million) provides for the timely payment of principal and interest on the Series 2014C bonds until July 10, 2025.

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

Debt Covenants—The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires in each year that the City fix and establish and revise from time to time whenever necessary, such 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 any Other Available Monies 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 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% 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, 2023.

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% of the 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, 2023.

During 2023, the Airport received cash of \$17.8 million of ARP Act Funds, which are available for any airport purpose, including debt service payments, plus \$8.6 million of ARP Act funds related to Concessions, which were applied as revenues. As a result, ARP Act Funds received by the Airport have been included in the calculation of the debt service covenant.

Hedging Derivative Instruments—In April 2011, the Airport novated its \$60.9 million notional amount swap associated with the Midway Airport Series 2004 C&D variable rate bonds with J.P. Morgan to Wells Fargo Bank, N.A. The fixed rate the Airport pays increased from 4.174% to 4.247%, and the Airport signed a one-way credit support agreement (CSA) that no longer requires the Airport to post collateral if the mark-to-market exceeds the threshold, previously defined in the J.P. Morgan agreement. A Goldman Sachs swap covers the 60% balance of the bonds, with a current notional amount of \$57.4 million, which does not have a two-way CSA and remains unchanged.

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

	Changes in Fair Value		Fair Value at December 31, 2023		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges—pay-fixed interest rate swaps	Derivative instrument	\$ (924)	Derivative instrument	\$ (6,622)	\$ (95,675)

Pay-Fixed, Receive-Variable Interest Rate Swaps—The swap counterparties are Goldman Sachs and Wells Fargo, with notional amounts as of December 31, 2023, of \$57.4 million and \$38.3 million.

Terms, Fair Values, and Credit Risk—The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2023, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The Airport’s swap agreements contained scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bonds payable” category (dollars in thousands).

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value 2023	Swap Termination Date	Counterparty Credit Rating
Series 2004 C&D Bonds	\$57,405	December 14, 2004	4.174 %	SIFMA +.05%	\$(3,678)	January 1, 2035	A1/A+
Series 2004 C&D Bonds	<u>38,270</u>	April 21, 2011	4.247 %	SIFMA +.05%	<u>(2,944)</u>	January 1, 2035	Aa2/A+
Total	<u>\$95,675</u>				<u>\$(6,622)</u>		

Fair Value—As per industry convention, the fair value of the Airport’s outstanding swaps was estimated using the zero-coupon method. This method calculates the future net settlement payment required by the swap, assuming that the forward rates implied the yield curve correctly anticipates future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap. Because interest rates declined subsequent to the date of execution, the Airport’s swaps had negative values. Derivative instruments are valued in the market using regression analysis. Significant inputs to the derivative instrument valuation for interest rate swaps are not observable in active markets and are classified as Level 3 in the fair value hierarchy.

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

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

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

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

Swap Payments and Associated Debt—As of December 31, 2023, debt service requirements for the Airport’s outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

Years Ending December 31	Variable-Rate Bonds with Swaps		Interest Rate	Total
	Principal	Interest	Swaps—Net	
2024	\$ 6,200	\$ 3,494	\$ 288	\$ 9,982
2025	6,475	3,244	268	9,987
2026	6,775	2,982	246	10,003
2027	7,025	2,710	223	9,958
2028	7,375	2,424	200	9,999
2029-2033	42,175	7,370	608	50,153
2034–2035	<u>19,650</u>	<u>454</u>	<u>37</u>	<u>20,141</u>
Total	<u>\$95,675</u>	<u>\$22,678</u>	<u>\$1,870</u>	<u>\$ 120,223</u>

5. CHANGES IN CAPITAL ASSETS

During the year ended December 31, 2023, capital assets changed as follows (dollars in thousands):

	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	\$ 116,798	\$ 102	\$ -	\$ 116,900
Construction in progress	<u>10,367</u>	<u>7,689</u>	<u>(12,861)</u>	<u>5,195</u>
Total capital assets not depreciated	<u>127,165</u>	<u>7,791</u>	<u>(12,861)</u>	<u>122,095</u>
Capital assets depreciated—buildings and other facilities ⁽¹⁾	2,033,815	12,758	-	2,046,573
Less accumulated depreciation for—buildings and other facilities	<u>(931,113)</u>	<u>(56,909)</u>	<u>-</u>	<u>(988,022)</u>
Total capital assets depreciated—net	<u>1,102,702</u>	<u>(44,151)</u>	<u>-</u>	<u>1,058,551</u>
Total property and facilities—net	<u>\$ 1,229,867</u>	<u>\$ (36,360)</u>	<u>\$ (12,861)</u>	<u>\$ 1,180,646</u>
Capital assets being amortized:				
ROU—equipment	\$ 165	-	-	165
ROU—subscriptions	<u>880</u>	<u>548</u>	<u>-</u>	<u>1,428</u>
Total capital assets being amortized	<u>1,045</u>	<u>548</u>	<u>-</u>	<u>1,593</u>
Less accumulated amortization:				
ROU—equipment	(38)	(41)	-	(79)
ROU—subscriptions	<u>-</u>	<u>(714)</u>	<u>-</u>	<u>(714)</u>
Total accumulated amortization	<u>(38)</u>	<u>(755)</u>	<u>-</u>	<u>(793)</u>
Total capital assets being amortized - net	<u>\$ 1,007</u>	<u>\$ (207)</u>	<u>\$ -</u>	<u>\$ 800</u>
Total—Net Capital Assets	<u>\$ 1,230,874</u>	<u>\$ (36,567)</u>	<u>\$ (12,861)</u>	<u>\$ 1,181,446</u>

⁽¹⁾ Reference Note 1 for Property and Facilities Significant Accounting Policies.

6. LEASES

As Lessee:

The Airport leases equipment and subscribes to information technology from other vendors. These leases have terms between three and five years. The long-term lease liability as of December 31, 2023 is as follows (in thousands):

	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year
Lease liability	\$ 126	\$ -	\$ 40	\$ 86	\$ 42
Subscription liability	<u>880</u>	<u>548</u>	<u>783</u>	<u>645</u>	<u>642</u>
Total subscription and lease liability	<u>\$1,006</u>	<u>\$ 548</u>	<u>\$823</u>	<u>\$731</u>	<u>\$684</u>

The expected future principal and interest requirements to maturity for leases that are included in the measurement of the lease liability as of December 31, 2023 are as follows (in thousands):

Years Ending December 31	Principal	Interest	Amount
2024	\$ 42	\$ 3	\$ 45
2025	22	2	24
2026	15	1	16
2027	7	1	8
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 86</u>	<u>\$ 7</u>	<u>\$ 93</u>

As Lessor:

The Airport leases terminal square footage (except for regulated leases), aircraft maintenance, cargo facilities, hangars, and other structures to air carriers and other tenants under various operating leases, a majority of which is non-cancellable and terminate no later than April 2033. Certain provisions of the leases provide for fixed and variable rental payments to be received by the Airport, and all are generally designed to allow the Airport to meet its debt service requirements and recover certain operating, maintenance and fund deposit costs. In addition, certain agreements under which the Airport receives revenue under concessions operations at the Airport provide for payment of fee based on the greater of an aggregated percentage of gross receipts or guaranteed minimum.

In accordance with GASB 87, the Airport recognizes a lease receivable and a deferred inflow of resources at commencement of the lease term, with exceptions for regulated leases, and short-term leases.

a) Regulated Leases

Regulated leases comprise certain agreements with airline tenants that govern the use of airport gates, aprons, airline ticket counters, ticketing and check-in stations, baggage claim facilities, and other aeronautical uses (e.g., cargo and hangar). These agreements are subject to the U.S. Department of Transportation and the Federal Aviation Administration regulations and oversight that set limits on lease rates and require consistent terms to tenants. The regulations require leasing opportunities are made available to any potential lessee should a facility become vacant. In

accordance with GASB 87, the Airport recognizes lease payments related to regulated leases as inflows of resources (revenues) based on payment provisions of those agreements.

The Airport operates under signatory airlines use and lease agreements and non-signatory airlines lease agreements. These agreements define the responsibilities of the Airport, and the airlines, and establish a cost structure to operate airfield and terminal facilities primarily through charges to airlines in the forms of landing fees, terminal rentals, joint use fees, terminal ramp fees, consortium equipment and fuel usage fees, and federal inspection service fees. Landing fees are charged for each landing at the Airport based on the maximum weight of the aircraft. Terminal rents are set at the beginning of each fiscal year and adjusted during the year to estimate the annual cost to operate terminal buildings. They are allocated to airlines based on square footage occupied. Joint use fees are calculated based on a combination of terminal square footage and landed weight activity. Terminal Ramp fees are calculated based on number of square feet of aircraft parking area assigned to signatory airlines. Federal inspection service fees are charged for each arriving international passenger. Revenues recognized from regulated leases for the year ended December 31, 2023 were \$179,047.

Expected future principal and interest requirements to maturity from Regulated Leases at December 31, 2023 are as follows (in thousands), projected by the City using the following assumptions: 1) Revenues earned from the Signatory Airlines (long-term and short-term) for the year ended December 31, 2023, 2) through the expiration of the agreements with the Signatory Airlines, 3) without considering future expansion changes in operations by the Airport.

Years Ending December 31	Amount
2024	\$ 63,068
2025	62,624
2026	62,438
2027	62,438
2028	500
2029–2033	2,002
	<hr/>
Total future minimum rental income	<u><u>\$ 253,070</u></u>

b) Non-Regulated Leases

These contracts allow control of the right to use the Airport’s assets and facilities to lessees for non-aeronautical uses. They are not subject to external laws, regulations, or legal rulings. Lease inflows for non-regulated leases with maximum possible term greater than 12 months at commencement of the leases are recognized in accordance with the provisions of GASB 87. Lease inflows for non-regulated leases with maximum possible term of 12 months or less at commencement of the leases are recognized in accordance with the payment provisions of those leases. The Airport’s non-regulated leases are grouped into the following categories:

i. Ground and facilities

The Airport is a lessor for agreements with tenants that develop the Airport’s real estate for airport-related uses, and concurrent commercial development. The agreements require periodic payments based on ground and facilities rental rates or other amounts as specified in

each lease agreement and is based on square footage. In addition, these agreements may require payment of reimbursable costs and other variable payments. These variable inflows were not included in the measurement of the lease receivable.

ii. Concessions

The Airport is a lessor on contracts that provide concessionaires the right to operate at the Airport. These agreements typically require an operator to pay a minimum guaranteed annual rent amount plus a percentage of the concession operator's gross receipts above a certain threshold. The agreements may also require the operator to reimburse the Airport costs it incurs to maintain areas and facilities used for operations. Performance based and other variable inflows are not included in the measurement of the lease receivable.

iii. Rent-A-Car

The Airport leases square footage to car rental companies at the on-site car rental facility. These agreements require payment of ground rents based on the Airport's ground rental rate and acreage leased. Inflows for ground rents were included in the measurements of the lease receivable. Additionally, these agreements require certain payments based on the lessees' gross receipts in the form of minimum annual guaranteed rents and percent rents, and reimbursement to the Airport of certain costs it incurs to maintain the car rental facility and transportation to and from the terminal areas. Lessees that conduct rental operations from other facilities outside of the Airport's boundaries are required to pay a percent rent based on their gross receipts and certain reimbursable costs to the Airport. The performance-based and variable inflows are not included in the measurement of the lease receivable.

The expected future lease payments that are included in the measurement of the lease receivable as of December 31, 2023 are as follows (in thousands):

Years Ending December 31	Principal	Interest	Amount
2024	\$ 18,205	\$ 8,753	\$ 26,958
2025	18,362	8,588	26,950
2026	19,019	7,839	26,858
2027	18,995	7,072	26,067
2028	19,780	6,287	26,067
2029–2033	105,275	18,558	123,833
2034–2036	<u>37,423</u>	<u>1,994</u>	<u>39,417</u>
Total	<u>\$ 237,059</u>	<u>\$ 59,091</u>	<u>\$ 296,150</u>

The inflows (revenues) recognized in the year ended December 31, 2023, are included in the Rents, Concessions and Other revenue and are as follows (in thousands):

	Amortization of Leases Deferred Inflows	Inflows from Short-Term Leases and Variable Lease Payments	Total
Concessions	\$ 3,244	\$ 67,465	\$ 70,709
Rent-A-Car	<u>5,566</u>	<u>3,118</u>	<u>8,684</u>
Total	<u>\$ 8,810</u>	<u>\$ 70,583</u>	<u>\$ 79,393</u>

7. PENSION PLANS

General Information about the Pension Plan

Plan Description—Eligible Midway Fund employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees’ 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 can be obtained at www.meabf.org, www.labfchicago.org, www.chipabf.org, and www.fabf.org.

Benefits Provided—The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen’s and Firemen’s, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees’ and Laborers’, those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees’ and Laborers’, those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. Public Act 100-0023 (P.A. 100-0023), which established the requirements for Tier 3 employees, includes a provision for Tier 2 employees to elect to be considered as Tier 3 employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2% to 2.5% 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%, compounded, and for Policemen's and the majority of participants in Firemen's 3.0%, simple, for annuitants born before January 1, 1966 and 1.5%, 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% and 50% of CPI-U of the original benefit.

Employees Covered by Benefit Terms—At December 31, 2023, the following City employees were covered by the benefit terms:

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries currently receiving benefits	26,028	3,514	14,762	5,369	49,673
Inactive employees entitled to but not yet receiving benefits	24,483	1,397	1,162	145	27,187
Active employees	<u>36,968</u>	<u>2,643</u>	<u>11,850</u>	<u>4,712</u>	<u>56,173</u>
	<u>87,479</u>	<u>7,554</u>	<u>27,774</u>	<u>10,226</u>	<u>133,033</u>

Contributions—

The City's contributions to the Municipal Employees' and Laborers' Plans are governed by the Illinois Pension Code, which was modified with respect to such contributions by Public Act 100-0023 (P.A. 100-0223), enacted July 6, 2017. Beginning with payment year 2023, P.A. 100-0023 requires that the City's annual contributions to the Municipal Employees' and the Laborers' Plans each be an amount actuarially determined to be sufficient to produce funding level of 90 percent for each such Plan by the end of 2058.

The City's contributions for the Policemen's and Firemen's Plans are governed by the Illinois Pension Code, which was modified with respect to such contributions by Public Act 99-0506 (P.A. 99-0506), enacted on May 31, 2016. Beginning with payment year 2021, the City's annual contributions to the Policemen's and Firemen's Plans 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, Public Act 101-0673 was enacted, which changed the terms of the automatic benefit increase provisions and eligibility for certain Tier 1 participants for the Firemen's Plan. In 2023, Public Act 103-0582 was enacted which grants an annual 3% non-compounded cost-of-living adjustment (COLA) to all Tier 1 Chicago Police retirees who reach age 55 with 20 years of service. In 2023, Public Art 103-0579 was enacted which provides changes to the calculation of the average salary for Tier 2 members.

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).

The contribution to all four pension plans from the Airport was \$25.6 million for the year ended December 31, 2023.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the Airport reported a liability of \$360.9 million for its proportionate share of the net pension liability. The net pension liability was

measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in Actuarial Assumptions—Changes in the municipal bond rate resulted in a decrease in the single discount rate for Municipal Employees', Laborers' and Policemen's. See discount rate section below.

The change in the single discount rate and other assumptions increased the net pension liability by \$5.0 million for Municipal Employees', \$2.9 million for Laborers' and \$0.2 million for Policemen's. These changes are being amortized into expense over a four-year period for Municipal Employees' and Laborers' and a six-year period for Policemen's.

The Airport's proportion of the net pension liability was determined based on the rates of the Airport's salaries within each corresponding pension plan to the total budgeted salaries for 2023. At December 31, 2023, the Airport's proportion was 1.1% of the Municipal Employees' Plan, 1.8% of the Laborer's Plan, .5% of the Policemen's Plan, and 1.4% of the Firemen's Plan.

For the year ended December 31, 2023, the Airport recognized pension expense of \$29.7 million.

At December 31, 2023, the reported deferred outflows of resources of \$24.2 million and deferred inflows of resources of \$8.1 million related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,545	\$ -
Changes of assumptions	4,966	-
Net difference between projected and actual earnings on pension plan investments	<u>2,433</u>	<u>-</u>
Total	<u>\$ 9,944</u>	<u>\$ -</u>

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

**Years Ending
December 31**

2024	\$ 3,037
2025	2,638
2026	3,183
2027	1,086
2028	<u>-</u>
Total	<u>\$ 9,944</u>

Laborers' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 620	\$ 429
Changes of assumptions	2,369	1,075
Net difference between projected and actual earnings on pension plan investments	<u>1,667</u>	<u>-</u>
Total	<u>\$4,656</u>	<u>\$1,504</u>

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

**Years Ending
December 31**

2024	\$ 510
2025	847
2026	1,418
2027	377
2028	<u>-</u>
Total	<u>\$3,152</u>

Policemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,397	\$ 143
Changes of assumptions	2,272	2,432
Net difference between projected and actual earnings on pension plan investments	<u>1,125</u>	<u>-</u>
Total	<u>\$5,794</u>	<u>\$2,575</u>

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

**Years Ending
December 31**

2024	\$ 1,357
2025	1,275
2026	746
2027	(284)
2028	125
	<u> </u>
Total	<u>\$ 3,219</u>

Firemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,626	\$ 1,426
Changes of assumptions	1,137	2,582
Net difference between projected and actual earnings on pension plan investments	<u>1,069</u>	<u> </u>
Total	<u>\$ 3,832</u>	<u>\$ 4,008</u>

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

**Years Ending
December 31**

2024	\$ 366
2025	212
2026	104
2027	(606)
2028	(132)
Thereafter	<u>(120)</u>
Total	<u>\$ (176)</u>

Deferred Outflows Related to Changes in Proportionate Share of Contributions— The Airport's proportion of the net pension liability was determined based on the rates of the Airport's salaries within each corresponding pension plan to the total budgeted salaries for 2023. The changes in the Airport's proportionate share results in a deferred inflow or deferred outflow depending on actuarial reports. For the year ended December 31, 2023, the Airport reported pension charge of \$6.8 million related to changes in its proportionate share of contributions. As of December 31, 2023, the Airport reported deferred inflows of \$36.7 million, and deferred outflows of \$1.4 million, related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension charge/(benefit) over a period of five years.

Actuarial Assumptions—The total pension liability in the December 31, 2023, 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 %	2.50 %
Salary increases	2.50%–14.00 % (a)	3.00 % (b)	3.50 % (c)	3.50%–25.00 % (d)
Investment rate of return	6.75 % (e)	6.75 % (e)	6.75 % (e)	6.75 % (e)

(a) Varying by years of service

(b) Plus a service—based increase in the first 9 years

(c) Plus service based increases consistent with bargaining contracts

(d) Varying by years of service

(e) Net of investment expense

Post-Retirement Mortality

Bargaining Plan Members		Mortality Table Name	Mortality Improvement
Municipal Employees'	Post Retirement	PubG-2010 Retiree Amount-weighted Below Median Mortality Table (sex-specific)	Generational—Scale MP-2021
	Beneficiary	PubG-2010 Contingent Survivor Table Amount-weighted Below Median Mortality Table (sex-specific)	Generational—Scale MP-2021
	Pre-Retirement	PubG-2010 Employee Amount-weighted Below Median Mortality Table (sex-specific)	Generational—Scale MP-2021
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 Table, Sex Distinct	Generational—Scale MP-2018 2-dimentional
	Disabled	Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table, Sex Distinct	Generational—Scale MP-2018 2-dimentional
	Pre-Retirement	Pub-2010 Amount-weighted Safety Employee Mortality Table, Sex Distinct	Generational—Scale MP-2018 2-dimentional
Firemen's	Post Retirement	PubS-2010 Retiree Amount-weighted Mortality Table	Generational—Scale MP-2021
	Disabled	PubS-2010 Disabled Retiree Amount-weighted Mortality Table	Generational—Scale MP-2021
	Beneficiary	Pub-2010 Contingent Survivor Amount-weighted Mortality Table	Generational—Scale MP-2021
	Pre-Retirement	PubS-2010 Employee Amount-weighted Mortality Table	Generational—Scale MP-2021

The mortality actuarial assumptions used in the December 31, 2023, valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal Employees'	January 1, 2017–December 31, 2021
Laborers'	January 1, 2017–December 31, 2019
Policemen's	January 1, 2014–December 31, 2018
Firemen's	January 1, 2017–December 31, 2021

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 as of December 31, 2023, are summarized in the following tables:

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	- %	- %	- %	57.00 %	- %	- %	- %	7.70 %
Domestic equity	26.00	-	-	-	7.30	-	-	-
Domestic large cap equity	-	-	-	-	-	-	-	-
Domestic small cap equity	-	-	-	-	-	-	-	-
U.S. equity	-	25.00	31.50	-	-	5.40	5.50	-
Non U.S. equity	-	20.00	19.50	-	-	5.50	6.85	-
Global equity	5.00	-	-	-	6.20	-	-	-
Global low volatility equity	-	5.00	-	-	-	4.00	-	-
International equity	17.00	-	-	-	7.60	-	-	-
Domestic fixed income	-	-	-	-	-	-	-	-
Fixed income	22.00	20.00	15.00	22.00	4.40	1.10	2.27	5.50
Hedge funds	10.00	10.00	3.00	-	5.50	3.30	3.93	-
Infrastructure	3.00	-	-	-	6.80	-	-	-
Private debt	4.00	3.00	-	-	9.50	7.40	-	-
Private equity	4.00	4.00	-	-	10.60	8.60	-	-
Private markets	-	-	20.00	-	-	-	8.31	-
Global asset allocation	-	-	-	-	-	-	-	-
Real estate	9.00	10.00	11.00	-	6.20	3.90	6.16	-
Risk parity	-	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-
Real assets	-	-	-	-	-	-	-	-
Private real assets	-	3.00	-	-	-	4.70	-	-
Other investments	-	-	-	21.00	-	-	-	6.80
Total	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>				

Discount Rate

Municipal Employees'—The Single Discount Rate used to measure the total pension liability as of December 31, 2023 was 6.38%. 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 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 all projected future benefit payments of current plan members through the year 2075. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to projected benefits for all periods through 2074 and the municipal bond index rate of 3.26% was applied thereafter to determine total pension liability.

Laborers’—A Single Discount Rate of 6.63% was used to measure the total pension liability as of December 31, 2023. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.77% (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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Policemen’s—A Single Discount Rate of 6.62% 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% and a municipal bond rate of 3.77% (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 2079. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2079, and the municipal bond rate was applied to all benefit payments after that date.

Firemen’s—A Single Discount Rate of 6.75% was used to measure the total pension liability as of December 31, 2023. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% for December 31, 2023, and a municipal bond rate of 3.26% as of December 31, 2023 (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2023). 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 the assumptions as of December 31, 2023, 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, as of December 31, 2023, the long-term expected rate of return on pension plan investments was applied to projected benefits for all periods.

Sensitivity of the Airport’s Net Pension Liability to Changes in the Discount Rate

Municipal Employees’—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2023, calculated using the discount rate of 6.38%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.38%) or 1% point higher (7.38%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees’ discount rate	5.38 %	6.38 %	7.38 %
Municipal Employees’ net pension liability	\$ 204,692	\$ 176,816	\$ 153,550

Laborers’—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2023, calculated using the discount rate of 6.63%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.63%) or 1% point higher (7.63%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers’ discount rate	5.63 %	6.63 %	7.63 %
Laborers’ net pension liability	\$ 40,909	\$ 34,322	\$ 28,794

Policemen’s—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2023, calculated using the discount rate of 6.62%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.62%) or 1% point higher (7.62%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Policemen’s discount rate	5.62 %	6.62 %	7.62 %
Policemen’s net pension liability	\$ 82,387	\$ 70,920	\$ 61,415

Firemen’s—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2023, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Firemen’s discount rate	5.75 %	6.75 %	7.75 %
Firemen’s net pension liability	\$ 90,620	\$ 78,879	\$ 69,019

Pension Plan Fiduciary Net (Deficit) Position—Detailed information about the pension plan’s fiduciary net (deficit) position is available in the separately issued Pension Plans financial report.

8. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits, and self-insured risks. Such reimbursements were \$41.6 million in 2023.

9. COMMITMENTS AND CONTINGENCIES

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

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

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the year ended December 31, 2023, are as follows (dollars in thousands):

Beginning balance—January 1	\$ 629
Total claims incurred	6,427
Claims paid	<u>(6,408)</u>
Claims liability—December 31	<u>\$ 648</u>

The City’s property and liability insurance premiums are approximately \$14.5 million per year. The City maintains property and liability insurance coverage for both O’Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2023, with a limit of \$3.5 billion and includes \$3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2024, with a limit of \$1 billion and includes \$1 billion in war and terrorism liability coverage.

At December 31, 2023, the Airport had commitments in the amount of approximately \$39.7 million in connection with contracts entered into for construction projects.

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources:	
Deferred outflows from pension activities accumulated	\$ 24,226
Changes in proportionate share of pension contribution	1,412
Unamortized deferred bond refunding costs	(5,824)
Derivatives	<u>6,622</u>
Total deferred outflows of resources	<u>\$ 26,436</u>
Deferred inflows of resources—deferred inflows from pension activities	\$ 44,806
Deferred Inflows of Leases	232,684

Refer to Note 7 Pension Plans—Deferred Outflows Related to Pension Activities and to Changes in Proportionate Share of Contributions sections. Refer to Note 6 for deferred inflows related to leases.

11. SUBSEQUENT EVENTS

The Airport has evaluated events occurring subsequent to December 31, 2023, and through June 28, 2024, the date the financial statements were available to be issued. The City did not identify any subsequent events to be disclosed apart from those discussed below.

In January 2024, the City sold its \$381,765,000 aggregate principal amount of Chicago Midway Airport Senior Lien Airport Revenue Refunding Bonds Series 2023C (AMT). The Midway 2023C Bonds were issued at 5.0% interest rates with maturities between January 1, 2025 and January 1, 2041. Proceeds of the Midway 2023C Bonds were used to refund certain prior airport obligations and pay costs of issuance.

In March 2024, the City sold its \$71,720,000 aggregate principal amount of Chicago Midway Airport Senior Lien Airport Revenue Refunding Bonds, Series 2024A (AMT) and \$7,805,000 Senior Lien Airport Revenue Refunding Bonds, Series 2024B (Non-AMT). The Midway 2024A and 2024B Bonds were issued at interest rates of 5.0% with maturity dates between January 1, 2025 and January 1, 2035. Proceeds of the Midway 2024A and 2024B Bonds were used to finance certain prior airport obligations, fund termination payments

for a swap agreement corresponding to such prior airport obligations and pay costs of issuance for the Midway 2024A and 2024B Bonds.

* * * * *

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS
(Dollars are in thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
MUNICIPAL EMPLOYEES*:									
Total pension liability:									
Service cost*	\$ 316,247	\$ 263,993	\$ 246,066	\$ 236,302	\$ 228,465	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
Interest	1,242,052	1,269,645	1,228,905	1,190,694	1,159,253	1,123,348	915,711	878,369	909,067
Differences between expected and actual experience	155,758	84,258	121,988	100,938	16,676	95,540	(177,755)	(127,119)	(109,865)
Assumption changes	442,725	143,996	-	-	-	-	(7,431,191)	(578,920)	8,711,755
Benefit payments including refunds	(1,095,929)	(1,055,585)	(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Net change in total pension liability	1,060,853	706,307	586,768	554,456	451,742	526,218	(7,008,875)	(67,599)	11,051,746
Total pension liability—beginning	19,107,887	18,401,580	17,814,812	17,260,356	16,808,614	16,282,396	23,291,271	23,358,870	12,307,094
Total pension liability—ending (a)	20,168,740	19,107,887	18,401,580	17,814,812	17,260,356	16,808,614	16,282,396	23,291,271	23,358,840
Plan fiduciary net position:									
Contributions—employer***	1,077,258	959,550	573,198	496,992	418,269	349,574	261,764	149,718	149,225
Contributions—employee	194,174	176,339	163,411	157,798	146,645	138,400	134,765	130,391	131,428
Net investment income	359,991	(429,912)	498,299	335,403	560,940	(204,975)	610,515	281,419	114,025
Benefit payments including refunds of employee contribution	(1,095,929)	(1,055,585)	(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Administrative expenses	(6,651)	(6,873)	(6,687)	(7,118)	(6,740)	(6,639)	(6,473)	(7,056)	(6,701)
Other	-	-	-	-	-	-	5,394	-	-
Net change in plan fiduciary net position	528,843	(356,481)	218,030	9,597	166,462	(639,838)	117,791	(305,200)	(438,059)
Plan fiduciary net position—beginning	3,951,788	4,308,269	4,090,239	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427	5,179,486
Plan fiduciary net position—ending (b)	4,480,631	3,951,788	4,308,269	4,090,239	4,080,642	3,914,180	4,554,018	4,436,227	4,741,427
NET PENSION LIABILITY—Ending (a)–(b)	\$ 15,688,109	\$ 15,156,099	\$ 14,093,311	\$ 13,724,573	\$ 13,179,714	\$ 12,894,434	\$ 11,728,378	\$ 18,855,044	\$ 18,617,413
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY									
	22.22 %	20.68 %	23.41 %	22.96 %	23.64 %	23.29 %	27.97 %	19.05 %	20.30 %
ALLOCATED COVERED PAYROLL**	\$ 26,860	\$ 26,732	\$ 29,709	\$ 26,921	\$ 26,905	\$ 25,353	\$ 23,019	\$ 15,292	\$ 15,138
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL									
	658.29 %	699.67 %	704.24 %	737.13 %	731.07 %	743.37 %	695.41 %	1,144.85 %	1,132.81 %
ALLOCATED NET PENSION LIABILITY	\$ 176,816	\$ 187,037	\$ 209,223	\$ 198,443	\$ 196,694	\$ 188,469	\$ 160,076	\$ 175,069	\$ 171,485
ALLOCATED PERCENTAGE	1.13 %	1.23 %	1.48 %	1.45 %	1.49 %	1.46 %	1.36 %	0.93 %	0.92 %

* Includes pension plan administrative expense.

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

*** Includes City's supplemental pension contribution starting 2023. In 2023, the contribution was \$101.6 million.

Ten year information will be provided prospectively starting with year 2015.

(Continued)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS
(Dollars are in thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
LABORERS':									
Total pension liability:									
Service cost*	\$ 35,725	\$ 39,331	\$ 40,411	\$ 39,216	\$ 38,522	\$ 40,801	\$ 80,232	\$ 82,960	\$ 38,389
Interest	197,214	193,347	192,343	191,099	188,347	183,135	154,047	150,166	153,812
Benefit changes	-	-	-	-	-	-	150	-	384,033
Differences between expected and actual experience	43,615	(27,236)	(31,083)	(18,992)	(8,820)	15,143	(62,178)	(30,428)	(46,085)
Assumption changes	158,524	(109,355)	21,870	44,034	32,846	(11,788)	(1,074,754)	(62,905)	1,175,935
Benefit payments including refunds	(180,947)	(177,162)	(172,514)	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Pension plan administrative expense	(3,396)	(3,607)	(3,837)	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Net change in total pension liability	250,735	(84,682)	47,190	82,685	82,245	63,297	(1,063,538)	(18,970)	1,549,710
Total pension liability—beginning	<u>2,820,842</u>	<u>2,905,524</u>	<u>2,858,334</u>	<u>2,775,649</u>	<u>2,693,404</u>	<u>2,630,107</u>	<u>3,693,645</u>	<u>3,712,615</u>	<u>2,162,905</u>
Total pension liability—ending (a)	<u>3,071,577</u>	<u>2,820,842</u>	<u>2,905,524</u>	<u>2,858,334</u>	<u>2,775,649</u>	<u>2,693,404</u>	<u>2,630,107</u>	<u>3,693,645</u>	<u>3,712,615</u>
Plan fiduciary net position:									
Contributions—employer***	123,796	116,176	84,969	73,744	59,346	47,844	35,457	12,603	12,412
Contributions—employee	19,136	19,069	17,637	18,064	18,143	17,837	17,411	17,246	16,844
Net investment income	98,494	(161,680)	138,105	163,057	184,027	(75,219)	207,981	57,997	(22,318)
Benefit payments including refunds of employee contribution	(180,947)	(177,162)	(172,514)	(169,056)	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Administrative expenses	(3,396)	(3,607)	(3,837)	(3,616)	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Other	-	-	-	-	-	661	-	-	-
Net change in plan fiduciary net position	57,083	(207,204)	64,360	82,193	92,866	(172,871)	99,814	(70,917)	(149,436)
Plan fiduciary net position—beginning	<u>1,126,898</u>	<u>1,334,102</u>	<u>1,269,742</u>	<u>1,187,549</u>	<u>1,094,683</u>	<u>1,267,554</u>	<u>1,167,740</u>	<u>1,238,657</u>	<u>1,388,093</u>
Plan fiduciary net position—ending (b)	<u>1,183,981</u>	<u>1,126,898</u>	<u>1,334,102</u>	<u>1,269,742</u>	<u>1,187,549</u>	<u>1,094,683</u>	<u>1,267,554</u>	<u>1,167,740</u>	<u>1,238,657</u>
NET PENSION LIABILITY—Ending (a)–(b)	<u>\$1,887,596</u>	<u>\$1,693,944</u>	<u>\$1,571,422</u>	<u>\$1,588,592</u>	<u>\$1,588,100</u>	<u>\$1,598,721</u>	<u>\$1,362,553</u>	<u>\$2,525,905</u>	<u>\$2,473,958</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>38.55 %</u>	<u>39.95 %</u>	<u>45.92 %</u>	<u>44.42 %</u>	<u>42.78 %</u>	<u>40.64 %</u>	<u>48.19 %</u>	<u>31.61 %</u>	<u>33.36 %</u>
ALLOCATED COVERED PAYROLL**	<u>\$ 4,341</u>	<u>\$ 4,032</u>	<u>\$ 3,530</u>	<u>\$ 3,364</u>	<u>\$ 3,118</u>	<u>\$ 3,075</u>	<u>\$ 3,098</u>	<u>\$ 3,172</u>	<u>\$ 3,060</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	<u>790.70 %</u>	<u>791.22 %</u>	<u>740.88 %</u>	<u>766.71 %</u>	<u>750.49 %</u>	<u>755.96 %</u>	<u>653.68 %</u>	<u>1,213.47 %</u>	<u>1,208.15 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 34,322</u>	<u>\$ 31,902</u>	<u>\$ 26,153</u>	<u>\$ 25,793</u>	<u>\$ 23,398</u>	<u>\$ 23,248</u>	<u>\$ 20,249</u>	<u>\$ 38,495</u>	<u>\$ 36,973</u>
ALLOCATED PERCENTAGE	<u>1.81 %</u>	<u>1.88 %</u>	<u>1.66 %</u>	<u>1.62 %</u>	<u>1.47 %</u>	<u>1.45 %</u>	<u>1.49 %</u>	<u>1.52 %</u>	<u>1.50 %</u>

* Includes pension plan administrative expense.

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

*** Includes City's supplemental pension contribution starting 2023. In 2023, the contribution was \$12.1 million.

Ten year information will be provided prospectively starting with year 2016.

(Continued)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS
(Dollars are in thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
POLICEMEN'S:									
Total pension liability:									
Service cost*	\$ 267,382	\$ 294,515	\$ 284,707	\$ 286,537	\$ 240,383	\$ 242,998	\$ 237,333	\$ 220,570	\$ 213,585
Interest	1,062,690	1,011,977	963,417	942,623	944,739	931,731	917,720	851,098	832,972
Benefit changes	1,060,152	40,210	-	-	24,216	-	-	606,250	-
Differences between expected and actual experience	107,955	179,968	450,528	61,914	(68,010)	(281,151)	(299,923)	1,801	(105,969)
Assumption changes	40,696	(700,065)	37,029	260,021	1,140,418	(259,052)	238,975	112,585	-
Benefit payments including refunds	(987,199)	(947,589)	(887,076)	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Pension plan administrative expense	(4,260)	(4,394)	(3,337)	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Net change in total pension liability	1,547,416	(125,378)	845,268	705,138	1,476,344	(141,204)	341,371	1,080,358	259,303
Total pension liability—beginning	16,214,630	16,340,008	15,494,740	14,789,602	13,313,258	13,454,462	13,113,091	12,032,733	11,773,430
Total pension liability—ending (a)	17,762,046	16,214,630	16,340,008	15,494,740	14,789,602	13,313,258	13,454,462	13,113,091	12,032,733
Plan fiduciary net position:									
Contributions—employer***	942,953	801,706	788,770	739,441	581,936	588,035	494,483	272,428	572,836
Contributions—employee	115,162	114,403	136,225	113,622	110,792	107,186	103,011	101,476	107,626
Net investment income	316,389	(324,259)	370,141	271,891	369,982	(137,977)	412,190	142,699	(5,334)
Benefit payments including refunds of employee contribution	(987,199)	(947,589)	(887,076)	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Administrative expenses	(4,260)	(4,394)	(3,337)	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Other	109	368	91	472	(59)	1,600	97	1,413	3,092
Net change in plan fiduciary net position	383,154	(359,765)	404,814	279,469	257,249	(216,886)	257,047	(193,930)	(3,065)
Adjustment as of January 1,	-	(119)	(48)						
Plan fiduciary net position—beginning	3,486,780	3,846,664	3,441,898	3,162,429	2,905,089	3,122,066	2,865,019	3,058,949	3,062,014
Plan fiduciary net position—ending (b)	3,869,934	3,486,780	3,846,664	3,441,898	3,162,338	2,905,180	3,122,066	2,865,019	3,058,949
NET PENSION LIABILITY—Ending (a)-(b)	\$ 13,892,112	\$ 12,727,850	\$ 12,493,344	\$ 12,052,842	\$ 11,627,264	\$ 10,408,078	\$ 10,332,396	\$ 10,248,072	\$ 8,973,784
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.79 %	21.50 %	23.54 %	22.21 %	21.38 %	21.82 %	23.20 %	21.85 %	25.42 %
ALLOCATED COVERED PAYROLL**	\$ 6,839	\$ 7,462	\$ 6,904	\$ 6,696	\$ 7,187	\$ 5,492	\$ 5,361	\$ 5,022	4,401
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	1,036.99 %	998.94 %	992.89 %	1,007.78 %	946.08 %	863.51 %	898.15 %	915.39 %	825.81 %
ALLOCATED NET PENSION LIABILITY	\$ 70,920	\$ 74,541	\$ 68,549	\$ 67,477	\$ 67,996	\$ 47,425	\$ 48,149	\$ 45,971	36,344
ALLOCATED PERCENTAGE	0.51 %	0.59 %	0.55 %	0.56 %	0.58 %	0.46 %	0.47 %	0.45 %	0.41 %

* Includes pension plan administrative expense

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

*** Includes City's supplemental pension contribution starting 2023. In 2023, the contribution was \$89.5 million

Ten year information will be provided prospectively starting with year 2016.

(Continued)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS
(Dollars are in thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
FIREMEN'S:									
Total pension liability:									
Service cost	\$ 120,151	\$ 111,917	\$ 112,730	\$ 109,487	\$ 102,141	\$ 97,143	\$ 93,367	\$ 94,115	\$ 87,203
Interest	481,018	466,819	429,630	410,128	408,586	410,821	371,622	342,085	338,986
Benefit changes	4,964	11,737	196,531	-	-	-	-	227,213	-
Differences between expected and actual experience	(83,067)	(30,667)	93,928	174,717	(65,213)	(56,418)	26,954	24,110	(7,981)
Assumption changes		53,665	(340,370)	30,468	190,954	382,611	414,219	(74,373)	176,282
Benefit payments including refunds	(420,725)	(401,968)	(388,674)	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Pension plan administrative expense		-	-	-	-	(3,285)	(3,172)	(3,217)	(3,149)
Net change in total pension liability	102,341	211,503	103,775	358,640	290,131	506,210	596,892	323,174	313,324
Total pension liability—beginning	7,216,409	7,004,906	6,901,131	6,542,491	6,252,360	5,746,150	5,149,258	4,826,084	4,512,760
Total pension liability—ending (a)	7,318,750	7,216,409	7,004,906	6,901,131	6,542,491	6,252,360	5,746,150	5,149,258	4,826,084
Plan fiduciary net position:									
Contributions—employer***	467,098	399,210	367,481	368,423	255,382	249,684	228,453	154,101	236,104
Contributions—employee	52,456	53,031	52,268	54,414	46,623	45,894	47,364	48,960	46,552
Net investment income	129,524	(155,590)	129,513	105,367	161,082	(58,000)	140,570	60,881	7,596
Benefit payments including refunds of employee contribution	(420,725)	(401,968)	(388,674)	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Administrative expenses	(3,584)	(3,390)	(3,082)	(2,991)	(3,226)	(3,285)	(3,172)	(3,217)	(3,149)
Other	7	5	5	13	507	6	22	(53)	7
Net change in plan fiduciary net position	224,776	(108,702)	157,511	159,066	114,031	(90,363)	107,139	(26,087)	9,093
Plan fiduciary net position—beginning	1,357,696	1,466,398	1,308,887	1,149,821	1,035,790	1,126,153	1,019,014	1,045,101	1,036,008
Plan fiduciary net position—ending (b)	1,582,472	1,357,696	1,466,398	1,308,887	1,149,821	1,035,790	1,126,153	1,019,014	1,045,101
NET PENSION LIABILITY—Ending (a)-(b)	\$ 5,736,278	\$ 5,858,713	\$ 5,538,508	\$ 5,592,244	\$ 5,392,670	\$ 5,216,570	\$ 4,619,997	\$ 4,130,244	\$ 3,780,983
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.62 %	18.81 %	20.93 %	18.97 %	17.57 %	16.57 %	19.60 %	19.79 %	21.66 %
ALLOCATED COVERED PAYROLL**	\$ 7,203	\$ 7,169	\$ 6,858	\$ 6,839	\$ 6,163	\$ 6,181	\$ 6,313	\$ 6,628	\$ 6,303
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL	1,095.05 %	1,114.88 %	1,064.96 %	1,117.63 %	1,179.80 %	1,141.56 %	984.22 %	863.22 %	812.71 %
ALLOCATED NET PENSION LIABILITY	\$ 78,879	\$ 79,926	\$ 73,035	\$ 76,431	\$ 72,707	\$ 70,560	\$ 62,136	\$ 57,212	\$ 51,224
ALLOCATED PERCENTAGE	1.38 %	1.36 %	1.32 %	1.37 %	1.35 %	1.35 %	1.34 %	1.39 %	1.36 %

* Includes pension plan administrative expense.

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

*** Includes City's supplemental pension contribution starting 2023. In 2023, the contribution was \$38.7 million.

Note: Ten year information will be provided prospectively starting with year 2016.

(Concluded)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)**

Municipal Employees'	Years Ended December 31	Contributions in Relation to the			Contributions as a Percentage of Covered Payroll	
		Actuarially Determined Contributions	Actuarially Determined Contribution	Contribution Deficiency		Covered Payroll*
	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
	2022	1,262,413	959,550	302,863	2,166,182	44.30
	2023	1,273,345	1,077,258	196,087	2,383,203	45.20

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

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

Laborers'	Years Ended December 31	Contributions in Relation to the			Contributions as a Percentage of Covered Payroll	
		Actuarially Determined Contributions*	Actuarially Determined Contribution	Contribution Deficiency		Covered Payroll**
	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
	2022	153,023	116,176	36,847	214,083	54.27
	2023	153,405	123,796	29,609	238,725	51.86

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

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

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

(Continued)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)**

Policemen's: Years Ended December 31	Contributions in Relation to the				Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contributions*	Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	
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
2022	1,085,159	802,074	283,085	1,274,050	62.95
2023	1,118,719	943,062	175,657	1,339,704	70.39

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

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

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

Firemen's: Years Ended December 31	Contributions in Relation to the				Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contributions*	Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	
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
2022	509,936	399,210	110,726	525,480	75.97
2023	528,572	467,098	61,474	523,829	89.17

*The FABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30 year open 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.

The schedule of contribution amounts are presented City-wide, as statutory requirement is for contribution is for the City of Chicago and not the individual Enterprise fund.

(Continued)

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)**

Actuarial Methods and Assumptions	Municipal Employees'		Laborers'		Policemen's		Firemen's	
Actuarial valuation date	12/31/2022		12/31/2022		12/31/2022		12/31/2022	
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%		2.50%	
Salary increases	2.50%–14.00%	(a)	3.00%	(b)	3.50%	(c)	3.5%–25.00%	(d)
Investment rate of return	6.75%	(e)	7.25%	(f)	6.75%		6.75%	(e)
Retirement age	(g)		(h)		(i)		(j)	
Mortality	(k)		(l)		(m)		(n)	
Other information	(o)		(p)		(q)		(o)	

- (a) Varying by years of service and employer.
- (b) Plus a service-based increase in the first 9 years.
- (c) Plus service based increases consistent with bargaining contracts.
- (d) Varying by years of service.
- (e) Net of investment expense
- (f) Net of investment expense, including inflation
- (g) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2022). 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).
- (h) 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.
- (i) 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.
- (j) Retirement rates are based on the recent experience of the Fund (effective December 31, 2022).
- (k) 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.
- (l) 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.
- (m) 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.
- (n) 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.
- (o) Other assumptions: Same as those used in the December 31, 2021, actuarial funding valuations.
- (p) The actuarial valuation is based on the statutes in effect as of December 31, 2020.
- (q) The actuarially determined contribution for fiscal year ending December 31, 2023 was determined in the funding actuarial valuation as of December 31, 2022 and the statutory contribution (upon which the actual contribution was based) for fiscal year ending December 31, 2023 was determined in the funding actuarial valuation as of December 31, 2021, which were both based on the assumptions summarized above.

ADDITIONAL INFORMATION

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(\$ in thousands)**

	2023	2022
REVENUES:		
Total revenues—as defined	\$ 317,423	\$ 247,264
Other available moneys (passenger facility charges)	43,862	36,566
Revenue Fund balance on first day of fiscal year (Note 2)	<u>35,257</u>	<u>24,442</u>
TOTAL REVENUES	<u>\$ 396,542</u>	<u>\$ 308,272</u>
COVERAGE REQUIREMENT—Required deposits from revenues:		
Debt Service Fund	\$ 7,642	\$ 4,538
Operation and maintenance reserve account	7,869	2,773
Second/Junior Lien Obligation Debt Service Fund	124,594	128,044
Second Lien Obligation Program Fee Fund	2,153	2,355
Repair and Maintenance Fund	<u>1,658</u>	<u>1,642</u>
TOTAL FUND DEPOSIT REQUIREMENTS	<u>\$ 143,916</u>	<u>\$ 139,352</u>
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	<u>\$ 7,801</u>	<u>\$ 4,541</u>
NET AGGREGATE DEBT SERVICE	<u>\$ 7,801</u>	<u>\$ 4,541</u>
	<u>1.25</u>	<u>1.25</u>
NET DEBT SERVICE REQUIRED COVERAGE	<u>\$ 9,751</u>	<u>\$ 5,676</u>
OPERATION AND MAINTENANCE EXPENSES	\$ 205,261	\$ 138,909
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125% of aggregate debt service)	<u>143,916</u>	<u>139,352</u>
TOTAL COVERAGE REQUIRED	<u>\$ 349,177</u>	<u>\$ 278,261</u>
TOTAL REVENUES	<u>\$ 396,542</u>	<u>\$ 308,272</u>
COVENANT COVERAGE RATIO	<u>1.14</u>	<u>1.11</u>

See notes to debt service coverage calculations.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

1. RATE COVENANT

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

Midway Airport contributed \$25.6 million of cash to the pension funds.

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

2. FUND DEPOSIT REQUIREMENTS

The Airport excludes the Airport Development Fund in the Debt Service Coverage calculation. This fund can be used by the City for any lawful Airport purpose and therefore can be used to fulfill any debt service obligations. The cash balance as of December 31, 2023 was \$16.7 million.

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**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**ADDITIONAL SUPPLEMENTARY INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(\$ in thousands)**

	2023	2022
REVENUES:		
Total revenues—as defined	\$ 317,423	\$ 247,264
Other available moneys (passenger facility charges)	43,862	36,566
Revenue fund balance on first day of fiscal year (Note 2)	<u>35,257</u>	<u>24,442</u>
TOTAL REVENUES FOR CALCULATION OF COVERAGE	<u>\$ 396,542</u>	<u>\$ 308,272</u>
COVERAGE REQUIREMENT—Required deposits from revenues:		
First Lien and Senior Lien Debt Service Fund	\$ 7,642	\$ 4,538
Operation and maintenance reserve account	7,869	2,773
Second Lien Obligation Debt Service Fund	124,594	128,044
Second Lien Obligation Program Fee Fund	2,153	2,355
Repair and Replacement Fund	<u>1,658</u>	<u>1,642</u>
TOTAL FUND DEPOSIT REQUIREMENTS	<u>\$ 143,916</u>	<u>\$ 139,352</u>
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	<u>\$ 7,801</u>	<u>\$ 4,541</u>
Net aggregate First Lien Debt Service	7,801	4,541
	<u>1.25</u>	<u>1.25</u>
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	<u>\$ 9,751</u>	<u>\$ 5,676</u>
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	<u>\$ 143,916</u>	<u>\$ 139,352</u>
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien and Senior Lien Debt Service	\$ 8,330	\$ 4,541
Aggregate Second Lien Debt Service	124,451	128,313
Less amounts transferred from Junior Lien Capitalized Interest Accounts	<u>(529)</u>	<u>-</u>
Net aggregate First and Second Lien Debt Service	132,252	132,854
	<u>1.10</u>	<u>1.10</u>
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	<u>\$ 145,477</u>	<u>\$ 146,139</u>
GREATER OF FUND DEPOSIT REQUIREMENTS OR 110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	<u>\$ 145,477</u>	<u>\$ 146,139</u>
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	<u>\$ 145,477</u>	<u>\$ 146,139</u>
RATE COVENANT CALCULATION:		
Operation and maintenance expenses	\$ 205,261	\$ 138,909
110% of aggregate First and Second Lien Debt Service	<u>145,477</u>	<u>146,139</u>
TOTAL COVERAGE REQUIRED	<u>\$ 350,738</u>	<u>\$ 285,048</u>
TOTAL REVENUES	<u>\$ 396,542</u>	<u>\$ 308,272</u>
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	<u>\$ 45,804</u>	<u>\$ 23,224</u>
COVENANT COVERAGE RATIO	<u>1.13</u>	<u>1.08</u>
COVERAGE CALCULATION:		
Total revenues	\$ 396,542	\$ 308,272
Operation and maintenance expenses	<u>205,261</u>	<u>138,909</u>
TOTAL REVENUES AVAILABLE FOR AGGREGATE DEBT SERVICE	191,281	169,363
AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	<u>132,252</u>	<u>132,854</u>
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	<u>\$ 59,029</u>	<u>\$ 36,509</u>
COVERAGE RATIO	<u>1.45</u>	<u>1.27</u>

See notes to debt service coverage calculations.

CITY OF CHICAGO, ILLINOIS

CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION

CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS

NOTES TO DEBT SERVICE COVERAGE CALCULATIONS

YEARS ENDED DECEMBER 31, 2023 AND 2022

1. RATE COVENANT

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

Midway Airport contributed \$25.6 million of cash to the pension funds.

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

2. FUND DEPOSIT REQUIREMENTS

The Airport excludes the Airport Development Fund in the Debt Service Coverage calculation. This fund can be used by the City for any lawful Airport purpose and therefore can be used to fulfill any debt service obligations. The cash balance as of December 31, 2023 was \$16.7 million.

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PART III

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL INFORMATION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023
(\$ in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUES:										
Landing fees	\$ 42,539	\$ 48,350	\$ 49,186	\$ 54,165	\$ 58,304	\$ 56,604	\$ 38,772	\$ 52,166	\$ 58,445	\$ 80,426
Rental revenues:										
Terminal area use charges	40,916	36,273	38,239	41,251	47,821	68,827	74,714	85,886	78,781	98,621
Other rentals and fueling system fees	24,197	25,945	26,396	27,912	28,755	32,615	29,486	24,891	36,028	43,297
Subtotal rental revenues	65,113	62,218	64,635	69,163	76,576	101,442	104,200	110,777	114,809	141,918
Concessions:										
Auto parking	34,226	35,772	36,665	38,317	36,602	34,430	14,299	27,797	35,901	39,567
Auto rentals	10,743	11,104	11,390	11,287	11,022	11,135	9,693	9,838	8,413	9,876
Restaurant	11,090	12,150	13,019	14,912	16,167	16,227	13,390	13,652	9,685	16,958
News and gifts	3,761	4,128	4,471	4,729	5,379	5,497	5,716	4,717	3,892	6,462
Other	2,787	2,397	2,827	2,452	2,483	2,199	1,670	1,881	1,279	1,626
Subtotal concessions	62,607	65,551	68,372	71,697	71,653	69,488	44,768	57,885	59,170	74,489
Reimbursements	-	-	-	-	-	-	-	-	-	-
Total operating revenues ⁽¹⁾	170,259	176,119	182,193	195,025	206,533	227,534	187,740	220,828	232,424	296,833
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages ⁽²⁾	47,836	43,343	48,548	48,185	51,408	55,571	55,964	57,489	60,146	63,773
Pension expense	-	60,767	47,879	40,211	42,843	47,537	22,510	27,444	35,852	29,681
Repairs and maintenance	44,160	44,095	48,277	44,506	47,326	47,021	43,737	48,910	53,124	61,517
Energy	7,060	6,868	7,221	6,984	7,104	7,728	6,400	6,987	7,321	10,220
Materials and supplies	1,971	2,522	2,016	1,932	2,397	3,061	5,689	2,553	2,372	2,977
Professional and engineering services	23,255	20,954	20,851	24,344	24,144	22,113	20,783	22,033	23,535	28,064
Other operating expenses	5,314	5,327	7,813	4,803	6,188	5,151	8,807	23,883	3,414	14,462
Total operating and maintenance expenses before depreciation and amortization ⁽³⁾	129,596	183,876	182,605	170,965	181,410	188,182	163,890	189,299	185,764	210,694
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION ⁽⁴⁾	\$ 40,663	\$ (7,757)	\$ (412)	\$ 24,060	\$ 25,123	\$ 39,352	\$ 23,850	\$ 31,529	\$ 46,660	\$ 86,139
COVENANT COVERAGE CALCULATION—FIRST LIEN	1.09	1.11	1.04	1.05	1.04	1.08	1.11	1.14	1.11	1.13
COVENANT COVERAGE CALCULATION—SECOND LIEN	1.09	1.10	1.04	1.04	1.01	1.06	1.07	1.11	1.08	1.13

⁽¹⁾ Average annual compound growth rate for 2014–2023 for total operating revenues is 6.4%.

⁽²⁾ Salaries and wages includes charges for pension, health care and other employee benefits for years 2014–2023.

⁽³⁾ Average annual compound growth rate for 2014–2023 for total operating and maintenance expenses before depreciation and amortization is 5.5%.

⁽⁴⁾ Amount for 2023 may be reconciled to operating income of \$29,230 reported in the 2023 Statement of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of \$56,909. Amount for prior years may be reconciled through similar calculations. \$22.5 million is the portion of the City's pension cash contribution payable in 2023 to the pension funds and allocable to Midway Airport. Accordingly, only \$22.5 million should be included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

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

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**DEBT SERVICE SCHEDULE
(\$ in thousands)**

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

Year Ending	Debt Service (Senior Lien)		Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service (Second Lien)	
	Series 2023	Total	Series 2004	Series 2013	Series 2014	Series 2016	Series 2018	Total	Total
	Senior Lien	Debt	Second Lien	Second Lien	Second Lien	Second Lien	Second Lien	Debt	Debt Service
December 31	Bonds	Service	Bonds	Bonds	Bonds	Bonds	Bonds	Service ⁽¹⁾	
2024	\$ 16,926	\$ 16,926	\$ 9,982	\$ 16,806	\$ 58,406	\$ 21,772	\$ 5,266	\$ 112,232	\$ 129,158
2025	49,757	49,757	9,986	1,424	48,135	20,522	5,266	85,333	135,090
2026	49,922	49,922	10,003	-	48,108	20,515	5,263	83,889	133,811
2027	52,533	52,533	9,957	-	48,082	20,505	5,256	83,800	136,333
2028	53,432	53,432	10,000	-	48,048	20,494	5,251	83,793	137,225
2029	53,465	53,465	10,002	-	48,132	20,483	3,808	82,425	135,890
2030	42,064	42,064	10,039	-	59,454	20,474	-	89,967	132,031
2031	48,927	48,927	10,037	-	52,503	20,463	-	83,003	131,930
2032	56,777	56,777	10,042	-	43,921	20,500	-	74,463	131,240
2033	55,718	55,718	10,033	-	43,889	20,498	-	74,420	130,138
2034	54,655	54,655	10,056	-	43,852	20,485	-	74,393	129,048
2035	86,474	86,474	10,086	-	10,945	20,473	-	41,504	127,978
2036	18,904	18,904	-	-	18,891	20,403	-	39,294	58,198
2037	8,594	8,594	-	-	33,191	20,392	-	53,583	62,177
2038	8,590	8,590	-	-	33,165	20,376	-	53,541	62,131
2039	8,585	8,585	-	-	33,136	20,356	-	53,492	62,077
2040	8,584	8,584	-	-	33,108	20,338	-	53,446	62,030
2041	8,566	8,566	-	-	32,980	20,319	-	53,299	61,865
2042	8,565	8,565	-	-	38,044	20,302	-	58,346	66,911
2043	8,549	8,549	-	-	38,239	20,281	-	58,520	67,069
2044	8,547	8,547	-	-	38,435	20,262	-	58,697	67,244
2045	8,535	8,535	-	-	-	20,241	-	20,241	28,776
2046	8,535	8,535	-	-	-	20,213	-	20,213	28,748
2047	8,518	8,518	-	-	-	-	-	-	8,518
2048	8,506	8,506	-	-	-	-	-	-	8,506
2049	8,502	8,502	-	-	-	-	-	-	8,502
2050	8,492	8,492	-	-	-	-	-	-	8,492
2051	8,486	8,486	-	-	-	-	-	-	8,486
2052	8,473	8,473	-	-	-	-	-	-	8,473
2053	8,461	8,461	-	-	-	-	-	-	8,461
	<u>\$784,642</u>	<u>\$784,642</u>	<u>\$120,223</u>	<u>\$ 18,230</u>	<u>\$852,664</u>	<u>\$470,667</u>	<u>\$30,110</u>	<u>\$1,491,894</u>	<u>\$2,276,536</u>

⁽¹⁾ Assumes an interest rate effective at December 31, 2023, on \$220,385 of Second Lien Bonds that are variable-rate demand obligations.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**CAPITAL IMPROVEMENT PROGRAM 2024–2028
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2023
(\$ in thousands)**

ESTIMATED SOURCES:

AIP—entitlements	\$ 15,000
AIP—discretionary	205,589
Airport development fund	41,045
State Grant	20,720
Series 2010 Bonds	13,997
Series 2014 Bonds	36,944
Series 2016 Bonds	54,191
Future Bonds	<u>385,447</u>

TOTAL ESTIMATED SOURCES \$ 772,933

ESTIMATED USES:

Terminal area projects	\$ 100,142
Land acquisition	12,729
Airfield projects	413,156
Parking/roadway projects	9,596
Noise projects	176,021
Safety and security	44,789
Implementation	<u>16,500</u>

TOTAL ESTIMATED USES \$ 772,933

Source: City of Chicago Department of Aviation.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**HISTORICAL ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023**

Years	Domestic Air Carrier	Domestic Commuter ⁽¹⁾	Total Domestic	International Enplanements	Total Enplanements	Percent Change
2014	10,315,089	-	10,315,089	292,907	10,607,996	3.3 %
2015	10,731,246	-	10,731,246	386,977	11,118,223	4.8
2016	10,953,566	-	10,953,566	392,182	11,345,748	2.0
2017	10,825,564	-	10,825,564	406,708	11,232,272	(1.0)
2018	10,625,852	-	10,625,852	396,372	11,022,224	(1.9)
2019	10,021,351	-	10,021,351	396,464	10,417,815	(5.5)
2020 ⁽²⁾	4,311,767	-	4,311,767	134,139	4,445,906	(57.3)
2021	7,663,768	-	7,663,768	260,576	7,924,344	78.2
2022	9,601,294	-	9,601,294	345,588	9,946,882	25.5
2023	10,616,345	-	10,616,345	371,430	10,987,775	10.5

Average Annual Compound Growth Rates

2014–2023	0.3 %	0.3 %	2.7 %	0.4 %
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⁽¹⁾ "Domestic Air Carrier" includes General Aviation.

⁽²⁾ Reduction in Enplanements due to the impact of the COVID-19 pandemic on air travel.

Source: City of Chicago Department of Aviation.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023**

	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	9,262,733	87.3 %	10,281,189	92.5 %	10,520,571	92.7 %	10,415,087	92.7 %	10,240,801	92.9 %	9,622,343	92.4 %	4,166,573	93.7 %	7,396,910	93.3 %	8,887,860	89.4 %	9,593,920	87.3 %
AirTran	383,443	3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Frontier	157,835	1.5	8,658	0.1	-	-	-	-	-	-	-	-	-	-	-	-	359,291	3.6	666,655	6.1
Shuttle America (Delta Express)	7,830	0.1	640	-	3,535	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Volaris	95,082	0.9	110,969	1.0	139,148	1.2	149,776	1.3	146,745	1.3	149,776	1.4	163,001	3.7	107,476	1.4	201,206	2.0	217,539	2.0
Delta	265,134	2.5	278,356	2.5	266,281	2.3	247,076	2.2	227,967	2.1	247,076	2.4	59,603	1.3	74,601	0.9	147,219	1.5	172,959	1.6
All other airlines	435,939	4.1	438,411	3.9	416,213	3.7	420,333	3.7	406,711	3.7	398,620	3.8	56,729	1.3	345,357	4.4	351,306	3.5	336,702	3.1
Total	10,607,996	100.0 %	11,118,223	100.0 %	11,345,748	100.0 %	11,232,272	100.0 %	11,022,224	100.0 %	10,417,815	100.0 %	4,445,906	100.0 %	7,924,344	100.0 %	9,946,882	100.0 %	10,987,775	100.0 %

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023**

Years	Chicago Midway International Airport		Chicago O’Hare International Airport		Total Enplanements
	Total Enplanements	Percent of Total Chicago	Total Enplanements	Percent of Total Chicago	
2014	10,607,996	23.4 %	34,646,832	76.6 %	45,254,828
2015	11,118,223	22.5	38,395,905	77.5	49,514,128
2016	11,345,748	22.6	38,872,669	77.4	50,218,417
2017	11,232,272	22.0	39,815,888	78.0	51,048,160
2018	11,022,224	21.0	41,563,343	79.0	52,585,567
2019	10,417,815	19.8	42,248,370	80.2	52,666,185
2020 ⁽¹⁾	4,445,906	22.5	15,351,046	77.5	19,796,952
2021	7,924,344	22.7	26,945,359	77.3	34,869,703
2022	9,946,882	22.6	34,095,710	77.4	44,042,592
2023	10,987,775	23.1	36,597,770	76.9	47,585,545
Average Annual Compound Growth Rates					
2014–2023	0.4 %		0.6 %		0.6 %

⁽¹⁾ Reduction in Enplanements due to the impact of the COVID-19 pandemic on air travel.

Source: City of Chicago Department of Aviation.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023**

Years	Chicago Midway International Airport		Chicago O’Hare International Airport		
	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements
2014	6,446,497	27.4 %	17,115,535	72.6 %	23,562,032
2015	6,890,633	25.5	20,096,191	74.5	26,986,824
2016	7,181,858	25.5	20,991,241	74.5	28,173,099
2017	7,446,996	24.9	22,429,433	75.1	29,876,429
2018	7,197,512	23.5	23,483,289	76.5	30,680,801
2019	6,944,982	22.6	23,836,209	77.4	30,781,191
2020 ⁽²⁾	2,912,068	25.4	8,550,533	74.6	11,462,601
2021	5,054,877	24.5	15,259,775	75.5	20,354,612
2022	6,266,354	23.4	20,491,522	76.6	26,757,876
2023	6,920,290	23.7	22,219,326	76.3	29,139,616
Average Annual Compound Growth Rates					
2014–2023	0.8 %		2.9 %		2.4 %

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

⁽²⁾Reduction in Enplanements due to the impact of the COVID-19 pandemic on air travel.

Source: City of Chicago Department of Aviation.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023**

Years	Aircraft Operations		Total Air Carrier	Domestic Commuter	General Aviation	Total
	Domestic Air Carrier	International Air Carrier				
2014	178,518	7,299	185,817	10,013	53,422	249,252
2015	177,658	8,474	186,132	11,857	55,530	253,519
2016	178,346	8,220	186,566	9,822	56,658	253,046
2017	185,471	8,374	193,845	-	57,496	251,341
2018	178,791	8,491	187,282	-	56,040	243,322
2019	162,887	8,367	171,254	-	60,830	232,084
2020	110,129	2,627	112,756	-	37,442	150,198
2021	125,874	4,794	130,668	-	55,288	185,956
2022	153,975	6,760	160,735	-	53,692	214,427
2023	175,443	5,994	181,437	-	50,958	232,395

Average Annual Compound Growth Rates

2014–2023	(0.2)%	(2.2)%	(0.3)%	(100.0)%	(0.5)%
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Source: City of Chicago Department of Aviation.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**NET POSITION BY COMPONENT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023
(\$ in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NET POSITION:										
Net investment in capital assets	\$(115,080)	\$(150,431)	\$(152,026)	\$(180,803)	\$(172,197)	\$(165,290)	\$(125,410)	\$(111,146)	\$(160,863)	\$(151,040)
Restricted	86,526	97,980	83,048	127,476	120,685	121,093	96,358	89,541	149,693	171,394
Unrestricted	<u>21,856</u>	<u>(191,025)</u>	<u>(234,875)</u>	<u>(253,674)</u>	<u>(281,312)</u>	<u>(312,022)</u>	<u>(294,203)</u>	<u>(318,913)</u>	<u>(333,011)</u>	<u>(311,774)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (6,698)</u>	<u>\$ (243,476)</u>	<u>\$ (303,853)</u>	<u>\$ (307,001)</u>	<u>\$ (332,824)</u>	<u>\$ (356,219)</u>	<u>\$ (323,255)</u>	<u>\$ (340,518)</u>	<u>\$ (344,181)</u>	<u>\$ (291,420)</u>

*

* Amounts were restated due to the implementation of GASB 68.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**CHANGE IN NET POSITION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023
(\$ in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUES	\$ 170,259	\$ 176,119	\$ 182,193	\$ 195,025	\$ 206,533	\$ 227,534	\$ 187,740	\$ 220,828	\$ 232,424	\$ 296,833
OPERATING EXPENSES:										
Salary and wages	47,836	43,343	48,548	48,185	51,408	55,571	55,964	57,489	60,146	63,773
Pension expense	-	60,767	47,879	40,211	42,843	47,537	22,510	27,444	35,852	29,681
Repairs and maintenance	44,160	44,095	48,277	44,506	47,326	47,021	43,737	48,910	53,124	61,517
Professional and engineering services	23,255	20,954	20,851	24,344	24,144	22,113	20,783	22,033	23,535	28,064
Other operating expenses	14,345	14,717	17,050	13,719	15,689	15,940	20,896	33,423	13,107	27,659
Depreciation and amortization	46,163	47,719	49,118	51,443	51,383	52,007	50,018	52,636	57,345	56,909
Total operating expenses	175,759	231,595	231,723	222,408	232,793	240,189	213,908	241,935	243,109	267,603
OPERATING (LOSS) INCOME	(5,500)	(55,476)	(49,530)	(27,383)	(26,260)	(12,655)	(26,168)	(21,107)	(10,685)	29,230
NONOPERATING (EXPENSES) REVENUES:										
Passenger facility charge revenue	39,889	41,692	41,665	40,918	39,469	36,669	13,245	28,268	36,566	38,517
Customer facility charges	6,514	7,572	8,625	8,130	7,502	7,427	3,214	4,812	5,696	6,224
Other nonoperating revenues	1,522	1,402	364	475	1,083	(8,488)	132	-	-	346
Noise mitigation	(3,103)	(23,323)	(27,089)	(1,289)	(648)	(2,496)	(703)	(619)	(865)	(1,642)
Cost of issuance	(5,258)	(42)	(3,001)	-	(555)	-	-	-	-	(4,759)
Investment income (loss)	3,540	2,497	(1,094)	5,722	6,408	11,241	3,829	(3,340)	(17,365)	23,649
Interest expense	(64,111)	(60,764)	(58,220)	(61,277)	(59,598)	(58,490)	(58,045)	(67,608)	(68,205)	(65,029)
ROU Asset Interest income	-	-	-	-	-	-	-	-	7,710	7,702
Grant revenues	-	-	-	-	-	-	82,302	36,574	36,603	16,972
Total nonoperating expenses	(21,007)	(30,966)	(38,750)	(7,321)	(6,339)	(14,137)	43,974	(1,913)	140	21,980
(LOSS) GAIN BEFORE CAPITAL GRANTS	(26,507)	(86,442)	(88,280)	(34,704)	(32,599)	(26,792)	17,806	(23,020)	(10,545)	51,210
CAPITAL GRANTS	4,826	9,279	27,903	31,556	6,776	3,397	15,158	5,757	6,882	1,551
CHANGE IN NET POSITION	\$ (21,681)	\$ (77,163)	\$ (60,377)	\$ (3,148)	\$ (25,823)	\$ (23,395)	\$ 32,964	\$ (17,263)	\$ (3,663)	\$ 52,761

* Amounts were restated due to the implementation of GASB 68.

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**LONG-TERM DEBT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023
(\$ in thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Senior lien bonds	\$ 34,180	\$ 31,530	\$ 28,730	\$ 25,775	\$ 22,660	\$ 19,370	\$ 15,900	\$ 12,240	\$ 8,380	\$ 513,510
Second lien bonds	1,489,410	1,474,795	1,752,875	1,730,060	1,690,825	1,657,635	1,612,920	1,562,685	1,506,405	999,015
Commercial paper notes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,027</u>	<u>24,375</u>	<u>1,390</u>
Total revenue bonds and notes	1,523,590	1,506,325	1,781,605	1,755,835	1,713,485	1,677,005	1,628,820	1,594,952	1,539,160	1,513,915
Unamortized premium	<u>84,609</u>	<u>79,093</u>	<u>123,133</u>	<u>114,270</u>	<u>105,563</u>	<u>96,982</u>	<u>88,567</u>	<u>80,449</u>	<u>72,704</u>	<u>67,445</u>
Total revenue bonds payable, net of unamortized premium (discount)	1,608,199	1,585,418	1,904,738	1,870,105	1,819,048	1,773,987	1,717,387	1,675,401	1,611,864	1,581,360
Enplanements ⁽¹⁾	<u>10,607,996</u>	<u>11,118,223</u>	<u>11,345,748</u>	<u>11,232,272</u>	<u>11,022,224</u>	<u>10,417,815</u>	<u>4,445,906</u>	<u>7,924,344</u>	<u>9,946,882</u>	<u>10,987,775</u>
Total debt per enplanements	<u>\$ 144</u>	<u>\$ 135</u>	<u>\$ 157</u>	<u>\$ 156</u>	<u>\$ 155</u>	<u>\$ 161</u>	<u>\$ 366</u>	<u>\$ 201</u>	<u>\$ 155</u>	<u>\$ 138</u>

⁽¹⁾ Enplaned Commercial Passengers by Airline Schedule as shown on page 71.

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**FULL-TIME EQUIVALENT CHICAGO MIDWAY AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Airfield operations	85	88	94	127	128	134	137	137	146	149
Landside operations	21	20	21	21	21	21	22	22	29	20
Security management	69	62	62	63	64	68	110	110	111	123
Facility management	14	15	15	15	15	18	17	20	25	25
Midway administration	10	10	10	12	12	12	12	10	11	9
Safety management	-	-	-	-	-	-	-	-	-	-
Total	<u>199</u>	<u>195</u>	<u>202</u>	<u>238</u>	<u>240</u>	<u>253</u>	<u>298</u>	<u>299</u>	<u>322</u>	<u>326</u>

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

CITY OF CHICAGO, ILLINOIS CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

Employer	2023 ⁽¹⁾			2014		
	Number of Employees	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment
Advocate Health ⁽³⁾	38,679	1	2.95 %	18,556	1	1.47 %
Amazon.Com Inc	30,100	2	2.30	-	-	-
Northwestern Memorial Healthcare	25,386	3	1.94	14,550	4	1.15
University of Chicago	22,395	4	1.71	16,025	2	1.27
Endeavor Health ⁽⁴⁾	20,251	5	1.55	-	-	-
Walmart Inc.	17,400	6	1.33	14,000	5	1.11
United Airlines Holdings Inc. ⁽⁵⁾	16,937	7	1.29	13,797	6	1.09
Walgreens Boots Alliance Inc ⁽⁶⁾	16,486	8	1.26	15,015	3	1.19
JPMorgan Chase & Co. ⁽⁷⁾	15,382	9	1.17	-	-	-
Health Care Service Corp	14,771	10	1.13	-	-	-
AT & T	-	-	-	13,000	7	1.03
Presence Health	-	-	-	11,279	8	0.89
University of Illinois at Chicago	-	-	-	10,100	9	0.80
Abbott Laboratories	-	-	-	10,000	10	0.79

NOTES:

⁽¹⁾ Source: Reprinted with permission from the February 26, 2024 issue of Crain's Chicago Business.

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⁽²⁾ Source: Bureau of Labor Statistics data used in calculation of Total City Employment.

⁽³⁾ Advocate Health formerly known as Advocate Aurora Health

⁽⁴⁾ Endeavor Health formerly known as Northshore - Edward-Elmhurst Health

⁽⁵⁾ United Airlines Holdings Inc. formerly known as United Continental Holdings Inc.

⁽⁶⁾ In 2014, Walgreens purchased Alliance Boots forming Walgreens Boots Alliance, Inc.

⁽⁷⁾ JP Morgan & Co. formerly known as J.P. Morgan Chase.

CITY OF CHICAGO, ILLINOIS CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA POPULATION AND INCOME STATISTICS EACH OF THE TEN YEARS ENDED DECEMBER 31, 2014–2023

Year	Population ⁽¹⁾	Median Age ⁽²⁾	Number of Households ⁽²⁾	City Employment	Unemployment Rate ⁽³⁾	Per Capita Income ⁽⁴⁾	Total Income
2014	2,695,598	33.9	1,031,672	1,264,234	5.7 %	\$50,690	\$136,639,862,620
2015	2,695,598	34.2	1,053,229	1,273,733	5.7	53,886	145,254,993,828
2016	2,695,598	34.4	1,053,986	1,282,117	5.4	55,621	149,931,856,358
2017	2,695,598	34.6	1,047,695	1,289,325	4.7	58,315	157,193,797,370
2018	2,695,598	34.9	1,077,886	1,288,755	4.0	61,089	164,671,386,222
2019	2,695,598	35.2	1,080,345	1,286,484	3.2	65,306	176,038,722,988
2020	2,695,598	34.8	1,081,143	1,165,441	8.2	67,671	182,413,812,258
2021	2,746,388	35.8	1,139,537	1,247,060	4.1	71,992	197,717,964,896
2022	2,746,388	35.8	1,159,424	1,319,764	4.2	72,512	199,146,086,656
2023	2,746,388	N/A ⁽⁵⁾	N/A ⁽⁵⁾	1,310,713	4.2	N/A ⁽⁵⁾	N/A ⁽⁵⁾

Notes:

⁽¹⁾ Source: U.S. Census Bureau.

⁽²⁾ Source: U.S. Census Bureau—American Community Survey data estimates.

⁽³⁾ Source: Bureau of Labor Statistics 2023, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

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

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

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**STATISTICAL DATA
LANDING FEES AND TERMINAL AREA USE CHARGES
ANNUALIZED RATES**

Landing Fees and Terminal Area Use Charges	2023
Signatory landing fee (rate/1000 lbs)	\$ 6.442
Non-signatory landing fee (rate/1000 lbs)	\$ 8.052
Signatory joint use fee (base usage/1000 lbs)	\$ 3.124
Non-signatory joint use fee (base usage/1000 lbs)	\$ 3.904
Signatory joint use fee (per capita/annual)	\$ 874,939
Non-signatory joint use fee (per capita/annual)	\$1,093,674
Signatory terminal rental rate	\$ 295.31
Non-signatory terminal rental rate	\$ 369.14
Terminal ramp rate	\$ 6.54
Signatory FIS fee per deplaned passenger	\$ 6.26
Non-signatory FIS fee per deplaned passenger	\$ 7.82
Cost per departure rate ⁽¹⁾	\$ 326.06

⁽¹⁾ The cost per departure is for Gates A1, A2, A3, A10, A12, A14, C1, C2, C3

**CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT**

**HISTORICAL DEBT SERVICE COVERGE (1) (2)
(\$ in thousands)**

	2018	2019	2020	2021	2022	2023
Debt Service Coverage						
Total Collected Revenues ⁽³⁾	\$ 212,530	\$ 233,994	\$ 193,201	\$ 208,457	\$ 247,264	\$ 312,380
Plus: Other Available Moneys ⁽⁴⁾	<u>42,754</u>	<u>42,014</u>	<u>72,412</u>	<u>81,897</u>	<u>41,911</u>	<u>43,862</u>
Adjusted Total Revenues	255,284	276,008	265,613	290,354	289,175	356,242
Plus: Revenue Fund Balance on January 1st	<u>8,082</u>	<u>17,376</u>	<u>14,970</u>	<u>24,693</u>	<u>24,442</u>	<u>35,256</u>
Total Revenues Available for O & M Expenses and Debt Service	263,366	293,384	280,583	315,047	313,617	391,498
Less: O & M Expenses ⁽⁵⁾	<u>(150,058)</u>	<u>(154,549)</u>	<u>(122,894)</u>	<u>(139,956)</u>	<u>(138,909)</u>	<u>(205,260)</u>
Total Revenues Available for Debt Service	<u>\$ 113,308</u>	<u>\$ 138,835</u>	<u>\$ 157,689</u>	<u>\$ 175,091</u>	<u>\$ 174,708</u>	<u>\$ 186,238</u>
First Lien Debt Service ^{(6) (7)}	\$ 4,511	\$ 4,508	\$ 4,494	\$ 4,533	\$ 4,541	\$ 7,801
Second Lien Debt Service ^{(6) (7) (8)}	<u>97,336</u>	<u>107,962</u>	<u>123,181</u>	<u>126,984</u>	<u>133,658</u>	<u>132,252</u>
Total Debt Service	<u>\$ 101,847</u>	<u>\$ 112,470</u>	<u>\$ 127,675</u>	<u>\$ 131,517</u>	<u>\$ 138,199</u>	<u>\$ 140,053</u>
Aggregate Debt Service Coverage	1.11x	1.23x	1.24x	1.33x	1.26x	1.33x

⁽¹⁾ Debt service for each year includes the principal and interest paid from January 2 of such year through January 1 of the succeeding year. Totals may not add due to rounding.

⁽²⁾ Revenues, as defined in the Midway First Lien Master Indenture, has the meaning of Senior Lien Revenues in the Senior Lien Indenture.

⁽³⁾ Collected Revenues differ from Operating Revenues in the Historical Operating Results table as Collected Revenues include interest earnings and deferred revenues. Beginning in 2022, Operating Revenues in the Historical Operating Results table were lower due to the impact of GASB 87. As a non-cash item, this did not impact Collected Revenues.

⁽⁴⁾ Other Available Moneys includes CFC Revenues pledged to pay the 2018A Bonds, PFC Revenues applied to Debt Service, and in 2020 and 2021 COVID Relief Grants.

⁽⁵⁾ O&M Expenses exclude the non-cash portion of the City's pension expense which is included in the O&M Expenses in the Historical Operating Results table. In addition, in 2020, 2021 and 2022, O&M Expenses are net of COVID Relief Grants.

⁽⁶⁾ Debt service is net of capitalized interest as applicable.

⁽⁷⁾ Debt service on variable rate bonds does not include support costs or miscellaneous expenses, such as letter of credit and remarketing agent fees.

⁽⁸⁾ Second Lien Debt service includes debt service on the 2018A Bonds that are secured by a pledge of CFC Revenues as Other Available Moneys. Historically, CFC Revenues have been sufficient to pay all debt service on the 2018A Bonds.

**CITY OF CHICAGO, ILLINOIS
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**SUMMARY OF PFC REVENUES 2019-2023
(ACCRUAL BASIS)**

	PFC Revenues Collected
2019	\$ 36,668,532
2020*	13,265,705
2021	28,267,877
2022	36,566,390
2023	38,516,944

* In 2020, the Airport collected PFC revenues of \$13,265,705. However, in that year the Airport also incurred a PFC audit Fee of \$20,813. In compiling the Airport's financial statements, the City applied the fee against the 2020 PFC revenue as shown above to present the net amount of \$13,244,892, rounded to \$13,245 (000s).