

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

Annual Comprehensive Financial Report
For the Years Ended December 31, 2022



Brandon Johnson, Mayor
Jill Jaworski, Chief Financial Officer
Reshma N. Soni, City Comptroller
Jamie L. Rhee, Commissioner

**2022 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 30, 2023

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, 2022. 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 2022, the Airport connected Chicago to approximately 92 destinations in the U.S., Canada, Mexico, and the Caribbean, and served significantly more nonstop domestic destinations than prior to the pandemic (approximately 81 in December 2022 and 67 December 2019). In 2022, Frontier added 12 new routes at Midway, as part of starting operations at the Airport, including destinations like Denver, Las Vegas, Tampa, and Atlanta. Total passenger volume also continued to recover from the impacts of the COVID-19 pandemic, with Midway serving approximately 19.9 million passengers (verse 20.8 million 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

The City continues to make critical investments in the Airport through the Midway Modernization Program ("MMP"), which is a \$330 million project to enhance the passenger experience. The MMP is focused on the passenger experience, improvements to passenger safety and security, and modernization to Airport facilities and amenities.

Currently underway through MMP are projects to leverage underutilized space or repurposed space in the airport to construct 70 new and dynamic concessions offerings at Midway, as well as expanding the total concessions area from approximately 40,000 square feet to over 70,000 square feet. In 2022, four new terminal concession locations were opened as part of the MMP including Sarah's Candies, Hudson Nonstop, Automated Retail Vending Island, and Café DesCartes. Midway's first Garrett Popcorn Shops location opened in January 2023, while another new restaurant, The Orange Line, opened in April 2023.

The Terminal Parking Garage Enhancement project, completed in 2021, included elements such as a new parking access and revenue control system, a reconfigured exit plaza, lighting system upgrades, and elevator modernization.

Another major component of the MMP was the construction of a new 80,000-square-foot security pavilion over Cicero Avenue, completed in 2020. The new pavilion is eight times wider than the previous checkpoint and has increased passenger throughput rates from 2,500 to 5,000 passengers per hour, in addition to freeing up 18,000 square feet of security space for concessions redevelopment.

In total, 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, Midway Airport continues to invest in our surrounding community and has invested over \$350 million as part of the on-going residential and school sound insulation programs since 1996.

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

FINANCIAL INFORMATION

The Departments of Finance and Aviation are responsible for implementing and maintaining an internal control structure to ensure the integrity of the Airport's operations and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. 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 and Lease Agreements specify a residual rate-making methodology for the calculation of airline rates and charges. Under this methodology, total operating and maintenance expenses and debt service (including coverage) are calculated for each cost-revenue center and offset by 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

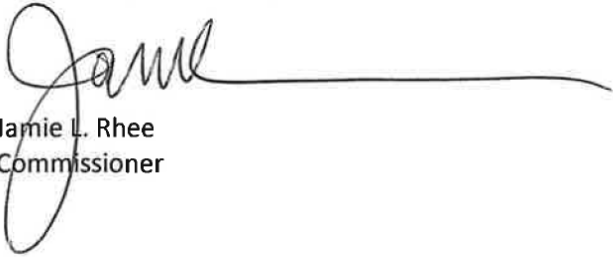
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its ACFR for the fiscal year ended December 31, 2021. This was the 25th consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. 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.

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.

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,

A handwritten signature in dark ink, appearing to read "Jamie", followed by a long horizontal line extending to the right.

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

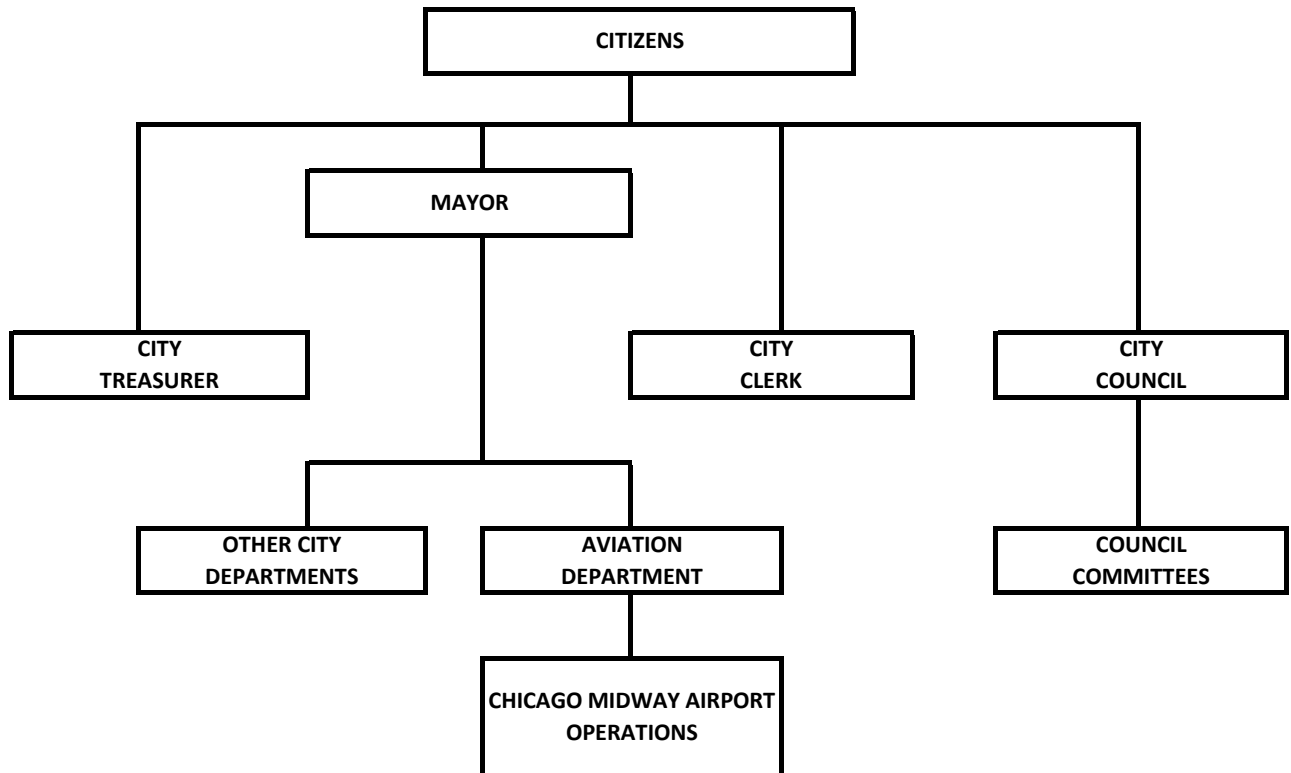
December 31, 2021

Christopher P. Morill

Executive Director/CEO

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

AS OF 12/31/2022



List of Principal Officials

Brandon Johnson
Jamie L. Rhee

Mayor
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, 2022, 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, 2022, 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 Matters

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, 2022, 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.

As discussed in Note 1, the Airport presented its financial statements to reflect the effects of the adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, on January 1, 2022. 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 30, 2023

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, 2022. 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 2022 increased by \$11,596 compared to 2021 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 2022 decreased by \$3,535 compared to 2021 due to a decrease in other operating expenses of \$20,316 due to reductions in vehicle purchases and COVID relief grant expenses related to concessions, offset by an increase in pension expense of \$8,408 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, an increase in salary expense of \$2,657 due to contractual increases and fringe benefit costs, and repairs and maintenance of \$4,214 due to the increase in vendor costs based on economic impact.
- The Airport's total net deficit at December 31, 2022, was (\$344,181), which was an increase of \$3,663 compared to total net deficit at December 31, 2021, which was (\$340,518), primarily due to a decrease in investment income of \$14,025 due to recognized fair market value changes on December 31, 2022, offset by a decrease in operating expenses before depreciation and amortization of \$3,535 due to grant expenses related to COVID-19 relief funds applied as concessions relief in 2021, which was zero in 2022 and reduction in bad debt expenses, an increase in Passenger and Customer Facility Charges ("PFC" and "CFC") of \$8,298 and \$884, respectively; increase in rents and concessions of \$12,421 as leisure passenger activity continued to increase in 2022 as the Airport was recovering from the impact of the COVID-19 pandemic on travel.
- Capital asset additions for 2022 were \$12,135, which was a decrease of \$4,979 compared to 2021, primarily due a reduction of major capital projects work as a majority of Midway Modernization Program ("MMP") was primarily completed in 2021. Remaining projects in the MMP are related to the modernization of the concession areas. Completed projects totaling \$18,774 were transferred from construction in progress to applicable buildings and other facilities.
- During 2022, the Airport implemented GASB Statement No. 87, *Leases* ("GASB 87"). Due to this implementation, the Airport had a right to use asset of \$127 and Lease Receivable of \$212,220, Lease Payable of \$126 and Deferred Inflows of Resources for Leases of \$211,012 related to the lessor and lessee activity of the Airport as of December 31, 2022.

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, 2022, the Airport's financial position included total assets and deferred outflows of \$1,990,097, total liabilities and deferred inflows of \$2,334,278, and net (deficit) position of \$344,181. A comparative condensed summary of the Airport's net deficit at December 31, 2022 and 2021, is as follows:

	Net (Deficit) Position	
	2022	2021
Current unrestricted assets	\$ 119,786	\$ 96,140
Restricted and other assets—noncurrent	591,794	413,775
Capital assets—net	<u>1,229,867</u>	<u>1,275,163</u>
Total assets	1,941,447	1,785,078
Deferred outflows	<u>48,650</u>	<u>65,763</u>
Total assets and deferred outflows	<u>1,990,097</u>	<u>1,850,841</u>
Current unrestricted liabilities	58,870	50,665
Liabilities payable from restricted assets and noncurrent liabilities	<u>2,030,855</u>	<u>2,122,496</u>
Total liabilities	2,089,725	2,173,161
Deferred inflows	33,541	18,198
Deferred inflows of resources for leases	<u>211,012</u>	<u>-</u>
Total liabilities and deferred inflows	<u>2,334,278</u>	<u>2,191,359</u>
Net position:		
Net investment in capital assets	(160,863)	(111,146)
Restricted	149,693	89,541
Unrestricted	<u>(333,011)</u>	<u>(318,913)</u>
Total net deficit	<u>\$ (344,181)</u>	<u>\$ (340,518)</u>

Current unrestricted assets increased by \$23,646 (24.6%) primarily due to an increase in cash and cash equivalents as a result of increases in the activity in aeronautical and non-aeronautical revenues as economic recovery continued during 2022, as well as the increase in lease receivables of \$19,169 due to the implementation of GASB 87, offset by a decrease in accounts receivable and accrued revenues due to stronger collections from airlines and concessionaires. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2022, was 2.03:1. Noncurrent restricted and other assets increased by \$178,019 (43.0%) mainly due to the implementation of GASB 87 for lessors, based on concessionaire contracts at the Airport. Net capital assets decreased by \$45,296 (3.6%) due primarily depreciation expense of \$57,345, offset by the increase in capital additions of \$12,049 from the MMP and other capital improvement projects.

The increase in current liabilities of \$8,205 (16.2%) is primarily due to an increase Due to other City Funds of \$10,553 (50.5%) due to timing differences in amounts due to Governmental Funds for shared services, offset by a decrease in accounts payable and accrued liabilities of \$2,725 (9.3%) as the Airport implemented measures to pay invoices promptly. Liabilities payable from restricted assets and noncurrent liabilities decreased by \$91,641 (4.3%) in 2022 mainly due to a decrease in revenue bonds payable from restricted funds of \$71,857 (4.4%) as no new long-term bonds were issued during 2022 and a reduction in derivatives

of \$15,534 (73.2%) as the derivatives market recovered, and a decrease in net pension liability of \$3,554 (0.9%) compared to 2021 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 \$17,113 (26.0%) and deferred inflows related to pensions increased by \$15,343 (84.3%) during 2022 due to the difference between changes in actuarial assumptions from the prior year. In addition, due to the implementation of GASB 87, deferred inflows related to contracts where the Airport is a lessor was \$211,012 as of December 31, 2022.

A comparative condensed summary of the Airport's changes in net (deficit) position for the years ended December 31, 2022 and 2021 is as follows (dollars in thousands):

	Changes in Net (Deficit) Position	
	2022	2021
Operating revenues:		
Landing fees and terminal area use charges	\$ 137,226	\$ 138,052
Rents, concessions and other	95,198	82,776
Total operating revenues	<u>232,424</u>	<u>220,828</u>
Operating expenses:		
Salaries and wages	60,146	57,489
Pension expense	35,852	27,444
Repairs and maintenance	53,124	48,910
Professional and engineering	23,535	22,033
Other operating expenses	13,107	33,423
Depreciation and amortization	57,345	52,636
Total operating expenses	<u>243,109</u>	<u>241,935</u>
Operating income(loss)	<u>(10,685)</u>	<u>(21,107)</u>
Nonoperating revenue (expenses):		
Passenger facility charge revenue	36,566	28,268
Customer facility charge revenue	5,696	4,812
Lease Interest income (expenses)	7,710	-
Noise mitigation	(865)	(619)
Investment income (loss)	(17,365)	(3,340)
Interest expense	(68,205)	(67,608)
Grant revenues	36,603	36,574
Total nonoperating revenues (expenses)	<u>140</u>	<u>(1,913)</u>
(Loss) before capital grants	<u>(10,545)</u>	<u>(23,020)</u>
Capital grants	<u>6,882</u>	<u>5,757</u>
Change in net (deficit) position	<u>(3,663)</u>	<u>(17,263)</u>
Net (deficit) position beginning of year	<u>(340,518)</u>	<u>(323,255)</u>
Net (deficit) position end of year	<u><u>\$ (344,181)</u></u>	<u><u>\$ (340,518)</u></u>

Landing fees and terminal area use charges for the years 2022 and 2021 were \$137,226 and \$138,052, respectively. Rents, concessions, and other revenues for the years 2022 and 2021 were \$95,198 and \$82,776, respectively. The increase in 2022 operating revenues from 2021 of \$11,596 (5.3%) was due to an increase in rents and other concession revenue, including parking, of \$12,422 (15.0%) 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 \$2,657 (4.6%) in 2022 as compared to 2021 due to annual contractual salary increases and centralized support staff costs. Repairs and maintenance increased by \$4,214 (8.6%) due to an increase in activity and increase in costs due to economic impacts. Other operating expenses decreased by \$20,316 (60.8%) due to a reduction in vehicle purchases, grant expenses related to COVID-19 relief for concessions, and a reduction in bad debt expense.

Pension expense increased by \$8,408 (30.6%) from \$27,444 in 2021 to \$35,852 in 2022 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 2022, the Airport made cash contributions of \$24,179 toward the pension plans.

The 2022 nonoperating revenues of \$86,575 are comprised of PFC revenues of \$36,566, CFC revenues of \$5,696, GASB 87 Interest Income of \$7,710 and COVID Relief Grants of \$36,603. During 2022, nonoperating revenues increased by \$16,921 primarily due to the increase in the recognition interest income on concessions lease agreements due to the implementation of GASB 87 of \$7,710 and an increase in PFC and CFC collections of \$8,298 and \$884, respectively as the Airport continued to recover from the impacts of the COVID-19 pandemic on travel and tourism.

Nonoperating expenses of \$86,435 and \$71,567 for the years 2022 and 2021, respectively, were primarily comprised of bond interest expense and an increase in investment loss due to recognized investment losses that have impacted the U.S. and Global markets.

Capital grants increased \$1,125 in 2022 primarily due to the increase of capital grant revenues earned during 2022 for Airport Improvement Grants (AIP) grant reimbursements.

A comparative summary of the Airport's cash flows for the years ended December 31, 2022 and 2021 is as follows:

	Cash Flows	
	2022	2021
Cash provided by (used in) activities:		
Operating	\$ 64,244	\$ 38,395
Capital and related financing	(76,466)	(120,991)
Noncapital financing	38,111	45,714
Investing	(3,193)	(12,128)
Net change in cash and cash equivalents	22,696	(49,010)
Cash and cash equivalents:		
Beginning of year	151,544	200,554
End of year	<u>\$ 174,240</u>	<u>\$ 151,544</u>

As of December 31, 2022, the Airport's cash and cash equivalents of \$174,240 increased by \$22,696 as compared to \$151,544 at December 31, 2021 due to an increase of operating activities of \$25,849 as accrued revenues for 2021 were paid by the airlines during 2022 and revenues continued to recover from the impacts of the COVID-19 pandemic, investing of \$8,935 and capital and related financing of \$17,497 related to the reduction of construction spend as the expansion of the passenger security checkpoint and enhancements to the parking garage included in the Midway Modernization Program, were completed in

2022; offset by a decrease in noncapital financing activities of \$7,603 during 2022. Total cash and cash equivalents at December 31, 2022, were comprised of unrestricted and restricted cash and cash equivalents of \$51,574 and \$122,666, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2022 and 2021, the Airport had invested \$1,229,867 and \$1,275,163, respectively, in net capital assets. During 2022, the Airport had additions of \$12,135 related to capital activities. Construction projects include runway rehabilitation, passenger security checkpoint expansion and terminal garage enhancements.

During 2022, completed projects totaling \$18,774 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 capital assets at December 31, 2022 and 2021, are summarized as follows:

	Capital Assets at Year-End	
	2022	2021
Capital assets not depreciated:		
Land	\$ 116,798	\$ 116,712
Construction in progress	<u>10,367</u>	<u>17,092</u>
Total capital assets not depreciated	<u>127,165</u>	<u>133,804</u>
Capital assets depreciated:		
Buildings and other facilities	2,033,815	2,015,127
Less accumulated depreciation for:		
Buildings and other facilities	<u>(931,113)</u>	<u>(873,768)</u>
Total capital assets depreciated—net	<u>1,102,702</u>	<u>1,141,359</u>
Total property and facilities—net	<u><u>\$ 1,229,867</u></u>	<u><u>\$ 1,275,163</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, 2022 and 2021, is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End	
	2022	2021
Revenue bonds and notes	\$ 1,539,160	\$ 1,594,952
Unamortized:		
Bond premium (discount)	<u>72,704</u>	<u>80,449</u>
Total revenue bonds payable—net of unamortized premium discount	1,611,864	1,675,401
Current bonds payable	<u>(68,460)</u>	<u>(60,140)</u>
Total long-term revenue bonds and notes payable—net	<u>\$ 1,543,404</u>	<u>\$ 1,615,261</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, 2022, had credit ratings with each of the four major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings	Kroll Ratings
First Lien Chicago Midway Revenue Bonds	A2	A-	NR	NR
Second Lien Chicago Midway Revenue Bonds	A3	A-	A	A

At December 31, 2022, the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

The airlines using the Airport generally provide low fare, point-to-point origination and destination passenger service. Southwest Airlines accounted for 89.4% and 93.3% during 2022 and 2021, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for 2023, total budgeted Operating and Maintenance Expenses are projected at \$202,174 and total net debt service and fund deposit requirements are projected at \$101,679. Additionally, 2023 nonairline and nonsignatory revenues are budgeted for \$87,526, resulting in a net airline requirement of \$216,327 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, 2022
(\$ in thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 51,574
Cash and cash equivalents—restricted (Note 2)	106,307
Investments (Note 2)	11,026
Accounts receivable—net of allowance for doubtful accounts of approximately \$1,038	11,236
Amounts to be billed	9,675
Due from other City funds	6,589
Prepaid expenses	721
Due from other governments	9,450
Interest receivable	346
Lease receivable (Note 6)	<u>19,169</u>
Total current assets	<u>226,093</u>

NONCURRENT ASSETS:

Cash and cash equivalents (Note 2)—restricted	16,359
Investments (Note 2)—restricted	268,215
Lease receivable (Note 6)	193,051
Right of use lease asset—net (Note 5)	127
Due from other governments—restricted	3,760
Passenger facility charges and other receivables—restricted	2,570
Interest receivable—restricted	934
Prepaid expenses	54
Other assets	417

Property and facilities (Note 5):

Land	116,798
Buildings and other facilities	2,033,815
Construction in progress	<u>10,367</u>

Total property and facilities	2,160,980
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Less accumulated depreciation	<u>(931,113)</u>
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Property and facilities—net	<u>1,229,867</u>
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Total noncurrent assets	<u>1,715,354</u>
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Total assets	1,941,447
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DEFERRED OUTFLOWS (Note 10)	48,650
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TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$1,990,097</u></u>
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See notes to basic financial statements.

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 26,454
Due to other City funds	31,448
Advances for terminal and hangar rent	823
Billings over amounts earned	105
Lease liability (Note 6)	40
Liabilities payable from restricted assets:	
Accounts payable	5,056
Due to other City funds	-
Interest payable	32,791
Current portion of revenue bond payable (Note 4)	<u>68,460</u>
Total current liabilities	<u>165,177</u>

NONCURRENT LIABILITIES:

Revenue bonds payable—net of current maturities (Note 4)	1,543,404
Net pension liability (Note 7)	373,406
Derivative instrument (Note 4)	5,698
Performance deposits	1,954
Lease liability (Note 6)	<u>86</u>

Total noncurrent liabilities	<u>1,924,548</u>
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Total liabilities	<u>2,089,725</u>
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DEFERRED INFLOWS (Note 10)	33,541
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DEFERRED INFLOWS OF RESOURCES FOR LEASES (Note 10)	<u>211,012</u>
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NET POSITION (Note 1):

Net investment in capital assets (deficit)	<u>(160,863)</u>
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Restricted net position:

Debt service	63,743
Capital projects	20,481
Passenger facility charges	4,413
Airport use agreement	39,171
Customer facility charges	12,188
Other assets	<u>9,697</u>

Total restricted net position	<u>149,693</u>
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Unrestricted net (deficit)	<u>(333,011)</u>
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Total net (deficit)	<u>(344,181)</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET (DEFICIT)	<u><u>\$1,990,097</u></u>
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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2022
(\$ in thousands)

OPERATING REVENUES:

Landing fees and terminal area use (Note 6)	\$ 137,226
Rents, concessions and other (Note 6)	<u>95,198</u>
Total operating revenues	<u>232,424</u>

OPERATING EXPENSES:

Salaries and wages	60,146
Pension expense (Note 7)	35,852
Repairs and maintenance	53,124
Professional and engineering services	23,535
Other operating expenses	<u>13,107</u>

Total operating expenses before depreciation and amortization 185,764

Depreciation and amortization 57,345

Total operating expenses 243,109

OPERATING (LOSS) (10,685)

NONOPERATING REVENUES (EXPENSES):

Passenger facility charges revenues	36,566
Customer facility charges revenues	5,696
Investment loss	(17,365)
Interest expense (Note 4)	(68,205)
Noise mitigation costs	(865)
Grant revenues (Note 1)	36,603
Lease Interest income (expenses)	<u>7,710</u>

Total nonoperating revenues (expenses) 140

CHANGE IN NET (DEFICIT) POSITION BEFORE CAPITAL GRANTS (10,545)

CAPITAL GRANTS 6,882

CHANGE IN NET (DEFICIT) POSITION (3,663)

TOTAL NET (DEFICIT) — Beginning of year (340,518)

TOTAL NET (DEFICIT) — End of year \$ (344,181)

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS

CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(\$ in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Landing fees and terminal area use charges	\$ 147,551
Rents, concessions and other	93,094
Payments to vendors	(125,233)
Payments to employees	(53,269)
Transactions with other City funds (used in) provided by	(1,552)
Transactions with other City funds provided by	<u>3,653</u>
Cash flows provided by operating activities	<u>64,244</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of commercial paper	4,348
Principal paid on bonds	(60,140)
Interest paid	(74,931)
Interest income from leases	7,710
Principal received from leases	19,318
Acquisition and construction of capital assets	(20,029)
Grant receipts	5,382
Passenger Facility Charges revenues	36,222
Customer Facility Charges revenues	<u>5,654</u>
Cash flows used in capital and related financing activities	<u>(76,466)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from COVID-19 Relief Funding	38,976
Cash paid for noise mitigation program	<u>(865)</u>
Cash flows provided by noncapital financing activities	<u>38,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale (purchases) of investments—net	(7,113)
Investment interest	<u>3,920</u>
Cash flows used in investing activities	<u>(3,193)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,696
CASH AND CASH EQUIVALENTS—Beginning of year	<u>151,544</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 174,240</u>

(Continued)

CITY OF CHICAGO, ILLINOIS

CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(\$ in thousands)

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

Unrestricted	\$ 51,574
Restricted:	
Current	106,307
Noncurrent	<u>16,359</u>

TOTAL	<u>\$ 174,240</u>
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RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss	\$ (10,685)
Adjustments to reconcile operating loss to cash flows from operating activities:	
Depreciation and amortization	57,345
Provision for uncollectible accounts	(3,043)
Changes in assets and liabilities:	
Accounts receivable	10,009
Due from other City funds	(1,551)
Prepaid expenses	(197)
Due to other City funds	10,147
Amounts to be billed	13,461
Deferred inflows	(8,854)
Billings over amounts earned	104
Advances for terminal and hangar rent	233
Accounts payable and accrued liabilities	<u>(2,725)</u>

CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 64,244</u>
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SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS—Property additions in 2022 of \$3,487 are included in accounts payable.

The fair value adjustments (loss) to investments for 2022 were (\$26,371)

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, 2022

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 estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

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 projected and actual actuarial experience and changes in assumptions related to pensions. 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, 2022. 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, 2022. 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 was eligible to receive \$62.8 million of ARP Act funds and drew down \$8.2 million of cash in 2021 and \$36.8 million in 2022; \$2.2 million of CRRSA Act funds allocated to Concessions Relief and drew down the entire amount in 2022 and \$8.6 million of ARP Act funds allocated to Concessions Relief during 2021, which will be drawn down in the future. The COVID-19 Relief Funds allow airports to request reimbursement of any lawful expense. For ease of administration, the Airport requested reimbursement for payroll and anticipates doing so beyond 2022.

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 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. 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. 87, <i>Leases</i> ("GASB 87")	This statement will better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The statement introduces a single lease model that defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. A lessor recognizes a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease payable and an intangible right-to-use lease asset. The Airport adopted GASB 87 as of January 1, 2022. The adoption of GASB 87 resulted in a right-to-use asset, leases payable, leases receivable, and deferred inflows of resources. Right-to-use assets and leases payable were \$165, whereas leases receivable and deferred inflows of resources were \$231,539 on January 1, 2022. The adoption of GASB 87 had no impact on the beginning net position.
GASB Statement No. 91, <i>Conduit Debt Obligations</i> ("GASB 91")	Establishes a single method of reporting conduit debt obligations by issuers and clarifies associated accounting requirements. The Airport adopted GASB 91 as of and for the year ended December 31, 2022.

GASB Statement	Impact
	There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 93, Replacement of Interbank Offered Rates (“GASB 93”)—Remaining provisions	Addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Airport adopted GASB 93 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.
GASB Statement No. 97, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> (“GASB 97”)—Remaining provisions	Requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan. The Airport adopted the remaining provisions of GASB 97 as of and for the year ended December 31, 2022. There was no material impact to the basic financial statements upon adoption.

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. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> (“GASB 94”)	2023
GASB Statement No. 96, <i>Subscription-based Information Technology Arrangements</i> (“GASB 96”)	2023
GASB Statement No. 99, <i>Omnibus 2022</i> (“GASB 99”)—Remaining provisions	2023 & 2024
GASB Statement No. 100, <i>Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62</i> (“GASB 100”)	2024
GASB Statement No. 101, <i>Compensated Absences</i> (“GASB 101”)	2024

2. RESTRICTED AND UNRESTRICTED CASH EQUIVALENTS AND INVESTMENTS

Cash Equivalents and Investments—As of December 31, 2022, 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	\$ 16,016	\$ 208,702	\$ 23,299	\$ -	\$ 248,017
U.S. treasuries	-	-	-	-	-
Municipal bonds	11,996	23,123	-	-	35,119
Corporate bonds	-	-	-	-	-
Money market funds	167,958	-	-	-	167,958
Certificates of deposits and other short-term	<u>2,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121</u>
Subtotal	<u>\$ 198,091</u>	<u>\$ 231,825</u>	<u>\$ 23,299</u>	<u>\$ -</u>	<u>\$ 453,215</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, 2022, were (dollars in thousands):

	Level 1	Level 2	Level 3
U.S. agencies	\$ -	\$ 242,054	\$ -
Municipal bonds	<u>-</u>	<u>35,119</u>	<u>-</u>
Total investments at fair value	<u>\$ -</u>	<u>\$ 277,173</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 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 \$176.0 million at December 31, 2022.

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, 2022, was as follows (dollars in thousands):

Quality Rating

Moody’s/S&P:	
AAA	\$ 396,001
AA	49,130
A1	6,456
A2	<u>1,628</u>
Total funds	<u>\$ 453,215</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 \$307.6 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, 2022.

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, 2022, are summarized as follows (dollars in thousands):

Per Note 2—investments—airport	<u>\$ 453,215</u>
Per basic financial statements:	
Restricted investments	\$ 268,215
Unrestricted investments	11,026
Investments classified as cash and cash equivalents on the statement of net position	<u>173,974</u>
	<u>\$ 453,215</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, 2022, were as follows (dollars in thousands):

Account

Construction	\$ 105,800
Debt service	96,224
Debt service reserve	123,586
Operation and maintenance reserve	25,469
Repair and replacement	13,350
Emergency reserve	503
Customer Facility Charge (CFC)	12,156
Other	<u>11,950</u>
Subtotal—master indentures and use agreement accounts	389,038
Passenger Facility Charges (PFC)	<u>1,843</u>
Total	<u>\$ 390,881</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, 2022, 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, 2022, consisted of the following (dollars in thousands):

First lien bonds:

\$54,210 Series 1998 C Chicago Midway Airport Revenue Bonds, issued September 10, 1998, due through 2024, interest at 5.25%–5.50%	\$ 8,380
Subtotal—first lien bonds	<u>8,380</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, 2022	101,600
\$118,600 Series 2013 A Chicago Midway Airport Second Lien Revenue Bonds, issued December 5, 2013, due through 2033, interest rate at 5.375%–5.500%	118,600
\$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%	117,260
\$484,200 Series 2014 A Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2041, interest rate at 5.000%	452,360
\$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%	268,730
\$124,710 Series 2014 C Chicago Midway Airport Second Lien Revenue Bonds, issued June 11, 2014, due through 2044 variable floating interest rate (3.750% at December 31, 2022)	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%	96,870
\$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>31,255</u>
Subtotal—second lien bonds	1,506,405

Commercial paper notes—Series A, B, C and D	<u>24,375</u>
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Total revenue bonds and notes	1,539,160
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Unamortized premium	<u>72,704</u>
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Total revenue bonds payable—net of unamortized premium	1,611,864
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Current portion	<u>(68,460)</u>
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Total long-term revenue bonds payable	<u><u>\$1,543,404</u></u>
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Long-term debt during the year ended December 31, 2022, changed as follows (dollars in thousands):

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due within One Year
Revenue bonds and notes	\$ 1,594,952	\$ 4,348	\$ (60,140)	\$ 1,539,160	\$ 68,460
Unamortized premium (discount)	<u>80,449</u>	<u>-</u>	<u>(7,745)</u>	<u>72,704</u>	<u>-</u>
Total long-term debt	<u><u>\$ 1,675,401</u></u>	<u><u>\$ 4,348</u></u>	<u><u>\$ (67,885)</u></u>	<u><u>\$ 1,611,864</u></u>	<u><u>\$ 68,460</u></u>

Interest expense includes amortization of the deferred loss on bond refunding for 2022 of \$1.7 million, and amortization of \$7.7 million of premium, net.

Issuance of Debt—The Airport Commercial Paper Notes, Series A, B and C outstanding at December 31, 2022, was \$24.4 million, with a \$100.0 million maximum aggregated authorized by City Council. In 2022, \$4.3 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. 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, 2022, there were no outstanding LOC advances.

At December 31, 2022, Midway had unused commercial paper capacity of \$75.6 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.

Defeased Bonds—Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide amount sufficient for payment of all principal and interest. There were no defeased bonds outstanding at December 31, 2022.

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

Years Ending December 31	Principal	Interest	Total
2023	\$ 4,080	\$ 349	\$ 4,429
2024	<u>4,300</u>	<u>118</u>	<u>4,418</u>
Total	<u>\$ 8,380</u>	<u>\$ 467</u>	<u>\$ 8,847</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, 2022 (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2023	\$ 64,380	\$ 71,076	\$ 135,456
2024	66,960	67,898	134,858
2025	74,550	64,473	139,023
2026	77,015	60,798	137,813
2027	79,625	56,978	136,603
2028–2032	425,415	222,887	648,302
2033–2037	356,080	117,099	473,179
2038–2042	214,010	57,322	271,332
2043–2046	<u>148,370</u>	<u>9,238</u>	<u>157,608</u>
Total	<u>\$ 1,506,405</u>	<u>\$ 727,769</u>	<u>\$ 2,234,174</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, 2022, 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.

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, 2022.

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, 2022.

During 2022, the Airport received cash of \$36.8 million of ARP Act Funds, which are available for any airport purpose, including debt service payments, plus \$2.2 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 \$61.0 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, 2022		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges—pay-fixed interest rate swaps	Derivative instrument	<u>\$15,534</u>	Derivative instrument	<u>\$(5,698)</u>	<u>\$101,600</u>

Pay-Fixed, Receive-Variable Interest Rate Swaps—The swap counterparties are Goldman Sachs and Wells Fargo, with notional amounts as of December 31, 2022, of \$61.0 million and \$40.6 million.

Terms, Fair Values, and Credit Risk—The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2022, 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 2022	Swap Termination Date	Counterparty Credit Rating
Series 2004 C&D Bonds	\$ 60,960	December 14, 2004	4.174 %	SIFMA +.05%	\$(3,308)	January 1, 2035	A1/A+
Series 2004 C&D Bonds	<u>40,640</u>	April 21, 2011	4.247	SIFMA +.05%	<u>(2,390)</u>	January 1, 2035	Aa2/A+
Total	<u>\$101,600</u>				<u>\$(5,698)</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 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, 2022, 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	
2023	\$ 5,925	\$ 3,545	\$ 497	\$ 9,967
2024	6,200	3,317	466	9,983
2025	6,475	3,079	432	9,986
2026	6,775	2,831	397	10,003
2027–2031	7,025	2,572	361	9,958
2028–2032	40,375	8,545	1,199	50,119
2033–2036	28,825	1,183	166	30,174
Total	<u>\$ 101,600</u>	<u>\$ 25,072</u>	<u>\$ 3,518</u>	<u>\$ 130,190</u>

5. CHANGES IN CAPITAL ASSETS

During the year ended December 31, 2022, capital assets changed as follows (dollars in thousands):

	Balance January 1, 2022	Additions	Disposals and Transfers	Balance December 31, 2022
Capital assets not depreciated:				
Land	\$ 116,712	\$ 86	\$ -	\$ 116,798
Construction in progress	<u>17,092</u>	<u>12,049</u>	<u>(18,774)</u>	<u>10,367</u>
Total capital assets not depreciated	<u>133,804</u>	<u>12,135</u>	<u>(18,774)</u>	<u>127,165</u>
Capital assets depreciated—buildings and other facilities ⁽¹⁾	2,015,127	18,688	-	2,033,815
Less accumulated depreciation for—buildings and other facilities	<u>(873,768)</u>	<u>(57,345)</u>	<u>-</u>	<u>(931,113)</u>
Total capital assets depreciated—net	<u>1,141,359</u>	<u>(38,657)</u>	<u>-</u>	<u>1,102,702</u>
Total property and facilities—net	<u>\$1,275,163</u>	<u>\$(26,522)</u>	<u>\$(18,774)</u>	<u>\$1,229,867</u>

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

As of December 31, 2022, the total amount of right-to-use lease assets by major class, and the related accumulated amortization, disclosed separately from other capital assets, is as follows (in thousands):

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
Leased assets being amortized:				
Leased—equipment	<u>\$165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$165</u>
Total leased assets not depreciated	<u>165</u>	<u>-</u>	<u>-</u>	<u>165</u>
Less accumulated amortization:				
Leased—equipment	<u>-</u>	<u>(38)</u>	<u>-</u>	<u>(38)</u>
Total accumulated amortization	<u>-</u>	<u>(38)</u>	<u>-</u>	<u>(38)</u>
Total, net of accumulated amortization	<u>\$165</u>	<u>\$(38)</u>	<u>\$ -</u>	<u>\$127</u>

6. LEASES

As Lessee:

The Airport leases equipment from other vendors. These leases have terms between three and five years. The long-term lease liability as of December 31, 2022 is as follows (in thousands):

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due within One Year
Lease liability	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ (39)</u>	<u>\$ 126</u>	<u>\$ 40</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, 2022 are as follows (in thousands):

Years Ending December 31	Principal	Interest	Amount
2023	\$ 40	\$ 5	\$ 45
2024	27	3	30
2025	32	2	34
2026	25	1	26
2027	<u>2</u>	<u>1</u>	<u>3</u>
Total	<u>\$ 126</u>	<u>\$ 12</u>	<u>\$ 138</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, 2022 were \$172,767.

Expected future principal and interest requirements to maturity from Regulated Leases at December 31, 2022 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, 2022, 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
2023	\$ 54,798
2024	54,314
2025	53,870
2026	53,684
2027	51,426
2028–2032	12,789
2033–2036	<u>10,232</u>
Total future minimum rental income	<u>\$ 291,113</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, 2022 are as follows (in thousands):

Years Ending December 31	Principal	Interest	Amount
2023	\$ 19,175	\$ 7,737	\$ 26,912
2024	19,154	7,014	26,168
2025	19,886	6,274	26,160
2026	20,562	5,506	26,068
2027	21,357	4,710	26,067
2028–2032	108,859	10,616	119,475
2033	<u>3,227</u>	<u>26</u>	<u>3,253</u>
Total	<u>\$ 212,220</u>	<u>\$ 41,883</u>	<u>\$ 254,103</u>

The inflows (revenues) recognized in the year ended December 31, 2022, 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	\$ 8,891	\$ 41,981	\$ 50,872
Rent-A-Car	<u>6,766</u>	<u>2,019</u>	<u>8,785</u>
Total	<u>\$ 15,657</u>	<u>\$ 44,000</u>	<u>\$ 59,657</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, 2022, 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	25,894	3,527	14,639	5,300	49,360
Inactive employees entitled to but not yet receiving benefits	22,586	1,388	1,151	139	25,264
Active employees	<u>35,369</u>	<u>2,624</u>	<u>11,868</u>	<u>4,767</u>	<u>54,628</u>
	<u>83,849</u>	<u>7,539</u>	<u>27,658</u>	<u>10,206</u>	<u>129,252</u>

Contributions—For the Municipal Employees' and Laborers' Plans, P.A. 100-0023 was enacted on July 6, 2017. P.A. 100-0023 requires the City to contribute specific amounts to the Municipal Employees' and the Laborers' Plans in the aggregate amounts as follows: in payment year 2019, \$392.0 million; in payment year 2020, \$481.0 million; in payment year 2021, \$571.0 million; in payment year 2022, \$660.0 million. Additionally, P.A. 100-0023 requires that the City's contributions are at actuarially determined rates beginning in payment year 2023 and future funding be sufficient to produce a funding level of 90% by the year end of 2058.

For Policemen's and Firemen's, Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, \$792.0 million; in payment year 2020,

\$824.0 million. Additionally, P.A. 99-0506 requires that the City's contributions are at actuarially determined rates beginning in payment year 2021 and future funding be sufficient to produce a funding level of 90% by the year end of 2055. In 2021, P.A. 101-0673 was enacted, which changed the terms of the automatic benefit increase provisions and eligibility for certain Tier 1 participants for Firemen's.

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

The contribution to all four pension plans from the Airport was \$24.2 million for the year ended December 31, 2022.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2022, the Airport reported a liability of \$373.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, 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 an increase in the single discount rate for Firemen and a decrease in the single discount rate for Laborers' and Policemen. See discount rate section below.

The change in the single discount rate and other assumptions decreased the net pension liability by \$4.1 million for Policemen and \$2.1 million for Laborers' and increased the net pension liability by \$.7 million for Firemen and \$1.8 million for Municipal Employees'. These changes are being amortized into expense over a 4-year period for Municipal Employees' and Laborers' and a 6-year period for Policemen's and Firemen'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 2022. At December 31, 2022, the Airport's proportion was 1.2% of the Municipal Employees' Plan, 1.9% of the Laborer's Plan, 0.6% of the Policemen's Plan, and 1.4% of the Firemen's Plan.

For the year ended December 31, 2022, the Airport recognized pension expense of \$35.9 million.

At December 31, 2022, the reported deferred outflows of resources of \$25.1 million and deferred inflows of resources of \$10.6 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	\$ 2,124	\$ -
Changes of assumptions	1,422	-
Net difference between projected and actual earnings on pension plan investments	<u>4,028</u>	<u>-</u>
Total	<u>\$ 7,574</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**

2023	\$ 1,439
2024	2,137
2025	1,700
2026	<u>2,298</u>
Total	<u>\$ 7,574</u>

Laborers' (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 794
Changes of assumptions	435	1,586
Net difference between projected and actual earnings on pension plan investments	<u>2,119</u>	<u>-</u>
Total	<u>\$ 2,554</u>	<u>\$ 2,380</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**

2023	\$ (500)
2024	(205)
2025	143
2026	<u>736</u>
Total	<u>\$ 174</u>

Policemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,874	\$ 487
Changes of assumptions	3,670	3,717
Net difference between projected and actual earnings on pension plan investments	<u>1,922</u>	<u>-</u>
Total	<u>\$ 8,466</u>	<u>\$ 4,204</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**

2023	\$ 926
2024	1,503
2025	1,410
2026	803
2027	(377)
Thereafter	<u>(3)</u>
Total	<u>\$4,262</u>

Firemen's (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,174	\$ 787
Changes of assumptions	2,598	3,256
Net difference between projected and actual earnings on pension plan investments	<u>1,697</u>	<u>-</u>
Total	<u>\$6,469</u>	<u>\$4,043</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**

2023	\$ 1,114
2024	663
2025	510
2026	403
2027	(301)
Thereafter	<u>37</u>
Total	<u>\$2,426</u>

Deferred Outflows Related to Changes in Proportionate Share of Contributions—For the year ended December 31, 2022, the Airport reported pension charge of \$1.2 million related to changes in its proportionate share of contributions. As of December 31, 2022, the Airport reported deferred inflows of \$23.0 million, and deferred outflows of \$5.8 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, 2022, 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)	7.25 % (e)	6.75 %	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, 2022, valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal Employees'
Laborers'
Policemen's
Firemen's

January 1, 2017–December 31, 2021
January 1, 2017–December 31, 2019
January 1, 2014–December 31, 2018
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, 2022 are summarized in the following tables:

	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Municipal Employees'	Laborers'	Policemen's	Firemen's
Asset class:								
Equity	- %	- %	29.50 %	57.00 %	- %	- %	7.85 %	7.40 %
Domestic equity	26.00	-	-	-	7.10	-	-	-
U.S. equity	-	25.00	-	-	-	5.20	-	-
Non U.S. equity	-	20.00	19.50	-	-	5.40	9.65	-
Global equity	5.00	-	-	-	6.80	-	-	-
Global low volatility equity	-	5.00	-	-	-	4.50	-	-
International equity	17.00	-	-	-	7.40	-	-	-
Fixed income	22.00	20.00	15.00	22.00	4.90	1.60	3.62	4.60
Hedge funds	10.00	10.00	5.00	-	5.30	3.10	5.48	-
Infrastructure	3.00	-	-	-	6.90	-	-	-
Private debt	4.00	3.00	-	-	10.10	8.20	-	-
Private equity	4.00	4.00	-	-	11.40	9.30	-	-
Private markets	-	-	20.00	-	-	-	11.20	-
Real estate	9.00	10.00	-	-	6.80	4.50	-	-
Real assets	-	-	11.00	-	-	-	5.99	-
Private real assets	-	3.00	-	-	-	4.80	-	-
Other investments	-	-	-	21.00	-	-	-	6.50
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, 2022 was 6.57%. 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 2078. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to projected benefits for all periods through 2077 and the municipal bond index rate of 3.72% was applied thereafter to determine total pension liability.

Laborers'— A Single Discount Rate of 7.13% was used to measure the total pension liability as of December 31, 2022. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.05% (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 6.64% 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 4.05% (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, 2022. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% for December 31, 2022, and a municipal bond rate of 3.72% as of December 31, 2022 (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2022). 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, 2022, 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, 2022, 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, 2022, calculated using the discount rate of 6.57%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.57%) or 1% point higher (7.57%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees' discount rate	5.57 %	6.57 %	7.57 %
Municipal Employees' net pension liability	\$ 215,729	\$ 187,037	\$ 163,068

Laborers’—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, calculated using the discount rate of 7.13%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.13%) or 1% point higher (8.13%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers’ discount rate	6.13 %	7.13 %	8.13 %
Laborers’ net pension liability	\$ 37,959	\$ 31,902	\$ 26,799

Policemen’s—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, calculated using the discount rate of 6.64%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.64%) or 1% point higher (7.64%) than the current rate (dollars in thousands):

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Policemen’s discount rate	5.64 %	6.64 %	7.64 %
Policemen’s net pension liability	\$ 85,980	\$ 74,541	\$ 64,992

Firemen’s—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2022, 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	\$ 91,486	\$ 79,926	\$ 70,217

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 \$39.0 million in 2022.

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, 2022, are as follows (dollars in thousands):

Beginning balance—January 1	\$ 597
Total claims incurred	6,061
Claims paid	<u>(6,029)</u>
Claims liability—December 31	<u>\$ 629</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, 2022, with a limit of \$3.5 billion and includes \$3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2023, with a limit of \$1 billion and includes \$1 billion in war and terrorism liability coverage.

At December 31, 2022, the Airport had commitments in the amount of approximately \$23.3 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	\$ 25,058
Changes in proportionate share of pension contribution	5,829
Unamortized deferred bond refunding costs	12,065
Derivatives	<u>5,698</u>
Total deferred outflows of resources	<u>\$ 48,650</u>
Deferred inflows of resources—deferred inflows from pension activities	\$ 33,541
Deferred Inflows of Leases	211,012

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

On February 2, 2023, S&P upgraded the rating of the Chicago Midway International Airport's raised its long-term rating and underlying rating (SPUR) on the City of Chicago's first-lien and second-lien general airport revenue bonds (GARBs) to 'A' from 'A-'. S&P Global Ratings also raised its rating to 'AA+/A-1' from 'AA/A-1' on Chicago Midway International Airport's second-lien revenue refunding bonds, series 2004C-1, 2004C-2, and 2004D. At the same time, S&P Global Ratings affirmed its 'AA/A-1' rating on Chicago Midway International Airport's second-lien revenue refunding bonds, series 2014C. The outlooks, where applicable, are stable.

* * * * *

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

	2022	2021	2020	2019	2018	2017	2016	2015
MUNICIPAL EMPLOYEES':								
Total pension liability:								
Service cost*	\$ 263,993	\$ 246,066	\$ 236,302	\$ 228,465	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
Interest	1,269,645	1,228,905	1,190,694	1,159,253	1,123,348	915,711	878,369	909,067
Benefit changes	-	-	-	-	-	-	-	2,140,009
Differences between expected and actual experience	84,258	121,988	100,938	16,676	95,540	(177,755)	(127,119)	(109,865)
Assumption changes	143,996	-	-	-	-	(7,431,191)	(578,920)	8,711,755
Benefit payments including refunds	(1,055,585)	(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Net change in total pension liability	706,307	586,768	554,456	451,742	526,218	(7,008,875)	(67,599)	11,051,746
Total pension liability—beginning	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)	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	959,550	573,198	496,992	418,269	349,574	261,764	149,718	149,225
Contributions—employee	176,339	163,411	157,798	146,645	138,400	134,765	130,391	131,428
Net investment income	(429,912)	498,299	335,403	560,940	(204,975)	610,515	281,419	114,025
Benefit payments including refunds of employee contribution	(1,055,585)	(1,010,191)	(973,478)	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Administrative expenses	(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	(356,481)	218,030	9,597	166,462	(639,838)	117,791	(305,200)	(438,059)
Plan fiduciary net position—beginning	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)	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)	\$ 15,156,099	\$ 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	20.68 %	23.41 %	22.96 %	23.64 %	23.29 %	27.97 %	19.05 %	20.30 %
ALLOCATED COVERED PAYROLL**	\$ 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	699.67 %	704.24 %	737.13 %	731.07 %	743.37 %	695.41 %	1,144.85 %	1,132.81 %
ALLOCATED NET PENSION LIABILITY	\$ 187,037	\$ 209,223	\$ 198,443	\$ 196,694	\$ 188,469	\$ 160,076	\$ 175,069	\$ 171,485
ALLOCATED PERCENTAGE	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.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

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

* 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.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

	2022	2021	2020	2019	2018	2017	2016	2015
POLICEMEN'S:								
Total pension liability:								
Service cost*	\$ 294,515	\$ 284,707	\$ 286,537	\$ 240,383	\$ 242,998	\$ 237,333	\$ 220,570	\$ 213,585
Interest	1,011,977	963,417	942,623	944,739	931,731	917,720	851,098	832,972
Benefit changes	40,210	-	-	24,216	-	-	606,250	-
Differences between expected and actual experience	179,968	450,528	61,914	(68,010)	(281,151)	(299,923)	1,801	(105,969)
Assumption changes	(700,065)	37,029	260,021	1,140,418	(259,052)	238,975	112,585	-
Benefit payments including refunds	(947,589)	(887,076)	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Pension plan administrative expense	(4,394)	(3,337)	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Net change in total pension liability	(125,378)	845,268	705,138	1,476,344	(141,204)	341,371	1,080,358	259,303
Total pension liability—beginning	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)	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	801,706	788,770	739,441	581,936	588,035	494,483	272,428	572,836
Contributions—employee	114,403	136,225	113,622	110,792	107,186	103,011	101,476	107,626
Net investment income	(324,259)	370,141	271,891	369,982	(137,977)	412,190	142,699	(5,334)
Benefit payments including refunds of employee contribution	(947,589)	(887,076)	(841,598)	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Administrative expenses	(4,394)	(3,337)	(4,359)	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Other	368	91	472	(59)	1,600	97	1,413	3,092
Net change in plan fiduciary net position	(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	3,846,664	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)	3,486,780	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)	\$ 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								
	21.50 %	23.54 %	22.21 %	21.38 %	21.82 %	23.20 %	21.85 %	25.42 %
ALLOCATED COVERED PAYROLL**	\$ 7,462	\$ 6,904	\$ 6,696	\$ 7,187	\$ 5,492	\$ 5,361	\$ 5,022	\$ 1,086,608
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF ALLOCATED COVERED PAYROLL								
	998.94 %	992.89 %	1,007.78 %	946.08 %	863.51 %	898.15 %	915.39 %	825.85 %
ALLOCATED NET PENSION LIABILITY	\$ 74,541	\$ 68,549	\$ 67,477	\$ 67,996	\$ 47,425	\$ 48,149	\$ 45,971	\$ 36,344
ALLOCATED PERCENTAGE	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.

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
FIREMEN'S:								
Total pension liability:								
Service cost	\$ 111,917	\$ 112,730	\$ 109,487	\$ 102,141	\$ 97,143	\$ 93,367	\$ 94,115	\$ 87,203
Interest	466,819	429,630	410,128	408,586	410,821	371,622	342,085	338,986
Benefit changes	11,737	196,531	-	-	-	-	227,213	-
Differences between expected and actual experience	(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	(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	211,503	103,775	358,640	290,131	506,210	596,892	323,174	313,324
Total pension liability—beginning	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)	7,216,409	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	399,210	367,481	368,423	255,382	249,684	228,453	154,101	236,104
Contributions—employee	53,031	52,268	54,414	46,623	45,894	47,364	48,960	46,552
Net investment income	(155,590)	129,513	105,367	161,082	(58,000)	140,570	60,881	7,596
Benefit payments including refunds of employee contribution	(401,968)	(388,674)	(366,160)	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Administrative expenses	(3,390)	(3,082)	(2,991)	(3,226)	(3,285)	(3,172)	(3,217)	(3,149)
Other	5	5	13	507	6	22	(53)	7
Net change in plan fiduciary net position	(108,702)	157,511	159,066	114,031	(90,363)	107,139	(26,087)	9,093
Plan fiduciary net position—beginning	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)	1,357,696	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)	\$ 5,858,713	\$ 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	18.81 %	20.93 %	18.97 %	17.57 %	16.57 %	19.60 %	19.79 %	21.66 %
ALLOCATED COVERED PAYROLL**	\$ 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	1,114.88 %	1,064.96 %	1,117.63 %	1,179.80 %	1,141.56 %	984.22 %	863.22 %	812.71 %
ALLOCATED NET PENSION LIABILITY	\$ 79,926	\$ 73,035	\$ 76,431	\$ 72,707	\$ 70,560	\$ 62,136	\$ 57,212	\$ 51,224
ALLOCATED PERCENTAGE	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.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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

Municipal Employees'	Contributions in Relation to the				Contributions as a Percentage of
Years Ended December 31	Actuarially Determined Contributions	Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll*	Covered Payroll
2013	\$ 820,023	\$148,197	\$671,826	\$1,580,289	9.38 %
2014	839,039	149,747	689,292	1,602,978	9.34
2015	677,200	149,225	527,975	1,643,481	9.08
2016	961,770	149,718	812,052	1,646,939	9.09
2017	1,005,457	261,764	743,693	1,686,533	15.52
2018	1,049,916	349,574	700,342	1,734,596	20.15
2019	1,117,388	418,269	699,119	1,802,790	23.20
2020	1,167,154	496,992	670,162	1,861,905	26.69
2021	1,218,361	573,198	645,163	2,001,181	28.64
2022	1,262,413	959,550	302,863	2,166,182	44.30

*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'	Contributions in				Contributions as a Percentage of
	Years Ended December 31	Actuarially Determined Contributions*	Actuarially Determined Contribution	Contribution Deficiency	
2013	\$ 106,199	\$ 11,583	\$ 94,616	\$ 200,352	5.78 %
2014	106,019	12,161	93,858	202,673	6.00
2015	79,851	12,412	67,439	204,773	6.06
2016	117,033	12,603	104,430	208,155	6.05
2017	124,226	35,457	88,769	208,442	17.01
2018	129,247	47,844	81,403	211,482	22.62
2019	148,410	59,346	89,064	211,608	28.05
2020	155,794	73,744	82,050	207,195	35.59
2021	155,245	84,969	70,276	212,122	40.06
2022	153,023	116,176	36,847	214,083	54.27

*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)

Years Ended December 31	Policemen's:				Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	
2013	\$ 474,177	\$179,521	\$294,656	\$1,015,426	17.68 %
2014	491,651	178,158	313,493	1,074,333	16.58
2015	785,501	575,928	209,573	1,086,608	53.00
2016	785,695	273,840	511,855	1,119,527	24.46
2017	910,938	494,580	416,358	1,150,406	42.99
2018	924,654	589,635	335,019	1,205,324	48.92
2019	933,770	581,968	351,802	1,228,987	47.35
2020	1,037,582	739,913	297,669	1,195,980	61.87
2021	1,047,839	788,861	258,978	1,258,338	62.69
2022	1,085,159	802,074	283,085	1,274,050	62.95

*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.

Years Ended December 31	Firemen's:				Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	
2013	\$ 294,878	\$103,669	\$191,209	\$ 416,492	24.89 %
2014	304,265	107,334	196,931	460,190	23.32
2015	323,545	236,104	87,441	465,232	50.75
2016	333,952	154,101	179,851	478,471	32.21
2017	372,845	228,453	144,392	469,407	48.67
2018	412,220	249,684	162,536	456,969	54.64
2019	442,045	255,382	186,663	457,082	55.87
2020	466,556	368,423	98,133	500,368	73.63
2021	476,498	367,481	109,017	520,047	70.66
2022	509,936	399,210	110,726	525,480	75.97

*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	12/31/2021		12/31/2021		12/31/2021		12/31/2021	
Actuarial cost method	Entry age normal		Entry age normal		Entry age normal		Entry age normal	
Asset valuation method	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market	
Actuarial assumptions:								
Inflation	2.50%		2.25%		2.25%		2.50%	
Salary increases	3.50%–7.75%	(a)	3.00%	(b)	3.50%	(c)	3.5%–25.00%	(d)
Investment rate of return	7.00%	(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.

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, 2022 was determined in the funding actuarial valuation as of December 31, 2021 and the statutory contribution (upon which the actual contribution was based) for fiscal year ending December 31, 2022 was determined in the funding actuarial valuation as of December 31, 2020, which were both based on the assumptions summarized above.

(Concluded)

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, 2022 AND 2021
(\$ in thousands)

	2022	2021
REVENUES:		
Total revenues—as defined	\$ 247,264	\$ 208,457
Other available moneys (passenger facility charges and COVID-19 Relief Funds)	36,566	76,553
Revenue Fund balance on first day of fiscal year (Note 2)	<u>24,442</u>	<u>24,693</u>
TOTAL REVENUES	<u>\$ 308,272</u>	<u>\$ 309,703</u>
COVERAGE REQUIREMENT—Required deposits from revenues:		
Debt Service Fund	\$ 4,538	\$ 4,533
Operation and maintenance reserve account	2,773	1,891
Second/Junior Lien Obligation Debt Service Fund	128,044	121,639
Second Lien Obligation Program Fee Fund	2,355	2,454
Repair and Maintenance Fund	<u>1,642</u>	<u>1,017</u>
TOTAL FUND DEPOSIT REQUIREMENTS	<u>\$ 139,352</u>	<u>\$ 131,534</u>
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	<u>\$ 4,541</u>	<u>\$ 4,533</u>
NET AGGREGATE DEBT SERVICE	<u>\$ 4,541</u> <u>1.25</u>	<u>\$ 4,533</u> <u>1.25</u>
NET DEBT SERVICE REQUIRED COVERAGE	<u>\$ 5,676</u>	<u>\$ 5,666</u>
OPERATION AND MAINTENANCE EXPENSES	\$ 138,909	\$ 139,956
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125% of aggregate debt service)	<u>139,352</u>	<u>131,534</u>
TOTAL COVERAGE REQUIRED	<u>\$ 278,261</u>	<u>\$ 271,490</u>
TOTAL REVENUES	<u>\$ 308,272</u>	<u>\$ 309,703</u>
COVENANT COVERAGE RATIO	<u>1.11</u>	<u>1.14</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, 2022 AND 2021

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 \$24.2 million of cash to the pension funds. In addition, COVID-19 Relief Funds of \$35.1 million were applied to reduce the airline-based operating and maintenance costs in 2022.

2. REVENUE FUND BALANCE

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

3. 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, 2022 was \$18.1 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, 2022 AND 2021
(\$ in thousands)

	2022	2021
REVENUES:		
Total revenues—as defined	\$ 247,264	\$ 208,457
Other available moneys (passenger facility charges)	36,566	76,553
Revenue fund balance on first day of fiscal year (Note 2)	24,442	24,693
TOTAL REVENUES FOR CALCULATION OF COVERAGE	<u>\$ 308,272</u>	<u>\$ 309,703</u>
COVERAGE REQUIREMENT—Required deposits from revenues:		
First Lien Debt Service Fund	\$ 4,538	\$ 4,533
Operation and maintenance reserve account	2,773	1,891
Second Lien Obligation Debt Service Fund	128,044	121,639
Second Lien Obligation Program Fee Fund	2,355	2,454
Repair and Replacement Fund	1,642	1,017
TOTAL FUND DEPOSIT REQUIREMENTS	<u>\$ 139,352</u>	<u>\$ 131,534</u>
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	\$ 4,541	\$ 4,533
Net aggregate First Lien Debt Service	4,541	4,533
	1.25	1.25
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	<u>\$ 5,676</u>	<u>\$ 5,666</u>
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	<u>\$ 139,352</u>	<u>\$ 131,534</u>
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	\$ 4,541	\$ 4,533
Aggregate Second Lien Debt Service	128,313	121,640
Less amounts transferred from Junior Lien Capitalized Interest Accounts	-	-
Net aggregate First and Second Lien Debt Service	132,854	126,173
	1.10	1.10
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	<u>\$ 146,139</u>	<u>\$ 138,790</u>
GREATER OF FUND DEPOSIT REQUIREMENTS OR 110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	<u>\$ 146,139</u>	<u>\$ 138,790</u>
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	<u>\$ 146,139</u>	<u>\$ 138,790</u>
RATE COVENANT CALCULATION:		
Operation and maintenance expenses	\$ 138,909	\$ 139,956
110% of aggregate First and Second Lien Debt Service	146,139	138,790
TOTAL COVERAGE REQUIRED	<u>\$ 285,048</u>	<u>\$ 278,746</u>
TOTAL REVENUES	<u>\$ 308,272</u>	<u>\$ 309,703</u>
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	<u>\$ 23,224</u>	<u>\$ 30,957</u>
COVENANT COVERAGE RATIO	<u>1.08</u>	<u>1.11</u>
COVERAGE CALCULATION:		
Total revenues	\$ 308,272	\$ 309,703
Operation and maintenance expenses	138,909	139,956
TOTAL REVENUES AVAILABLE FOR AGGREGATE DEBT SERVICE	169,363	169,747
AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	132,854	126,173
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	<u>\$ 36,509</u>	<u>\$ 43,574</u>
COVERAGE RATIO	<u>1.27</u>	<u>1.35</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, 2022 AND 2021

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 \$24.2 million of cash to the pension funds. In addition, COVID-19 Relief Funds of \$35.1 million were applied to reduce the airline-based operating and maintenance costs in 2022.

2. REVENUE FUND BALANCE

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

3. 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, 2022 was \$18.1 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 contains data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides and the activities it performs.

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

**HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022
(\$ in thousands)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES:										
Landing fees	\$ 42,516	\$ 42,539	\$ 48,350	\$ 49,186	\$ 54,165	\$ 58,304	\$ 56,604	\$ 38,772	\$ 52,166	\$ 58,445
Rental revenues:										
Terminal area use charges	47,486	40,916	36,273	38,239	41,251	47,821	68,827	74,714	85,886	78,781
Other rentals and fueling system fees	26,004	24,197	25,945	26,396	27,912	28,755	32,615	29,486	24,891	36,028
Subtotal rental revenues	73,490	65,113	62,218	64,635	69,163	76,576	101,442	104,200	110,777	114,809
Concessions:										
Auto parking	32,721	34,226	35,772	36,665	38,317	36,602	34,430	14,299	27,797	35,901
Auto rentals	10,255	10,743	11,104	11,390	11,287	11,022	11,135	9,693	9,838	8,413
Restaurant	10,179	11,090	12,150	13,019	14,912	16,167	16,227	13,390	13,652	9,685
News and gifts	3,619	3,761	4,128	4,471	4,729	5,379	5,497	5,716	4,717	3,892
Other	2,409	2,787	2,397	2,827	2,452	2,483	2,199	1,670	1,881	1,279
Subtotal concessions	59,183	62,607	65,551	68,372	71,697	71,653	69,488	44,768	57,885	59,170
Reimbursements	-	-	-	-	-	-	-	-	-	-
Total operating revenues ⁽¹⁾	175,189	170,259	176,119	182,193	195,025	206,533	227,534	187,740	220,828	232,424
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages ⁽²⁾	43,998	47,836	43,343	48,548	48,185	51,408	55,571	55,964	57,489	60,146
Pension expense	-	-	60,767	47,879	40,211	42,843	47,537	22,510	27,444	35,852
Repairs and maintenance	39,606	44,160	44,095	48,277	44,506	47,326	47,021	43,737	48,910	53,124
Energy	7,205	7,060	6,868	7,221	6,984	7,104	7,728	6,400	6,987	7,321
Materials and supplies	1,927	1,971	2,522	2,016	1,932	2,397	3,061	5,689	2,553	2,372
Professional and engineering services	19,144	23,255	20,954	20,851	24,344	24,144	22,113	20,783	22,033	23,535
Other operating expenses	9,236	5,314	5,327	7,813	4,803	6,188	5,151	8,807	23,883	3,414
Total operating and maintenance expenses before depreciation and amortization ⁽³⁾	121,116	129,596	183,876	182,605	170,965	181,410	188,182	163,890	189,299	185,764
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION ⁽⁴⁾	\$ 54,073	\$ 40,663	\$ (7,757)	\$ (412)	\$ 24,060	\$ 25,123	\$ 39,352	\$ 23,850	\$ 31,529	\$ 46,660
COVENANT COVERAGE CALCULATION—FIRST LIEN	1.06	1.09	1.11	1.04	1.05	1.04	1.08	1.11	1.14	1.11
COVENANT COVERAGE CALCULATION—SECOND LIEN	1.06	1.09	1.10	1.04	1.04	1.01	1.06	1.07	1.11	1.08

⁽¹⁾ Average annual compound growth rate for 2013–2022 for total operating revenues is 3.2%.

⁽²⁾ Salaries and wages includes charges for pension, health care and other employee benefits for years 2013–2022.

⁽³⁾ Average annual compound growth rate for 2013–2022 for total operating and maintenance expenses before depreciation and amortization is 4.9%.

⁽⁴⁾ Amount for 2022 may be reconciled to operating loss of \$10,685 reported in the 2022 Statement of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of \$57,345. Amount for prior years may be reconciled through similar calculations.

\$24.2 million is the portion of the City's pension cash contribution payable in 2022 to the pension funds and allocable to Midway Airport.

Accordingly, only \$24.2 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 December 31	Debt Service (First Lien)		Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	(Second Lien)	Total Debt Service ⁽¹⁾
	Series 1998	Total	Series 2004	Series 2013	Series 2014	Series 2016	Series 2018	Total	
	First Lien Bonds	Debt Service	Second Lien Bonds	Second Lien Bonds	Second Lien Bonds	Second Lien Bonds	Second Lien Bonds	Debt Service ⁽¹⁾	
2023	\$4,429	\$4,429	\$ 9,967	\$ 28,030	\$ 70,409	\$ 21,777	\$ 5,272	\$ 135,455	\$ 139,884
2024	4,418	4,418	9,983	27,561	70,276	21,772	5,266	134,858	139,276
2025	-	-	9,986	27,218	76,029	20,522	5,266	139,021	139,021
2026	-	-	10,003	26,111	75,921	20,515	5,263	137,813	137,813
2027	-	-	9,958	25,230	75,654	20,505	5,256	136,603	136,603
2028	-	-	9,999	23,775	75,875	20,494	5,251	135,394	135,394
2029	-	-	10,002	22,759	75,735	20,483	3,808	132,787	132,787
2030	-	-	10,039	24,479	72,834	20,474	-	127,826	127,826
2031	-	-	10,036	27,944	68,241	20,463	-	126,684	126,684
2032	-	-	10,042	24,260	70,811	20,500	-	125,613	125,613
2033	-	-	10,034	23,329	70,660	20,498	-	124,521	124,521
2034	-	-	10,056	22,384	70,511	20,485	-	123,436	123,436
2035	-	-	10,085	18,826	72,989	20,473	-	122,373	122,373
2036	-	-	-	-	29,038	20,403	-	49,441	49,441
2037	-	-	-	-	33,017	20,392	-	53,409	53,409
2038	-	-	-	-	32,991	20,376	-	53,367	53,367
2039	-	-	-	-	32,960	20,356	-	53,316	53,316
2040	-	-	-	-	32,932	20,338	-	53,270	53,270
2041	-	-	-	-	32,823	20,319	-	53,142	53,142
2042	-	-	-	-	37,935	20,302	-	58,237	58,237
2043	-	-	-	-	38,181	20,281	-	58,462	58,462
2044	-	-	-	-	38,430	20,262	-	58,692	58,692
2045	-	-	-	-	-	20,241	-	20,241	20,241
2046	-	-	-	-	-	20,213	-	20,213	20,213
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	<u>\$8,847</u>	<u>\$8,847</u>	<u>\$130,190</u>	<u>\$321,906</u>	<u>\$1,254,252</u>	<u>\$492,444</u>	<u>\$35,382</u>	<u>\$2,234,174</u>	<u>\$2,243,021</u>

⁽¹⁾ Assumes an interest rate effective at December 31, 2022, on \$226,310,000 of Second Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1.

The information above is presented with a year ended December 31.

The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2022.

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

**CAPITAL IMPROVEMENT PROGRAM 2023–2029
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2022
(\$ in thousands)**

ESTIMATED SOURCES:

AIP—entitlements	\$ 15,349
Airport development fund	41,045
State Grant	24,864
Series 2010 Bonds	9,289
Series 2014 Bonds	18,762
Series 2016 Bonds	40,295
Future Bonds	<u>351,335</u>

TOTAL ESTIMATED SOURCES	<u>\$ 500,939</u>
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ESTIMATED USES:

Terminal area projects	\$ 71,852
Land acquisition	27,808
Airfield projects	152,364
Parking/roadway projects	11,730
Noise projects	138,325
Safety and security	73,410
Implementation	<u>25,450</u>

TOTAL ESTIMATED USES	<u>\$ 500,939</u>
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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, 2013–2022

Years	Domestic Air Carrier	Domestic Commuter ⁽¹⁾	Total Domestic	International Enplanements	Total Enplanements	Percent Change
2013	10,003,167	-	10,003,167	264,314	10,267,481	5.0 %
2014	10,315,089	-	10,315,089	292,907	10,607,996	3.3
2015	10,731,246	-	10,731,246	386,977	11,118,223	4.8
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
Average Annual Compound Growth Rates						
2013–2022	(0.5)%		(0.5)%	3.0 %	(0.4)%	

⁽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, 2013–2022

	2013		2014		2015		2016		2017		2018		2019		2020		2021		2022	
	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	8,885,118	86.5 %	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 %
AirTran	462,680	4.5	383,443	3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Frontier	161,456	1.6	157,835	1.5	8,658	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shuttle America (Delta Express)	4,281	0.1	7,830	0.1	640	-	3,535	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Volaris	108,896	1.1	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
Comair	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Delta	239,361	2.3	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
All other airlines	405,689	4.0	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	710,597	7.1
Total	10,267,481	100.0 %	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 %

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

**HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022**

Years	Chicago Midway International Airport		Chicago O'Hare International Airport		Total Enplanements
	Total Enplanements	Percent of Total Chicago	Total Enplanements	Percent of Total Chicago	
2013	10,267,481	23.6 %	33,297,578	76.4 %	43,565,059
2014	10,607,996	23.4	34,646,832	76.6	45,254,828
2015	11,118,223	22.5	38,395,905	77.5	49,514,128
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
Average Annual Compound Growth Rates					
2013–2022	(0.4)%		0.3 %		0.1 %

⁽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, 2013–2022**

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
2013	6,505,206	27.6 %	17,044,643	72.4 %	23,549,849
2014	6,446,497	27.4	17,115,535	72.6	23,562,032
2015	6,890,633	25.5	20,096,191	74.5	26,986,824
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	5,653,866	24.5	17,444,606	75.5	23,098,472
2022	6,266,354	23.4	20,491,522	76.6	26,757,876
Average Annual Compound Growth Rates					
2013–2022	(0.4)%		2.1 %		1.4 %

⁽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, 2013–2022**

Years	Aircraft Operations Domestic Air Carrier	International Air Carrier	Total Air Carrier	Domestic Commuter	General Aviation	Total
2013	182,643	7,046	189,689	8,401	54,036	252,126
2014	178,518	7,299	185,817	10,013	53,422	249,252
2015	177,658	8,474	186,132	11,857	55,530	253,519
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

Average Annual Compound Growth Rates

2013–2022	(1.9)%	(0.5)%	(1.8)%	(100.0)%	(0.1)%
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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, 2013–2022
(\$ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NET POSITION:										
Net investment in capital assets	\$(131,057)	\$(115,080)	\$(150,431)	\$(152,026)	\$(180,803)	\$(172,197)	\$(165,290)	\$(125,410)	\$(111,146)	\$(160,863)
Restricted	99,427	86,526	97,980	83,048	127,476	120,685	121,093	96,358	89,541	149,693
Unrestricted	<u>46,613</u>	<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>
TOTAL NET POSITION	<u>\$ 14,983</u>	<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>

*

* 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, 2013–2022
(\$ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES	<u>\$175,189</u>	<u>\$170,259</u>	<u>\$176,119</u>	<u>\$182,193</u>	<u>\$195,025</u>	<u>\$206,533</u>	<u>\$227,534</u>	<u>\$187,740</u>	<u>\$220,828</u>	<u>\$232,424</u>
OPERATING EXPENSES:										
Salary Wages	43,998	47,836	43,343	48,548	48,185	51,408	55,571	55,964	57,489	60,146
Pension Expense	-	-	60,767	47,879	40,211	42,843	47,537	22,510	27,444	35,852
Repairs and Maintenance	39,606	44,160	44,095	48,277	44,506	47,326	47,021	43,737	48,910	53,124
Professional Engineering Services	19,144	23,255	20,954	20,851	24,344	24,144	22,113	20,783	22,033	23,535
Other Operating Expenses	18,368	14,345	14,717	17,050	13,719	15,689	15,940	20,896	33,423	13,107
Depreciation and amortization	<u>41,538</u>	<u>46,163</u>	<u>47,719</u>	<u>49,118</u>	<u>51,443</u>	<u>51,383</u>	<u>52,007</u>	<u>50,018</u>	<u>52,636</u>	<u>57,345</u>
Total operating expenses	<u>162,654</u>	<u>175,759</u>	<u>231,595</u>	<u>231,723</u>	<u>222,408</u>	<u>232,793</u>	<u>240,189</u>	<u>213,908</u>	<u>241,935</u>	<u>243,109</u>
OPERATING (LOSS) INCOME	<u>12,535</u>	<u>(5,500)</u>	<u>(55,476)</u>	<u>(49,530)</u>	<u>(27,383)</u>	<u>(26,260)</u>	<u>(12,655)</u>	<u>(26,168)</u>	<u>(21,107)</u>	<u>(10,685)</u>
NONOPERATING (EXPENSES) REVENUES:										
Passenger facility charge revenue	39,470	39,889	41,692	41,665	40,918	39,469	36,669	13,245	28,268	36,566
Customer facility charges	6,546	6,514	7,572	8,625	8,130	7,502	7,427	3,214	4,812	5,696
Other nonoperating revenues	1,083	1,522	1,402	364	475	1,083	(8,488)	132	-	-
Noise mitigation	(11,859)	(3,103)	(23,323)	(27,089)	(1,289)	(648)	(2,496)	(703)	(619)	(865)
Cost of issuance	(2,425)	(5,258)	(42)	(3,001)	-	(555)	-	-	-	-
Investment income (loss)	(1,000)	3,540	2,497	(1,094)	5,722	6,408	11,241	3,829	(3,340)	(17,365)
Interest expense	(64,142)	(64,111)	(60,764)	(58,220)	(61,277)	(59,598)	(58,490)	(58,045)	(67,608)	(68,205)
GASB 87 Interest income (expense)	-	-	-	-	-	-	-	-	-	7,710
Grant revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,302</u>	<u>36,574</u>	<u>36,603</u>
Total nonoperating expenses	<u>(32,327)</u>	<u>(21,007)</u>	<u>(30,966)</u>	<u>(38,750)</u>	<u>(7,321)</u>	<u>(6,339)</u>	<u>(14,137)</u>	<u>43,974</u>	<u>(1,913)</u>	<u>140</u>
(LOSS) GAIN BEFORE CAPITAL GRANTS	(19,792)	(26,507)	(86,442)	(88,280)	(34,704)	(32,599)	(26,792)	17,806	(23,020)	(10,545)
CAPITAL GRANTS	<u>4,975</u>	<u>4,826</u>	<u>9,279</u>	<u>27,903</u>	<u>31,556</u>	<u>6,776</u>	<u>3,397</u>	<u>15,158</u>	<u>5,757</u>	<u>6,882</u>
CHANGE IN NET POSITION	<u>\$ (14,817)</u>	<u>\$ (21,681)</u>	<u>\$ (77,163)</u>	<u>\$ (60,377)</u>	<u>\$ (3,148)</u>	<u>\$ (25,823)</u>	<u>\$ (23,395)</u>	<u>\$ 32,964</u>	<u>\$ (17,263)</u>	<u>\$ (3,663)</u>

*

* 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, 2013–2022
(\$ in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
First lien bonds	\$ 624,545	\$ 34,180	\$ 31,530	\$ 28,730	\$ 25,775	\$ 22,660	\$ 19,370	\$ 15,900	\$ 12,240	\$ 8,380
Second lien bonds	812,750	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
Commercial paper notes	<u>57,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,027</u>	<u>24,375</u>
Total revenue bonds and notes	1,495,008	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
Unamortized premium	<u>4,325</u>	<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>
Total revenue bonds payable, net of unamortized premium (discount)	1,499,333	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
Enplanements ⁽¹⁾	<u>10,267,481</u>	<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>
Total debt per enplanements	<u>\$ 146</u>	<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>

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO MIDWAY AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Airfield operations	70	85	88	94	127	128	134	137	137	146
Landside operations	-	21	20	21	21	21	21	22	22	29
Security management	60	69	62	62	63	64	68	110	110	111
Facility management	35	14	15	15	15	15	18	17	20	25
Midway administration	10	10	10	10	12	12	12	12	10	11
Safety management	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>177</u>	<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>

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	2022 ⁽¹⁾			2013 ⁽³⁾		
	Number of Employees	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment
Amazon.Com Inc	28,994	1	2.2%	-	-	- %
Advocate Health ⁽⁴⁾	26,841	2	2.03	-	-	-
Northwestern Memorial Healthcare	24,120	3	1.83	-	-	-
University of Chicago	21,618	4	1.64	-	-	-
Walgreens Boots Alliance Inc. ⁽⁵⁾	17,344	5	1.31	2,869	9	0.26
Walmart Inc.	17,300	6	1.31	-	-	-
United Continental Holdings Inc. ⁽⁶⁾	15,565	7	1.18	8,199	2	0.75
JPMorgan Chase & Co. ⁽⁷⁾	14,293	8	1.08	8,499	1	0.78
North Shore Edward-Elmhurst Health ⁽⁸⁾	14,216	9	1.08	-	-	-
Jewel-Osco ⁽⁹⁾	11,436	10	0.87	4,441	6	0.41
Accenture LLP	-	-	-	5,821	3	0.53
Northern Trust	-	-	-	5,353	4	0.49
Ford Motor Company	-	-	-	5,103	5	0.47
ABM Janitorial Services—North Central	-	-	-	3,399	7	0.31
Bank of America NT & SA ⁽¹⁰⁾	-	-	-	3,392	8	0.31
American Airlines	-	-	-	2,749	10	0.25

NOTES:

⁽¹⁾ Source: Reprinted with permission from the February 27, 2023 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⁾ Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.

Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue Tax-Division report which is no longer available.

⁽⁴⁾ Advocate Health formerly known as Advocate Aurora Health.

⁽⁵⁾ In 2014, Walgreens purchased 55% of Alliance Boots forming Walgreens Boots Alliance, Inc.

⁽⁶⁾ United Continental Holdings Inc. formerly known as United Airlines.

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

⁽⁸⁾ North Shore Edward-Elmhurst Health formerly known as NorthShore University HealthSystem.

⁽⁹⁾ Jewel-Osco formerly known as Jewel Food Stores, Inc.

⁽¹⁰⁾ Bank of America NT & SA formerly known as Bank of America NT.

CITY OF CHICAGO, ILLINOIS

CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA

POPULATION AND INCOME STATISTICS

EACH OF THE TEN YEARS ENDED DECEMBER 31, 2013–2022

Year	Population ⁽¹⁾	Median Age ⁽²⁾	Number of Households ⁽²⁾	City Employment	Unemployment Rate ⁽³⁾	Per Capita Income ⁽⁴⁾	Total Income
2013	2,695,598	33.5	1,062,029	1,153,725	8.3 %	\$49,071	\$132,275,689,458
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	N/A ⁽⁵⁾	N/A ⁽⁵⁾	1,319,764	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. Data not available in 2022.

⁽³⁾ Source: Bureau of Labor Statistics 2022, 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.

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

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

Landing Fees and Terminal Area Use Charges	2022
Signatory landing fee (rate/1000 lbs)	\$ 5.267
Non-signatory landing fee (rate/1000 lbs)	\$ 6.584
Signatory joint use fee (base usage/1000 lbs)	\$ 2.770
Non-signatory joint use fee (base usage/1000 lbs)	\$ 3.463
Signatory joint use fee (per capita/annual)	\$ 713,843
Non-signatory joint use fee (per capita/annual)	\$ 892,303
Signatory terminal rental rate	\$ 240.94
Non-signatory terminal rental rate	\$ 301.17
Terminal ramp rate	\$ 5.21
Signatory FIS fee per deplaned passenger	\$ 5.56
Non-signatory FIS fee per deplaned passenger	\$ 6.96
Cost per departure rate ⁽¹⁾	\$ 264.47

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