City of Chicago
Chicago O'Hare International Airport
An Enterprise Fund of the City of Chicago

Comprehensive Annual Financial Report
For the Years Ended December 31, 2018 and 2017

Lori E. Lightfoot, Mayor
Jennie Huang Bennett, Chief Financial Officer
Erin Keane, City Comptroller
Jamie L. Rhee, Commissioner

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CHICAGO O'HARE INTERNATIONAL AIRPORT

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PART I

INTRODUCTORY SECTION

CHICAGO DEPARTMENT OF AVIATION
CITY OF CHICAGO

June 25, 2019

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

I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of Chicago O'Hare International Airport ("Airport") for the year ended December 31, 2018. 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") Department of Aviation and Comptroller's Office. The purpose of the CAFR is to provide complete and accurate information that complies with reporting requirements. The Chicago O'Hare International Airport's Management's Discussion and Analysis ("MD&A") can be found immediately following the independent auditors' report.

ECONOMIC CONDITION AND OUTLOOK

According to statistics compiled by Airports Council International (ACI), for the 12-month period ended December 31, 2018, the Airport regained its ranking as the busiest airport in the world for total aircraft operations, and held steady at sixth worldwide and third in the United States in terms of total passengers. A series of investments in air cargo have paid off, as the Airport saw cargo volume increase by 3.6 percent year-over-year, moving up to 18th place worldwide and sixth in the United States in that category. The Airport was named the best connected airport in the United States and second-most in the world by OAG offering nonstop service to 260 destinations: 185 domestic airports, and 75 foreign airports.

Given the strength and diversity of the economic base of the region and the resulting high demand for air transportation services, combined with record breaking passenger activity in 2018 and the rapid growth of the commercial aviation industry, it is expected that the Airport will remain a major air traffic connecting hub, with a substantial number of airlines providing flights to all major domestic locations as well as an increasing number of international destinations.

REPORTING ENTITY

The Airport is the primary commercial airport for the City, and the region, as well as an important transfer and connecting point for numerous domestic and international flights. Located 18 miles northwest of the City's central business district, the Airport occupies approximately 7,265 acres of land. The Airport is accessed by a network of highways, including several regional expressways that are part of the federal Interstate Highway

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System, and is directly linked to the central business district by a rapid transit rail system. The airlines serving the Airport operate out of four terminal buildings with a total of 191 gates as of December 31, 2018. Three domestic terminal buildings, having a total of 171 aircraft gates, serve domestic flights and certain international departures. The International Terminal, with 20 aircraft gates and four hardstand positions, serves the remaining international departures, all international arrivals requiring customs clearance, and select domestic flights.

MAJOR INITIATIVES

The centerpiece of the capital development program at the Airport is called O'Hare 21. It includes all current and future projects associated with expanding the Airport's capacity and connectivity and improving customer service at facilities including and surrounding the terminals. O'Hare 21 centers around an $8.5 billion Terminal Area Plan (TAP) and Capital Improvement Plan (CIP) approved by the City of Chicago, the Airport and its airline partners as part of the Airline Use and Lease Agreement authorized by City Council on March 28, 2018.

The TAP will provide for a new Global Terminal, a new Global Concourse and two new satellite concourses and enhancements throughout existing terminals to yield a significantly elevated experience for passengers. The TAP will outfit the Airport with new technology and security enhancements and transform the passenger experience with increased amenities and services within the terminal buildings. Upon completion of the first phase of the TAP, the Airport will have 25% more gate capacity and 60% more passenger terminal space than it had at the time the Airline Use and Lease Agreement was signed. Terminal expansion has already begun with the opening of the first new gates in 25 years on Concourse L in May 2018. Other improvements under the TAP expected to improve the passenger experience include: the modernization and replacement of the oldest terminal facilities at O'Hare, integration of domestic and international terminal operations, and enhancements to passenger and baggage connectivity. Construction of the major elements of TAP will take place over the next 10 years.

Additionally, the City broke ground in March 2019 on a $1.2 billion expansion of Terminal 5 – presently used primarily for international flights but slated to house Delta Air Lines and its SkyTeam alliance partners as O'Hare 21 progresses. This expansion will add 10 new gates to increase gate capacity by 25 percent at Terminal 5 alone; add 350,000 square feet of terminal area and increase passenger amenity space by more than 70 percent; expand and improve security lanes and immigration facilities, and replace critical baggage handling systems.

The O'Hare 21 capital program represents the next major development at O'Hare since the O'Hare Modernization Program (OMP), the over $6 billion airfield modernization mega-project initially announced in 2001, and which is nearing completion. Four of the six runway projects have already been completed as well as two airport traffic control towers. To date, OMP improvements have added capacity and substantially reduced airfield and airspace delays. Construction is now underway on Runway 9C-27C, which will be completed in 2020. The OMP will reach full build-out when the Runway 9R-27L extension project is completed in 2021.

With respect to ground transportation, the $841 million, state-of-the-art Multimodal Facility (MMF) opened in November, 2018. The MMF creates a new centralized location at the Airport for rental cars, public parking, public roadways, shuttle buses, and access to the regional Metra train system. The Airport is also upgrading the ATS, or landside people mover, which will extend to the MMF upon completion in 2019.

In other capital and safety improvements, the Airport opened a new centralized deicing facility in late 2018 that is among the largest such facilities in the world and promises to increase the efficiency of airline operations during winter weather. A new, state-of-the-art station for Airport-based Aircraft Rescue Fire Fighting unit, known as Rescue 2, is also being built, and is slated to open in summer 2019.

In addition to the above, the Airport is also implementing an ongoing five-year Capital Improvement Plan (CIP) for the Airport. The CIP includes airfield improvements, noise mitigation projects, parking and roadway improvements, heating and refrigeration plant improvements, safety and security improvements, other terminal enhancements and planning initiatives.

The Airport expects these capital programs will be funded from the following sources: proceeds of airport revenue bonds, Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenues on a pay-as-you-go basis, CFC and PFC-backed bonds, federal grants, a TIFIA loan 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 for operations. 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 appropriation. The Budget Director, through the allotment system, has the authority to institute economic measures for the Airport to ensure that its expenditures do not exceed its revenue collection. The Airport uses encumbrances to control expenditures by preventing appropriated dollars from being used for any purpose other than that for which they have been legally appropriated.

RELEVANT FINANCIAL POLICIES

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

The Airport Use and Lease Agreement (AULA) specifies 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 AULA provides 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. The Airport's current AULA is effective as of May 12, 2018, and is a 15-year lease agreement that modernizes the existing terminal and gate space allocation and rates and charges structure for the Airport as well as authorizes funding of the $8.5 billion TAP and CIP. In addition, it provides more flexibility for funding future capital investments and provides greater competition between airlines.

INDEPENDENT AUDIT

Various 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.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its CAFR for the fiscal year ended December 31, 2017. This was the 21st consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

Jamie L. Rhee
Commissioner
Chicago Department of Aviation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago O'Hare International Airport

Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

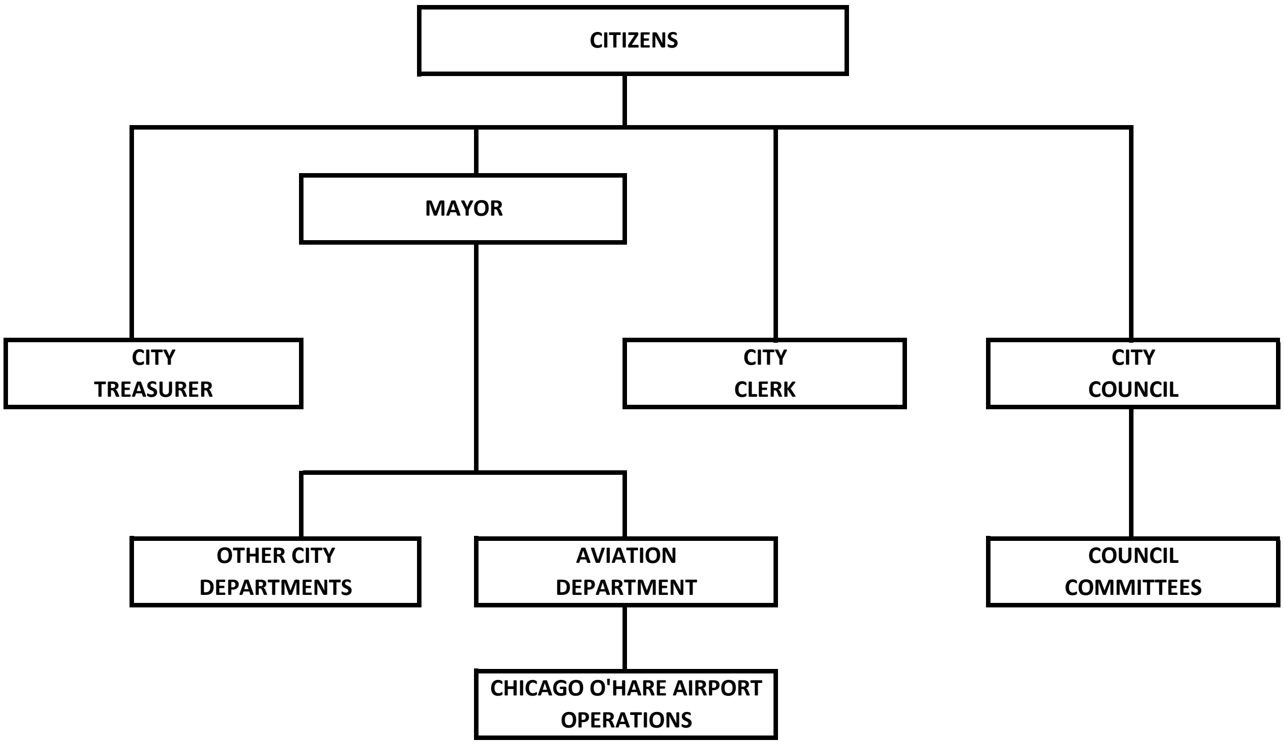
December 31, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT
ORGANIZATION CHART

AS OF 12/31/2018



PART II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago O'Hare International Airport ("O'Hare"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise O'Hare's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago O'Hare International Airport, as of December 31, 2018 and 2017, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago O'Hare International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2018 and 2017, changes in its financial position, or, where applicable, its cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise O'Hare's basic financial statements. The introductory section, additional supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Deloitte & Touche LLP

June 25, 2019

The following discussion and analysis of Chicago O'Hare International Airport's (the "Airport" or "O'Hare") financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2018 and 2017. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2018

Operating revenues for 2018 increased by $85,734 (8.8%) compared to prior-year operating revenues due to increases in terminal rents and landing fees to fund capital development, increase in cargo and hangar ground rents of $2.00/sq ft on airport property outside of the airfield area and $2.25/sq ft in the airfield area as leases were finalized in 2017 and the full year impact was realized in 2018. In 2018, City Council approved the new Airline Use and Lease Agreement ("AULA") for airlines operating at O'Hare, which went into effect as of July 1, 2018 for provisions regarding rates and charges.

Operating expenses before depreciation, amortization and loss on capital asset disposals increased by $57,772 (8.9%) compared to 2017 primarily due to increases in salaries and wages of $16,593 due to increased public safety presence and increases in medical benefits costs, repairs and maintenance of $19,698 due to emergency airfield repairs and additional snow equipment rental due to extreme weather conditions, professional and engineering services of $9,844 primarily due to the inclusion of the Chicago Airlines Terminal Consortium (CATCo) Operations costs in the Airport's budget based on the new rate structure in the AULA, and other operating expenses of $11,709 primarily due to increases in indirect costs and insurance.

The Airport's total net position at December 31, 2018, was $548,869. This is an increase of $132,927 (32.0%) over total net position at December 31, 2017 primarily due to an increase in operating revenues, capital grant revenues and interest income and decrease in noise mitigation expenses and interest expense, resulting in positive operating income.

Capital asset additions for 2018 were $825,418 primarily due to the continuing construction of new runway projects (including Runway 9C-27C) and associated taxiways, Hangar buildings, Automated Transit System extension and completion of the central deicing pad and construction of the Consolidated Rental Car Facility. Completed projects totaling, $849,916 were transferred from construction in progress to applicable buildings and other facilities capital account.

2017

Operating revenues for 2017 increased by $28,363 (3.0%) compared to prior-year operating revenues due to increases in concession revenues (primarily food & beverage of 3.6% due to new food concepts and options), parking revenues due to a new rate structure implemented in January 2017, an increase in terminal rents, and increase in cargo and hangar ground rents of $2.00/sq ft on airport property outside of the airfield area and $2.25/sq ft in the airfield area.

Operating expenses before depreciation, amortization and loss on capital asset disposals decreased by $98,716 (13.1%) compared to 2016 primarily due to a decrease in pension expenses as a result of the changes under Public Act 100-0023 (P.A. 100-0023), which requires increased future contributions to the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees') and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers') Plans. The increase in future required contributions increased the discount rate used to determine the total pension liability and decreased the current year pension expense. This was offset by an increase in professional and engineering services primarily due to the continued O'Hare Use and Lease Agreement and related Terminal Area Plan development negotiations.

The Airport's total net position at December 31, 2017, was $415,942. This is an increase of $33,345 (8.7%) over total net position at December 31, 2016 primarily due to an increase in operating revenues and decrease in operating expenses resulting in positive operating income as well as a decrease in net pension liability.

Capital asset additions for 2017 were $889,188, primarily due to the continuing construction of new runway projects (including Runway 9C-27C) and associated taxiways, central deicing pad and construction of the Consolidated Rental Car Facility and Automated Transit System extension. Completed projects totaling, $189,380 were transferred from construction in progress to applicable buildings and other facilities capital account.

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 comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

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

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

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Airport's operating, capital financing, and 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 Supplemental Information and Statistical Information. The Additional Supplemental Information section presents the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal 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 Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease ("Use Agreements"). In 2018, City Council approved the new AULA for airlines operating at O'Hare, which went into effect as of July 1, 2018 for provisions regarding rates and charges. 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.

At December 31, 2018, the Airport's financial position included total assets and deferred outflows of $14,140,150, total liabilities and deferred inflows of $13,591,281 and net position of $548,869.

A comparative condensed summary of the Airport's net position at December 31, 2018, 2017, and 2016 is as follows (dollars in thousands):

	Net Position		
	2018	**2017**	**2016**
Current unrestricted assets	$ 477,888	$ 370,579	$ 309,413
Restricted and other assets—noncurrent	4,685,005	3,329,743	2,286,408
Capital assets—net	8,526,430	7,982,697	7,374,551
Total assets	13,689,323	11,683,019	9,970,372
Deferred outflows	450,827	566,702	513,494
Total assets and deferred outflows	$ 14,140,150	$ 12,249,721	$ 10,483,866
Current unrestricted liabilities	$ 385,522	$ 307,698	$ 297,313
Liabilities payable from restricted assets and noncurrent liabilities	12,824,656	11,000,161	9,756,441
Total liabilities	13,210,178	11,307,859	10,053,754
Deferred inflows	381,103	525,920	47,515
Total liabilities and deferred inflows	$ 13,591,281	$ 11,833,779	$ 10,101,269
Net position:			
Net investment in capital assets	$ 1,243,830	$ 1,117,543	$ 1,001,744
Restricted	700,023	623,642	679,180
Unrestricted	(1,394,984)	(1,325,243)	(1,298,327)
Total net position	$ 548,869	$ 415,942	$ 382,597

2018

Current unrestricted assets increased by $107,309 (29.0%) primarily due to increased cash and investments from increases in non-airline revenues and increased landing fees, and ground rents and terminal rates. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2018 and 2017 was 1.24:1 and 1.20:1, respectively. This growth in the current ratio was primarily due to a strong cash balance from increases in operating revenues and interest income. Restricted and other assets—Noncurrent increased by $1,355,262 (40.7%) primarily due to an increase in the construction funds for capital improvement projects of $1,161,275 due to new bond issuances in 2018, capitalized interest funds of $105,477 offset by a decrease to the Airport General Fund (formerly Airport Development Fund) of $47,844 as Airport Improvement Program (AIP) grant receipts, specifically Letter of Intent grants from the Federal Aviation Administration (FAA), were used to pay for debt service and construction related to the O'Hare Modernization Program (OMP). Net capital assets increased by $543,733 (6.8%) primarily due to ongoing capital activities of the Capital Improvement Program and the OMP at the Airport.

The increase in current liabilities of $77,824 (25.3%) is mainly related to the increase in billings over amounts earned of $60,834 (deferred revenue calculated under the residual rate making methodology in the O'Hare Use and Lease Agreement).

Liabilities payable from restricted assets and noncurrent liabilities increased by $1,824,495 (16.6%) due primarily to the increase of General Airport Revenue bonds payable, issued in December 2018 to fund ongoing Capital Improvement Projects, the remaining funding for the OMP runways and initial funding for the Terminal Area Plan ("TAP") and additional drawdown on the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan, offset by the reduction of Commercial Paper and Line of Credit Payable which were refunded through the issuance of the 2018 Bonds. Pension liability in the amount of $1,400,398 increased $141,058 (11.2%) compared to 2017 primarily as a result of a decrease in pension plan assets associated with investment losses caused by market results.

Deferred outflows decreased by $115,875 (20.4%) and deferred inflows decreased by $144,817 (27.5%) during 2018 due to changes in the required future pension contributions as discussed above in the financial highlights.

As of December 31, 2018, total net position was $548,869, an increase of $132,927 (32.0%) from 2017 primarily due to an increase in operating revenues, capital grant revenues and interest income and decrease in noise mitigation expenses and interest expense.

2017

Current unrestricted assets increased by $61,166 (19.8%) primarily due to increased cash and investments from increases in non-airline revenues and increased landing fees, and ground rents and terminal rates. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2017 and 2016 was 1.20:1 and 1.04:1, respectively. This growth in the current ratio was primarily due to a strong cash balance from increases in operating revenues and interest income. Restricted and other assets—Noncurrent increased by $1,043,335 (45.6%) primarily due to an increase in the construction funds for capital improvement projects of $819,972 due to new bond issuances in 2017, capitalized interest funds of $110,597 and an increase to the debt service interest fund of $73,700 offset by a decrease to the Airport Development Fund of $69,111 as Airport Improvement Program (AIP) grant receipts, specifically Letter of Intent grants from the FAA, were used to pay for debt service and construction related to the O'Hare Modernization Program (OMP). Net capital assets increased by $608,146 (8.2%) primarily due to ongoing capital activities of the Capital Improvement Program and the OMP at the Airport.

The increase in current liabilities of $10,385 (3.5%) is mainly related to the increase in billings over amounts earned of $34,926 (deferred revenue calculated under the residual rate making methodology in the O'Hare Use and Lease Agreement). Pension liability in the amount of $1,259,340 decreased $379,524 (23.2%) compared to 2016 as a result of the changes under P.A. 100-0023 which requires increased future contributions to the Municipal Employees' and Laborers' plans. The increase in future required contributions increased the discount rate used to determine the total pension liability and therefore decreased the net pension liability.

Liabilities payable from restricted assets and noncurrent liabilities increased by $1,243,720 (12.7%) due primarily to the increase of Revenue bonds payable, TIFIA Loan, and Commercial Paper, offset by the decrease in the net pension liability as a result of the changes under P.A. 100-0023, which impacted the Municipal Employees' and Laborers' plans.

Deferred outflows increased by $53,208 (10.4%) and deferred inflows increased by $478,405 (1,006%) during 2017 due to changes in the required future pension contributions as discussed above in the financial highlights.

As of December 31, 2017, total net position was $415,942, an increase of $33,345 (8.7%) from 2016 primarily due to the increase in operating revenues and decrease in operating expenses, resulting in positive operating income, as well as a decrease in net pension liability.

A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2018, 2017, and 2016 is as follows (dollars in thousands):

	Changes in Net Position		
	2018	**2017**	**2016**
Operating revenues:			
Landing fees and terminal charges	$ 709,933	$ 650,974	$ 635,224
Rents, concessions, and other	351,980	325,205	312,592
Total operating revenues	1,061,913	976,179	947,816
Operating expenses:			
Salaries and wages	222,550	205,957	204,136
Pension expense	145,920	145,992	245,491
Repairs and maintenance	115,008	95,310	104,536
Professional and engineering	111,642	101,798	95,608
Other operating expenses	115,146	103,437	101,439
Depreciation and amortization	259,467	262,331	254,689
Loss on capital asset disposals	22,218	18,711	-
Total operating expenses	991,951	933,536	1,005,899
Operating income	69,962	42,643	(58,083)
Nonoperating revenues	258,074	256,900	222,167
Nonoperating expenses	(326,129)	(348,199)	(326,751)
Total nonoperating revenues (expenses)	(68,055)	(91,299)	(104,584)
Income (loss) before capital grants	1,907	(48,656)	(162,667)
Capital grants	131,020	82,001	70,664
Change in net position	132,927	33,345	(92,003)
Net Position beginning of year	415,942	382,597	474,600
Net Position end of year	$ 548,869	$ 415,942	$ 382,597

2018

Landing fees and terminal area use charges for the years 2018 and 2017 were $709,933 and $650,974, respectively. Rents, concessions, and other revenues were $351,980 and $325,205 for the years 2018 and 2017, respectively. The increase in 2018 operating revenues of $85,734 (8.8%) compared to 2017 was primarily due to increased landing fees of $35,921, terminal area use charges of $23,038 and increased rents (cargo and hangar) of $26,775 due to the full year effect of the implementation of new ground rents of $2.00/sq ft on airport property outside of the airfield area and $2.25/sq ft in the airfield area, and common use activity charges that properly allocated revenues to common use terminal facilities, such as check in counters, holdrooms and gates, and baggage systems, provided to the airlines, which were implemented in the 2018 AULA.

Salaries and wages increased $16,593 (8.1%) in 2018 compared to 2017. The increase is attributable to increased public safety presence as well as an increase in medical benefits costs. Repairs and maintenance expenses increased by $19,698 (20.7%) from the prior year primarily due to emergency airfield repair work and increase in snow equipment due to extreme weather conditions, as well as ongoing preventive airfield and terminal maintenance. Professional and engineering costs increased $9,844 (9.7%) from the prior year as a result of increases in contractual costs and the addition of CATCo consortium expenses at Terminal 5 and joint use areas in conjunction with the implementation of the 2018 AULA. Other operating expenses increased by $11,709 (11.3%) due to increases in insurance costs and indirect expenses. Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

Pension expense for 2018 decreased by $72 from $145,992 in 2017 to $145,920 in 2018 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 2018, the Airport made cash contributions of $46,691 toward the pension plans.

The 2018 nonoperating revenues of $258,074 are comprised of Passenger Facility Charges (PFC) of $163,263 (an increase of $5,088, or 3.2%, due to an increase in enplaned passengers), Customer Facility Charges (CFC) of $38,837 (a slight decrease of $257, or 0.7%), other nonoperating revenue of $19,267 and investment income of $36,707 (an increase of $3,936, or 12.0%, due to better long-term investment management).

Nonoperating expenses were $326,129 and $348,199 for the years 2018 and 2017, respectively. The decrease of $22,070 (6.3%) for 2018 over 2017 was mainly due to decreased noise mitigation costs, due to the reconfiguration of the Residential Sound Insulation Program, and interest expense.

Capital grants, comprised mainly of federal grants, increased from $82,001 in 2017 to $131,020 in 2018, a 59.8% increase mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government and increase in the allotment of AIP grant funding from the FAA.

2017

Landing fees and terminal area use charges for the years 2017 and 2016 were $650,974 and $635,224, respectively. Rents, concessions, and other revenues were $325,205 and $312,592 for the years 2017 and 2016, respectively. The increase in 2017 operating revenues of $28,363 (3.0%) compared to 2016 was primarily due to increased terminal area use charges of $15,750 and increased rents (cargo and hangar) of $12,613 due to the implementation of new ground rents of $2.00/sq ft on airport property outside of the airfield area and $2.25/sq ft in the airfield area.

Salaries and wages increased $1,821 (0.9%) in 2017 compared to 2016. The increase is attributable to contractual salary increases. Repairs and maintenance expenses decreased by $9,226 (8.8%) from the prior year primarily due to contractual decreases related to maintenance work as more preventive maintenance work is being performed. Professional and engineering costs increased $6,190 (6.5%) from the prior year as a result of increases in contractual costs and expenses incurred in conjunction with the airport use and lease agreement negotiations and terminal area planning. Other operating expenses increased by $1,998 (2.0%). Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

Pension expense for 2017 decreased by $99,499 (40.5%) from $245,491 in 2016 to $145,992 in 2017 as a result of the change under P.A. 100-0023, which requires increased future contributions to the Municipal Employees' and Laborers' plans. The increase in future required contributions increased the discount rate used to determine the total pension liability and decreased the current year pension expense. During 2017, $38,693 of the $145,992 was paid under statutory requirements.

The 2017 nonoperating revenues of $256,900 are comprised of Passenger Facility Charges (PFC) of $158,175 (an increase of $4,131, or 2.7%, due to an increase in enplaned passengers), Customer Facility Charges (CFC) of $39,094 (a slight decrease of $836, or 2.1%), other nonoperating revenue of $26,860 and investment income of $32,771 (an increase of $20,131, or 159.3%, due to better long-term investment management).

Nonoperating expenses were $348,199 and $326,751 for the years 2017 and 2016, respectively. The increase of $21,448 (6.6%) for 2017 over 2016 was mainly due to increased noise mitigation costs and cost of issuance for bonds, offset by a decrease in interest expense.

Capital grants, comprised mainly of federal grants, increased from $70,664 in 2016 to $82,001 in 2017, a 16.0% increase mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government and increase in the allotment of AIP grant funding from the FAA.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2018, 2017, and 2016 is as follows (dollars in thousands):

	Cash Flows		
	2018	**2017**	**2016**
Cash provided by (used in) activities:			
Operating	$ 520,670	$ 424,023	$ 455,252
Capital and related financing	863,075	606,342	(660,183)
Noncapital financing	(5,454)	(2,535)	(1,603)
Investing	700,543	(449,753)	97,480
Net change in cash and cash equivalents	2,078,834	578,077	(109,054)
Cash and cash equivalents:			
Beginning of year	1,883,422	1,305,345	1,414,399
End of year	$ 3,962,256	$ 1,883,422	$ 1,305,345

2018

As of December 31, 2018, the Airport's cash and cash equivalents of $3,962,256 increased by $2,078,834 compared to $1,883,422 at December 31, 2017, due to capital and current year bond issuances of $863,075 and operating activities of $520,670 and by investing activities of $700,543. Total cash and cash equivalents at December 31, 2018, were comprised of unrestricted and restricted cash and cash equivalents of $332,057 and $3,630,199 respectively.

2017

As of December 31, 2017, the Airport's available cash and cash equivalents of $1,883,422 increased by $578,077 compared to $1,305,345 at December 31, 2016, due to capital and current year bond issuances of $606,342 and operating activities of $424,023 offset by investing activities of $449,753. Total cash and cash equivalents at December 31, 2017, were comprised of unrestricted and restricted cash and cash equivalents of $217,206 and $1,666,216, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2018 and 2017, the Airport had $8,526,430 and $7,982,697, respectively invested in net capital assets. During 2018, the Airport had additions of $825,418 related to capital activities. This included construction for relocation of airline facilities, Central Deicing Pad, Bravo Pad Parking, CONRAC/Parking, ATS rail, terminal improvements, 9C-27C runway construction and taxiway improvements.

During 2018, completed projects totaling $849,916 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to Central Deicing Pad, CONRAC/Parking, Fuel Line Relocation projects, Bravo Pad Parking, terminal improvements, runway and taxiway improvements.

The Airport's capital assets at December 31, 2018, 2017, and 2016 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2018	**2017**	**2016**
Capital assets not depreciated:			
Land	$ 892,248	$ 892,248	$ 892,088
Construction in progress	1,306,552	1,331,050	631,402
Total capital assets not depreciated	2,198,800	2,223,298	1,523,490
Capital assets depreciated:			
Buildings and other facilities	10,229,588	9,432,232	9,302,810
Less accumulated depreciation for:			
Buildings and other facilities	(3,901,958)	(3,672,833)	(3,451,749)
Total capital assets depreciated—net	6,327,630	5,759,399	5,851,061
Total property and facilities—net	$ 8,526,430	$ 7,982,697	$ 7,374,551

The Airport issued $138.8 million of Series 2016 Commercial Paper Notes during 2018. Notes proceeds may be used to finance portions of the costs of authorized airport projects and repay expenses of issuing the notes. The notes were refunded through the issuance of the 2018 Bonds, as mentioned below. The Airport has no outstanding Commercial Paper Notes at December 31, 2018.

During 2018, the Airport issued $2,012.9 million of Chicago O'Hare International Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2018 ABC. The bonds having interest rates ranging from 4% to 5% with maturity dates ranging from January 1, 2020 to January 1, 2054. Certain net proceeds will be used to finance portions of the airport projects. Certain net proceeds were used to refund certain maturities of outstanding bonds and to repay Commercial Paper notes and Line of Credit. Certain net proceeds were used and to fund capitalized interest and the debt reserve deposit requirement and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2018, 2017, and 2016 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2018	**2017**	**2016**
Revenue bonds, notes and TIFIA Loan	$ 10,317,980	$ 8,645,880	$ 7,260,508
Unamortized:			
Bond premium	610,467	607,459	453,456
Total outstanding debt—net	10,928,447	9,253,339	7,713,964
Current portion	(291,035)	(298,185)	(277,850)
Total long-term revenue bonds and notes payable—net	$ 10,637,412	$ 8,955,154	$ 7,436,114

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

The Airport's revenue bonds at December 31, 2018, had credit ratings with each of the four major rating agencies as follows:

	Moody's Investor Services	**Standard & Poor's**	**Fitch Ratings**	**Kroll Ratings**
Senior Lien General Airport Revenue Bonds	A2	A	A	A+
PFC Revenue Bonds	A2	A	A	NR
CFC Revenue Bonds	Baa1	BBB	NR	NR

At December 31, 2018 and 2017 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

In 2018, the Airport was ranked as the busiest airport in the world, measured in terms of total aircraft operations, and the sixth busiest worldwide and third in the United States in terms of total passengers, and 18th worldwide and sixth in the United States in terms of cargo. The Airport had 41.6 million and 39.8 million enplaned passengers in 2018 and 2017, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 45.2% of the Airport's enplaned passengers in 2018 and 45.0% of the enplaned passengers in 2017. American Airlines (including its regional affiliates) comprised 35.1% of the Airport's enplaned passengers in 2018 and 35.5% of the enplaned passengers in 2017.

On March 28 2018, the City Council approved the new Airline Use and Lease Agreement ("AULA") for airlines operating at O'Hare. Apart from provisions regarding rates and charges that became operative on July 1, 2018, the AULA went into effect as of May 12, 2018. The AULA provides that the aggregate of all rentals, fees and charges to be paid by the signatory airlines shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare. Specifically, the AULA allows the City to commence a $6.1 billion terminal expansion program (known as the Terminal Area Plan or "TAP") that includes construction of new gates and concourses, in addition to $2.4 billion in additional pre-approved capital projects.

The AULA is a 15 year lease agreement that modernizes the existing gate and rates and charges structure for ORD to match those agreements of other airports as well as authorizes Phase 1 of the TAP and Capital Improvement Projects (CIP) agreement allows for capital investment control and the provisions of gate accommodation and reshuffling of gates on an annual basis starting in 2021 to ensure gates are used at their optimum capacity.

The structure of rates and charges has also been updated to better align costs to airlines based on their preferential versus common use status.

Based on the Airport's rates and charges for fiscal year 2019, total budgeted operating and maintenance expenses (including Allowable Airline Liaison Office Expenses) are projected at $671,548 and total capital costs, including net debt service and pre-approved allowances, and fund deposit requirements, are projected at $567,960. Additionally, 2019 nonairline revenues and credits are budgeted for $367,530, resulting in a net airline requirement of $871,978 that will be funded through landing fees, terminal area use charges, and fuel system use 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 O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Dollars in thousands)

ASSETS	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 332,057	$ 217,206
Investments (Note 2)	12,271	30,026
Accounts receivable—net of allowance for doubtful accounts of approximately $4,322 in 2018 and $2,180 in 2017	90,588	82,153
Due from other City funds	39,929	39,257
Prepaid expenses	2,372	1,507
Interest receivable	671	430
Cash and cash equivalents (Note 2)—restricted	786,847	785,667
Prepaid expenses—restricted	1,923	2,028
Total current assets	1,266,658	1,158,274
NONCURRENT ASSETS:		
Cash and cash equivalents (Note 2)—restricted	2,843,352	880,549
Investments (Note 2)—restricted	972,984	1,599,389
Passenger facility charges and other receivables—restricted	33,021	24,809
Interest receivable—restricted	9,310	11,096
Prepaid expenses—restricted	4,796	6,636
Due from other governments—restricted	27,434	14,539
Other assets	5,338	5,030
Property and facilities (Note 5):		
Land	892,248	892,248
Buildings and other facilities	10,229,588	9,432,232
Construction in progress	1,306,552	1,331,050
Total property and facilities	12,428,388	11,655,530
Less accumulated depreciation	(3,901,958)	(3,672,833)
Property and facilities—net	8,526,430	7,982,697
Total noncurrent assets	12,422,665	10,524,745
Total assets	13,689,323	11,683,019
DEFERRED OUTFLOWS (Note 10)	450,827	566,702
	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 14,140,150	$ 12,249,721

LIABILITIES	2018	2017
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 85,097	$ 73,793
Due to other City funds	2,226	2,224
Advances for terminal and hangar rent	14,668	8,984
Billings over amounts earned	283,531	222,697
Liabilities payable from restricted assets:		
Accounts payable	266,677	257,950
Current portion of revenue bonds and notes payable (Note 4)	291,035	298,185
Interest payable	209,833	208,228
Advance from Federal	17,261	21,304
Line of Credit Payable	2,040	-
Total current liabilities	1,172,368	1,093,365
NONCURRENT LIABILITIES:		
Revenue bonds payable—net of premium (Note 4)	10,379,262	8,681,014
Net pension liability (Note 7)	1,400,398	1,259,340
Line of Credit Payable		12,098
TIFIA loan	258,150	159,803
Commercial paper	-	102,239
Total noncurrent liabilities	12,037,810	10,214,494
Total liabilities	13,210,178	11,307,859
DEFERRED INFLOWS (Note 10)	381,103	525,920
NET POSITION (Note 1):		
Net investment in capital assets	1,243,830	1,117,543
Restricted net position (Note 1):		
Debt service	10,519	19,415
Capital projects	92,770	43,734
Passenger facility charges	227,767	192,834
Airport use agreement	154,889	151,333
Airport development fund (Note 3)	-	169,999
Airport general fund (Note 3)	137,216	-
Customer facility charge	28,469	25,487
Other assets*	48,393	20,840
Total restricted net position	700,023	623,642
Unrestricted net position	(1,394,984)	(1,325,243)
Total net position	548,869	415,942
TOTAL	$ 14,140,150	$ 12,249,721

* Other assets includes Aeronautical Estate Fund and Commercial Real Estate Fund

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Dollars in thousands)

	2018	2017
OPERATING REVENUES:		
Landing fees and terminal area use charges	$ 709,933	$ 650,974
Rents, concessions, and other (Note 6)	351,980	325,205
Total operating revenues	1,061,913	976,179
OPERATING EXPENSES:		
Salaries and wages	222,550	205,957
Pension expense (Note 7)	145,920	145,992
Repairs and maintenance	115,008	95,310
Professional and engineering services	111,642	101,798
Other operating expenses	115,146	103,437
Total operating expenses before depreciation, amortization and capital asset impairment and disposals	710,266	652,494
Depreciation and amortization	259,467	262,331
Loss on capital asset disposal	22,218	18,711
Total operating expenses	991,951	933,536
OPERATING INCOME	69,962	42,643
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	163,263	158,175
Customer facility charge revenue	38,837	39,094
Passenger facility charge expenses	(42)	(6,359)
Other nonoperating revenue	19,267	26,860
Noise mitigation costs	(6,097)	(16,445)
Costs of issuance	(14,192)	(12,193)
Investment income (Note 4)	36,707	32,771
Interest expense (Note 4)	(305,798)	(313,202)
Total nonoperating revenues (expenses)	(68,055)	(91,299)
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	1,907	(48,656)
CAPITAL GRANTS	131,020	82,001
CHANGE IN NET POSITION	132,927	33,345
TOTAL NET POSITION—Beginning of year	415,942	382,597
TOTAL NET POSITION—End of year	$ 548,869	$ 415,942

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Dollars in thousands)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 744,963	$ 673,056
Rents, concessions, and other	375,032	330,762
Payments to vendors	(314,320)	(307,547)
Payments to employees	(202,667)	(187,117)
Transactions with other City funds—(used in)	(82,338)	(85,131)
Cash flows provided by operating activities	520,670	424,023
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	2,066,860	2,133,341
(Payments to) proceeds from commercial paper notes	(102,239)	102,239
Proceeds from TIFIA loan	94,534	156,755
Payments to line of credit	(10,058)	-
Proceeds from O'Hare 2010B Senior Lien Build America Bonds subsidy	12,467	12,421
Payments to refund bonds	(27,370)	(615,843)
Principal paid on bonds	(298,185)	(277,850)
Bond issuance and other related costs	(20,114)	(17,839)
Interest paid on bonds and note	(413,215)	(348,042)
Acquisition and construction of capital assets	(753,691)	(818,606)
Capital grants	118,125	101,937
Customer facility charge revenue	38,837	39,094
Passenger facility charge revenue and other receipts	157,166	158,226
Passenger facility charge expenses	(42)	(6,359)
Cash flows provided by capital and related financing activities	863,075	619,474
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from settlement agreement	643	778
Cash paid for noise mitigation program	(6,097)	(16,445)
Cash flows used in noncapital financing activities	(5,454)	(15,667)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments—net	648,567	(488,302)
Investment interest	51,976	38,549
Cash flows provided by (used in) investing activities	700,543	(449,753)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,078,834	578,077
CASH AND CASH EQUIVALENTS—Beginning of year	1,883,422	1,305,345
CASH AND CASH EQUIVALENTS—End of year	$ 3,962,256	$ 1,883,422

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Dollars in thousands)

	2018	2017
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 332,057	$ 217,206
Restricted:		
Current	786,847	785,667
Noncurrent	2,843,352	880,549
TOTAL	$3,962,256	$1,883,422
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 69,962	$ 42,643
Adjustments to reconcile:		
Depreciation, amortization and loss on capital asset disposals	281,685	281,042
Pension expense other than contribution	99,229	107,299
Changes in assets and liabilities:		
Increase in accounts receivable	(8,435)	(1,812)
Increase in due from other City funds	(672)	(7,406)
Decrease (increase) in prepaid expenses	1,078	(8,128)
Increase (decrease) in accounts payable	11,304	(17,611)
Increase (decrease) in due to other City funds	2	(1,455)
Increase (decrease) in prepaid terminal rent	5,684	(5,475)
Increase in billings over amounts billed	60,833	34,926
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 520,670	$ 424,023

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2018 and 2017 of $236,181 and $212,735 respectively, are included in accounts payable.

The fair value adjustments (loss) to investments for 2018 and 2017 were $(13,747) and $(9,341), respectively.

See notes to basic financial statements.

(Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago O'Hare International Airport (the "Airport" or "O'Hare") 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 ("Former Use Agreement"), which is a residual Use Agreement that terminated on May 11, 2018. A new Airline Use and Lease Agreement ("AULA") was authorized by City Council, which went into effect as of May 12, 2018 and the provisions regarding rates and charges became effective on July 1, 2018.

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

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

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

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

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

The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal or 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; commercial paper; 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 derivatives, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities and commercial paper 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 market value equal to the cost of the repurchase agreements plus accrued interest.

Investments, generally, do 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 the applicable bond ordinances.

Cash equivalents include investments with maturities of three months or less when purchased.

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

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 by the Airport 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. Losses on capital assets disposal are classified as operating expenses as the disposals create operational efficiencies, such as decommissioning cross-field runways to construct parallel runways for simultaneous use of multiple runways.

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:

Runways, aprons, tunnels, taxiways, and paved roads	30 years
Water drainage and sewer system	20–50 years
Refrigeration and heating systems	30 years
Buildings	40 years
Electrical system	15–20 years
Other	10–30 years

Deferred Outflows—Deferred outflows represent unamortized loss on bond refundings and differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

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

Net Position—Net position comprises the net earnings from operating and nonoperating revenues, expenses, and capital grants. Net position is displayed in three components—net investment in capital assets; restricted for debt service, capital projects, PFCs, airport use agreement and airport general fund, CFCs, and other assets; and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt, net of debt service reserve and unspent proceeds. Restricted net position consists of net position on which constraints are placed by external parties (such as lenders and grantors), 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. Specified unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past two years have been less than insurance coverage maintained.

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

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

Bond 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 expenses in the period incurred.

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

Capital Grants—The Airport reports capital grants as revenue on the statements of revenues, expenses, and changes in net position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible 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 Federal Aviation Administration (FAA) revenue use policy. Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal 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 Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease ("Use Agreements". As noted above, in 2018, the City Council approved the new Airline Use and Lease Agreement ("AULA") for airlines operating at O'Hare. Provisions regarding rates and charges became effective on July 1, 2018. The structure of rates and charges was updated to better align costs to airlines based on their preferential versus common use status. Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

Passenger Facility Charge (PFC) Revenue—The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2018 and 2017, respectively. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Customer Facility Charge (CFC) Revenue—The Airport imposed a CFC of $8.00 per contract day on each customer for motor vehicle rentals at the Airport for the years ended December 31, 2018 and 2017, respectively. 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.

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

Adopted Accounting Standards—GASB Statement No. 85, *Omnibus* ("GASB 85") addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB 85 addresses various miscellaneous issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). Adoption of GASB 85 had no impact to the Airport.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. GASB 75 states that the provisions of the standard need not be applied to immaterial amounts. The OPEB benefit information pertaining expressly to the Airport employees was deemed to be immaterial to the Airport basic financial statements. As such, no liability has been recorded in the accompanying basic financial statements. OPEB liabilities for the City are recorded within the City's government-wide basic financial statements. The City's actuarial valuation of certain OPEB benefits provided under collective bargaining agreements (CBAs) assumes the expiration of these benefits as of the conclusion of negotiations on new CBAs. Based on prior history, the negotiations are assumed to be concluded by December 31, 2019. It is not known whether the OPEB benefits provided under these CBAs will be specifically eliminated, modified, or extended at this time.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86") establishes accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. Adoption of GASB 86 had no impact to the Airport as historical defeasances of debt have not been from existing resources.

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

GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83") addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will have to recognize a liability based on the guidance in this statement. GASB 83 also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB 83 will be effective for the Airport beginning with its year ending December 31, 2019.

GASB Statement No. 84, *Fiduciary Activities* ("GASB 84") improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the Airport beginning with its year ending December 31, 2019.

GASB Statement No. 87, *Leases* ("GASB 87") requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 will establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB 87 will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that are currently not reported. GASB 87 will be effective for the Airport beginning with its year ending December 31, 2020.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* ("GASB 88") will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB 88 will be effective for the Airport beginning with its year ending December 31, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89") will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the Airport beginning with its year ending December 31, 2020.

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61* ("GASB 90") aims to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. GASB 90 will be effective for the Airport beginning with its year ending December 31, 2019.

GASB Statement No. 91, *Conduit Debt Obligations* ("GASB 91") provides a single method of reporting conduit debt obligations by issuers and aims to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be effective for the Airport beginning with its year ending December 31, 2021.

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

Cash equivalents and Investments—The Airport had investments as of December 31, 2018, as follows (dollars in thousands):

	Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 325,870	$ 365,475	$ -	$ -	$ 691,345
U.S. treasuries	9,938	-	-	-	9,938
Commercial paper	1,036,669	-	-	-	1,036,669
Corporate bonds	22,083	46,255	-	27,526	95,864
Municipal bonds	20,553	99,895	-	-	120,448
Certificates of deposits and other short term	2,848,138	-	-	16,752	2,864,890
Subtotal	$ 4,263,251	$ 511,625	$ -	$ 44,278	$ 4,819,154

The Airport had investments as of December 31, 2017, as follows (dollars in thousands):

Investment Type	Maturities (in Years) Less than 1	1–5	6–10	More than 10	Fair Value
U.S. agencies	$ 160,033	$ 382,896	$ -	$ -	$ 542,929
U.S. treasuries	120,110	4,924	-	-	125,034
Commercial paper	889,000	-	-	-	889,000
Corporate bonds	92,955	53,926	9,975	-	156,856
Municipal bonds	28,290	123,217	-	27,528	179,035
Certificates of deposits and other short term	1,422,113	-	-	-	1,422,113
Subtotal	$ 2,712,501	$ 564,963	$ 9,975	$ 27,528	$ 3,314,967

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, 2018 and 2017 were (dollars in thousands):

	2018 Level 1	2018 Level 2	2018 Level 3	2017 Level 1	2017 Level 2	2017 Level 3
U.S. agencies	$ -	$ 524,743	$ -	$ -	$ 471,820	$ -
U.S. treasuries	-	9,938	-	-	19,910	-
Corporate bonds	-	88,826	-	-	138,301	-
Municipal bonds	-	130,725	-	-	178,710	-
Total investments at fair value	$ -	$ 754,232	$ -	$ -	$ 808,741	$ -

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 O'Hare are $4.065 billion and $2.506 billion as of December 31, 2018 and 2017, respectively.

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 $1 billion 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. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;

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

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

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

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

Total holdings across all funds held by the 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 as of December 31, 2018 and 2017, is as follows (dollars in thousands):

Quality Rating	**2018**	**2017**
Moody's/S & P:		
Aaa/AAA *	$ 2,890,075	$ 1,482,992
Aa/AA	723,882	783,740
A/A	27,507	92,339
P1/A1	1,103,884	911,736
P2/A2	-	18,249
Not rated *	73,806	25,911
Total funds	$ 4,819,154	$ 3,314,967

* The Airport was able to obtain quality ratings for a portion of money market mutual funds as of December 31, 2018 and 2017. The remaining investments that are not rated are primarily composed of money market mutual funds.

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

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 102% 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 $1,035.1 million. 97.7 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. $23.7 million was uncollateralized at December 31, 2018, and thus was subject to custodial credit risk.

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 as of December 31, 2018 and 2017, is as follows (dollars in thousands):

	2018	2017
Per Note 2:		
Investments—Airport	$ 4,819,154	$ 3,314,967
Per financial statements:		
Restricted investments	$ 972,984	$ 1,599,389
Unrestricted investments	12,271	30,026
Investments classified as cash and cash equivalents on the statements of net position	3,833,899	1,685,552
	$ 4,819,154	$ 3,314,967

3. RESTRICTED ASSETS

The General Airport Revenue Bond Ordinance ("Bond Ordinance"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Second Lien Obligations ("Second Lien Indenture"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Third Lien Obligations ("Third Lien Indenture"), 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 Bond Ordinance, the Second Lien Indenture, and the Third Lien Indenture requirements are as follows (dollars in thousands):

Account	**2018**	**2017**
Construction	$ 2,351,819	$ 1,190,544
Capitalized interest	265,886	160,409
Debt service reserve	836,990	747,932
Debt service interest	466,523	471,772
Debt service principal	42,235	48,805
Operation and maintenance reserve	153,025	152,121
Maintenance reserve	3,000	3,000
Customer Facility Charge	76,660	95,203
Airport Development Fund*	-	199,785
Airport General Fund	151,941	-
Aeronautical Estate Fund	15,791	-
Commercial Real Estate Fund	13,774	-
Other funds	30,166	27,681
Subtotal—Bond Ordinance, Master Indenture Accounts	4,407,810	3,097,252
Passenger Facility Charge	195,373	168,354
Total	$ 4,603,183	$ 3,265,606

* Pursuant to Section 301 of the O'Hare Senior Lien Master Indenture, the Special Capital Projects Fund and Airport Development Fund (ADF) should be discontinued. The monies held in the Special Capital Projects Fund and Airport Development Fund have been transferred to the Airport General Fund.

Construction and capitalized interest accounts are restricted for authorized capital improvements and payment of interest costs during construction.

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 debt service principal and interest accounts are restricted to the payment of bond principal and interest.

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

The City has entered into arbitrage agreements under which the City has agreed to comply with certain requirements of the Internal Revenue Code of 1986, as amended, in order to maintain the exclusion of the interest on the bonds from the gross income of the recipients thereof for federal income tax purposes. The rebate account relating to each series of the bonds has been established to account for any liability of the City to make arbitrage rebate payments to the federal government relating to such series of bonds.

The Airport Development Fund is restricted and may be used by the Airport for any lawful Airport purpose. The Airport Development Fund was maintained under the O'Hare Senior Lien Bonds Master Indentures until the transition date of June 1, 2018 of the new Airline Use and Lease Agreement.

The Airport General Fund is restricted and may be used by the Airport for any lawful Airport purpose. Pursuant to section 301 in the O'Hare 2018 Master Indenture, the Special Capital Projects Fund and the Airport Development Fund are discontinued. The monies held in the Special Capital Projects Fund and the Airport Development Fund have been transferred to the Airport General Fund.

Other funds include the federal and state grant funds and the special capital projects fund. The Passenger Facility Charge account is restricted to fund eligible and approved PFC projects.

The Aeronautical Real Estate Fund is restricted and may be used by the Airports for the parcels and other areas of the Airport where aviation support, cargo, hangar and maintenance activities occur, including all roads and facilities serving such areas and associated air rights.

The Commercial Real Estate Fund is restricted and may be used by the Airport for the parcels and other areas of the Airport where commercial non-aeronautical activities such as hotel, office, non-terminal retail, public vehicle fueling and charging stations not otherwise located in facilities included in the Parking and Ground Transportation Cost Center, and other real estate development occur, including all roads, utilities and facilities serving such areas and associated air rights.

The Customer Facility Charge account is restricted to fund eligible and approved CFC projects.

At December 31, 2018 and 2017, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance and Master Indenture.

4. SHORT TERM DEBT AND LONG-TERM DEBT

Short Term Debt:

In December 2016, the Airport entered into a Revolving Line of Credit Agreement with J.P. Morgan Chase Bank, National Association that allows the City to draw on the line of credit in an aggregate amount not to exceed $180 million. In 2016, the Airport drew $6.9 million Alternative Minimum Tax (AMT) and $5.2 million Non-AMT from its line of credit to finance certain capital projects at the Chicago O'Hare International Airport. At December 31, 2018, there was $2.0 million outstanding line of credit (AMT) and there was no outstanding line of credit (Non-AMT). The line of credit has been supported by an underlying letter of credit and will expire on December 12, 2019. Since the letter of credit will expire within one year from the date of the financial statements, the line of credit has been reclassified to short-term debt.

2018	Balance January 31	Additions	Reductions	Balance December 31
Revolving Line of Credit—AMT	$ 6,916	$ -	$ (4,876)	$2,040
Revolving Line of Credit—Non-AMT	5,182	-	(5,182)	-
Total short-term debt	$12,098	$ -	$(10,058)	$2,040

Long Term Debt:

Long-term debt at December 31, 2018 and 2017, consisted of the following (dollars in thousands):

	2018	2017
Senior lien bonds (formerly third lien):		
$29,360 Series 2004 F and G third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 5.30%–5.35%	$ 29,360	$ 29,360
$238,990 Series 2005 B third lien revenue refunding bonds issued December 22, 2005, due through 2018; interest at 5.25%		56,605
$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate 1.76% and 1.78% at December 31, 2018	240,600	240,600
$74,245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%–4.6%		30,000
$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	410	805
$578,000 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	578,000
$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	171,450
$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	40,700	43,890
$95,735 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,375	95,735
$420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%–5.750%	72,080	72,080
$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	62,720	100,770
$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	211,425	274,260
$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	186,000	199,570
$336,350 Series 2013 A senior lien revenue refunding bonds issued October 17, 2013, due through 2026; interest at 2.00%–5.00%	265,655	287,695

(Continued)

	2018	2017
$165,435 Series 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%–5.25%	$ 153,480	$ 153,965
$98,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%–5.50%	96,615	96,615
$297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%–5.25%	292,280	292,280
$428,640 Series 2015 A senior lien revenue refunding bonds issued October 15, 2015 due through 2037; interest at 2.00%–5.00%	421,125	421,125
$1,191,540 Series 2015 B senior lien revenue refunding bonds issued October 15, 2015 due through 2035; interest at 4.00%–5.00%	1,170,760	1,170,760
$195,690 Series 2015 C senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 3.625%–5.000%	195,690	195,690
$131,510 Series 2015 D senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 4.000%–5.000%	131,510	131,510
$27,335 Series 2016 A senior lien revenue refunding bonds issued December 5, 2016 due through 2037; interest at 3.00%–5.00%	26,735	26,735
$461,945 Series 2016 B senior lien revenue refunding bonds issued December 5, 2016 due through 2041; interest at 4.00%–5.00%	399,065	451,120
$525,055 Series 2016 C senior lien revenue refunding bonds issued December 5, 2016 due through 2038; interest at 5.00%	513,990	513,990
$739,335 Series 2016 D senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 5.000%–5.250%	739,335	739,335
$156,575 Series 2016 E senior lien revenue bonds issued January 10, 2017 due through 2028; interest at 5.000%–5.250%	156,575	156,575
$156,090 Series 2016 F senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 2.000%–5.250%	154,195	156,090
$65,250 Series 2016 G senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 5.000%–5.250%	65,250	65,250
$55,915 Series 2017 A senior lien revenue refunding bonds issued June 28, 2017 due through 2040; interest at 3.125%–5.000%	55,915	55,915
$356,385 Series 2017 B senior lien revenue refunding bonds issued June 28, 2017 due through 2039; interest at 5.000%	356,285	356,385
$122,120 Series 2017 C senior lien revenue refunding bonds issued June 28, 2017 due through 2041; interest at 4.000%–5.000%	122,120	122,120
$278,075 Series 2017 D senior lien revenue bonds issued June 28, 2017 due through 2052; interest at 5.000%	278,075	278,075
$600,785 Series 2018 A senior lien revenue refunding bonds issued December 12, 2018 due through 2053; interest at 4.000% to 5.000%	600,785	-
$612,095 Series 2018 B senior lien revenue bonds issued December 12, 2018 due through 2053; interest at 4.000% to 5.000%	612,095	-

(Continued)

	2018	2017
$800,000 Series 2018 C senior lien revenue bonds issued December 12, 2018, due through 2054; interest at 4.472%–4.572.%	$ 800,000	$ -
Subtotal—senior lien bonds	9,296,015	7,564,355
$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	24,965
$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	51,305	51,305
$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	48,495	48,495
$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	2,070	4,035
$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	4,605	12,190
$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%–6.0%	3,170	15,170
$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	106,845	110,360
$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	278,335	292,115
Subtotal—Passenger Facility Charge Revenue Bonds	519,790	558,635
Customer Facility Charge Revenue Bonds—$248,750 Series 2013 A Senior Lien CFC Bonds issued August 22, 2013, due through 2043; interest at 3.0%–5.75%	244,025	248,750
Commercial Paper Notes—Series A,B,C (AMT and Non-AMT) Commercial Paper Notes outstanding at December 31, 2017, due through 2018; interest at 1.20% to 1.27%	-	102,239
Revolving Line of Credit—AMT and Non-AMT variable rate 2.113% at December 31, 2017	-	12,098
TIFIA Loan outstanding at December 31, 2018, due through 2052; interest at 3.86%	258,150	159,803
Total revenue bonds, notes and loan	10,317,980	8,645,880
Unamortized premium	610,467	607,459
	10,928,447	9,253,339
Current portion	(291,035)	(298,185)
Total long-term revenue bonds payable, line of credit payable & TIFIA loan payable	$10,637,412	$8,955,154

(Concluded)

Long-term debt during the years ended December 31, 2018 and 2017, changed as follows (dollars in thousands):

2018	Balance January 31*	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds, notes, LOC & Loan	$8,633,782	$2,249,980	$(565,782)	$10,317,980	$291,035
Unamortized premium (discount)	607,459	53,981	(50,973)	610,467	-
Total long-term debt	$9,241,241	$2,303,961	$(616,755)	$10,928,447	$291,035

2017	Balance January 31	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds, notes, LOC & Loan	$7,260,508	$2,191,787	$(806,415)	$ 8,645,880	$298,185
Unamortized premium (discount)	453,456	203,597	(49,594)	607,459	-
Total long-term debt	$7,713,964	$2,395,384	$(856,009)	$ 9,253,339	$298,185

* The beginning total long-term debt balance for 2018 excludes the line of credit of $12,098 since it was reclassified to short term. The line of credit outstanding was $2,040 at December 31, 2018.

Interest expense capitalized for 2018 and 2017 totaled $81.1 million and $68.1 million, respectively. Interest income capitalized for 2018 and 2017 totaled $18.1 million and $12.6 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2018 and 2017 of $13.5 million and $11.8 million, respectively, and amortization of $51.3 million of premium, net, and $50.4 million of premium, net, respectively.

Issuance of Debt—Chicago O'Hare International Airport Commercial Paper Notes ("O'Hare CP Notes"), Series A-1 through C-1 (AMT), Series A-2 through C-2 ("Non-AMT"), Series A3 through C3 ("Taxable"), $420.0 million maximum aggregate principal amount of which $0 million was outstanding at December 31, 2018. The City has excluded commercial paper from current liabilities as it intends and has the ability to refinance the obligation on a long-term basis. Irrevocable letters of credit delivered by three banks in an aggregate maximum principal amount of $436.6 million provide for the timely payment of principal and interest on the notes until September 27, 2019. At December 31, 2018, there were no outstanding letter of credit advances.

In December 2018, the Airport sold $600.8 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2018 A (AMT) at a premium of $24.5 million. The bonds have interest rates ranging from 4% to 5% and mandatory redemption maturity dates from January 1, 2020, through January 1, 2053. Certain net proceeds of $201.6 million were used to pay a portion of the commercial paper notes ($196.7 million) and line of credit ($4.9 million). Certain net proceeds of $326.0 million will be used to finance the costs of various airport projects; certain net proceeds of $28.8 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $38.6 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of $4.7 million were used to pay the cost of issuance of the bonds. Certain net proceeds of $25.6 million together with $1.6 million transferred from the debt service account were used to fully defease the Series 2008 D General Airport Revenue Bonds

($26.6 million of principal and $0.6 million of interest). The current refunding resulted in a difference between the acquisition price and the net carrying amount of $0.6 million that will be charged to the operations over 21 years using the straight-line method. The current refunding decreased the Airport's total debt service by $3.9 million and resulted in an economic gain (difference between the present values of the old debt and the new debt service payments) of $3.3 million.

In December 2018, the Airport sold $612.1 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2018 B (Non-AMT) at a premium of $29.5 million. The bonds have interest rate ranging from 4% to 5% and mandatory redemption maturity dates from January 1, 2036, through January 1, 2053. Certain net proceeds of $50.3 million were used to pay a portion of the commercial paper notes ($45.1 million) and line of credit ($5.2 million). Certain net proceeds of $496.2 million will be used to finance the costs of various airport projects; certain net proceeds of $29.6 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $60.9 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of $4.6 million were used to pay the cost of issuance of the bonds.

In December 2018, the Airport sold $800.0 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2018 C (Taxable) at par. The bonds have interest rate ranging from 4.472% and 4.572% and have maturity dates of January 1, 2049 and January 1, 2054. The bonds are subject to make whole optional redemption. Certain net proceeds of $689.5 million will be used to finance the costs of various airport projects; certain net proceeds of $36.9 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $68.2 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of $5.4 million were used to pay the cost of issuance of the bonds.

In January 2017, the Airport sold $739.3 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016 D (Non-AMT) at a premium of $57.8 million. The bonds have interest rate ranging from 5.00% to 5.25%, and maturity and mandatory redemption dates ranging from January 1, 2020, through January 1, 2052. Certain net proceeds of $664.5 million will be used to finance the costs of the various airport projects; certain net proceeds of $97.0 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $31.0 million were used to fund the debt service reserve deposit requirement; and certain net proceeds of $4.6 million were used to pay the cost of issuance of the bonds.

In January 2017, the Airport sold $156.6 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016 E (Non-AMT) at a premium of $21.3 million. The bonds have interest rate ranging from 5.00% to 5.25%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2024, through January 1, 2028. Certain net proceeds of $140.0 million will be used to finance the costs of the various airport projects; certain net proceeds of $30.2 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $6.9 million were used to fund the debt service reserve deposit requirement; and certain net proceeds of $0.9 million were used to pay the cost of issuance of the bonds.

In January 2017, the Airport sold $156.0 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016 F (AMT) at a premium of $4.5 million. The bonds have interest rate ranging from 2.00% to 5.25%, and maturity and mandatory redemption dates ranging from January 1, 2018, through January 1, 2052. Certain net proceeds of $150.0 million will be used to finance the costs of the various airport projects; certain net proceeds of $9.1 million were used to fund the debt service reserve deposit requirement;

and certain net proceeds of $1.4 million were used to pay the cost of issuance of the bonds.

In January 2017, the Airport sold $65.3 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016 G (AMT) at a premium of $2.6 million. The bonds have interest rate ranging from 5.00% to 5.25%, and maturity and mandatory redemption dates ranging from January 1, 2020, through January 1, 2052. Certain net proceeds of $58.3 million will be used to finance the costs of the various airport projects; certain net proceeds of $6.5 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $2.6 million were used to fund the debt service reserve deposit requirement; and certain net proceeds of $0.4 million were used to pay the cost of issuance of the bonds.

In June 2017, the Airport sold $55.9 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2017 A (Non-AMT) at a premium of $10.1 million. The bonds have interest rates ranging from 3.125% to 5.00% and mandatory redemption maturity dates ranging from January 1, 2021, through January 1, 2040. Certain net proceeds of $65.7 million together with $1.5 million transferred from the debt service accounts were used to fully defease the Series 2011C General Airport Revenue Bonds ($44.9 million of principal and $6.6 million of interest), and a portion of the Series 2010A General Airport Revenue Bonds ($13.6 million of principal and $2.0 million of interest). Certain net proceeds of $0.4 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $4.2 million that will be charged to operations over 3 to 15 years using the straight-line method. The advance refunding decreased the Airport's total debt service by $8.0 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $6.4 million.

In June 2017, the Airport sold $356.4 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2017 B (Non-AMT) at a premium of $54.3 million. The bonds have an interest rate at 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to and have maturity dates ranging from January 1, 2018, through January 1, 2039. Certain net proceeds of $396.6 million together with $9.9 million transferred from the debt service account were used to partially defease the Series 2011A General Airport Revenue Bonds ($348.1 million of principal and $58.5 million of interest). Certain net proceeds of $11.5 million together with $28.7 million transferred from the O'Hare 2011A debt service reserve account were used to fund the debt service reserve requirement; certain net proceeds of $2.5 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $56.0 million that will be charged to operations over 23 years using the straight-line method. The advance refunding decreased the Airport's total debt service by $35.6 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $37.4 million.

In June 2017, the Airport sold $122.1 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2017 C (Non-AMT) at a premium of $17.3 million. The bonds have interest rates ranging from 4.00% to 5.00% and mandatory redemption maturity dates ranging from January 1, 2019, through January 1, 2041. Certain net proceeds of $138.6 million together with $3.4 million transferred from the debt service account were used to partially defease the Series 2011B General Airport Revenue Bonds ($121.9 million of principal and $20.1 million of interest). Certain net proceeds of $0.8 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of

$13.3 million that will be charged to operations over 5 years using the straight-line method. The advance refunding decreased the Airport's total debt service by $20.6 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $15.1 million.

In June 2017, the Airport sold $278.1 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2017 D (AMT) at a premium of $35.7 million. The bonds have an interest rate at 5.00%, and maturity and mandatory redemption dates ranging from January 1, 2022, through January 1, 2052. Certain net proceeds of $266.8 million will be used to finance the costs of the various airport projects; certain net proceeds of $38.0 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $7.1 million were used to fund the debt service reserve deposit requirement; and certain net proceeds of $1.9 million were used to pay the cost of issuance of the bonds.

In August 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to fund a portion of Consolidated Rental Car Facility at O'Hare, additions, extensions and improvements to the Airport Transit System (ATS) including the purchase of new ATS vehicles and certain public parking facilities. The loan amount of $288.1 million is subordinate to the O'Hare Customer Facility Charge Senior Lien Revenue Bonds, Series 2013. The interest rate is 3.86% and the final maturity of the loan is January 1, 2054. There were $94.5 million and $156.8 million of loan disbursements made to the City in 2018 and 2017. The outstanding TIFIA loan as of December 31, 2018, including $6.9 million of accrued interest, was $258.2 million.

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. Defeased bonds at December 31, 2018 are as follows (dollars in thousands):

	Defeased	Outstanding
Chicago O'Hare General Airport Revenue Bonds, Series 2010A	$ 13,645	$ 13,645
Chicago O'Hare General Airport Revenue Bonds, Series 2011A	348,075	348,075
Chicago O'Hare General Airport Revenue Bonds, Series 2011B	121,905	121,905
Chicago O'Hare General Airport Revenue Bonds, Series 2011C	283,925	283,925
Chicago O'Hare General Airport Revenue Bonds, Series 2008D	26,605	26,605
Total	$ 794,155	$794,155

Debt Redemption—Following is a schedule of debt service requirements to maturity of the senior lien bonds. For issues with variable rates, interest is imputed at the effective rate as of December 31, 2018, as follows (dollars in thousands):

December 31	Principal	Interest	Total
2019	$ 261,355	$ 409,565	$ 670,920
2020	247,615	438,723	686,338
2021	205,645	427,473	633,118
2022	219,950	416,860	636,810
2023	209,540	406,080	615,620
2024–2028	1,349,655	1,840,649	3,190,304
2029–2033	1,586,800	1,480,958	3,067,758
2034–2038	1,830,300	1,050,316	2,880,616
2039–2043	1,180,850	639,493	1,820,343
2044–2048	752,815	428,375	1,181,190
2049-2053	1,051,490	181,598	1,233,088
2054	400,000	9,144	409,144
Total	$ 9,296,015	$ 7,729,234	$ 17,025,249

The Airport's senior lien variable-rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, and an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent in consultation with the City. The O'Hare 2005 C&D Senior Lien Bonds were in weekly interest rate mode as of December 31, 2018. Irrevocable letters of credit ($244.7 million) provide for the timely payment of principal and interest on the Series 2005 C&D bonds until July 24, 2020, and August 14, 2020. At December 31, 2018, there were no outstanding letter of credit advances. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement.

The debt service requirements to maturity of the PFC Revenue Bonds as of December 31, 2018, is as follows (dollars in thousands):

Years Ending December 31	**Principal**	**Interest**	**Total**
2019	$ 24,720	$ 25,018	$ 49,738
2020	23,895	23,891	47,786
2021	24,915	22,756	47,671
2022	26,165	21,472	47,637
2023	27,475	20,115	47,590
2024–2028	173,605	76,497	250,102
2029–2033	178,275	29,515	207,790
2034–2038	27,650	6,863	34,513
2039–2040	13,090	663	13,753
Total	$519,790	$226,790	$746,580

The debt service requirements to maturity of the CFC Revenue Bonds as of December 31, 2018, is as follows (dollars in thousands):

Years Ending December 31	**Principal**	**Interest**	**Total**
2019	$ 4,960	$ 13,194	$ 18,154
2020	5,205	12,955	18,160
2021	5,435	12,708	18,143
2022	5,700	12,425	18,125
2023	6,000	12,129	18,129
2024–2028	35,035	55,412	90,447
2029–2033	45,170	45,049	90,219
2034–2038	58,835	30,857	89,692
2039–2043	77,685	11,496	89,181
Total	$244,025	$206,225	$450,250

The debt service requirements to maturity of the TIFIA Loan as of December 31, 2018, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2019	$ -	$ 9,962	$ 9,962
2020	-	9,965	9,965
2021	-	9,965	9,965
2022	-	9,965	9,965
2023	-	9,965	9,965
2024–2028	14,405	48,736	63,141
2029–2033	21,323	45,050	66,373
2034–2038	25,789	40,517	66,306
2039–2043	31,159	35,040	66,199
2044–2048	59,013	27,203	86,216
2049–2053	86,997	12,418	99,415
2054	19,464	379	19,843
Total	$258,150	$259,165	$517,315

Debt Covenants—The Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Senior Lien Obligations requires that the City will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of O'Hare in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (b) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations. This requirement was met at December 31, 2018.

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

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

5. CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2018 and 2017, changed as follows (dollars in thousands):

2018	**Balance January 1**	**Additions**	**Disposals and Transfers**	**Balance December 31**
Capital assets not depreciated:				
Land	$ 892,248	$ -	$ -	$ 892,248
Construction in progress [1]	1,331,050	825,418	(849,916)	1,306,552
Total capital assets not depreciated	2,223,298	825,418	(849,916)	2,198,800
Capital assets depreciated—buildings and other facilities	9,432,232	849,916	(52,560)	10,229,588
Less accumulated depreciation for—buildings and other facilities	(3,672,833)	(259,467)	30,342	(3,901,958)
Total capital assets depreciated—net	5,759,399	590,449	(22,218)	6,327,630
Total property and facilities—net	$ 7,982,697	$ 1,415,867	$ (872,134)	$ 8,526,430

[1] CIP additions include capitalized interest of $99,579

2017	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 892,088	$ 160	$ -	$ 892,248
Construction in progress [1]	631,402	889,028	(189,380)	1,331,050
Total capital assets not depreciated	1,523,490	889,188	(189,380)	2,223,298
Capital assets depreciated—buildings and other facilities	9,302,810	189,380	(59,958)	9,432,232
Less accumulated depreciation for—buildings and other facilities	(3,451,749)	(262,331)	41,247	(3,672,833)
Total capital assets depreciated—net	5,851,061	(72,951)	(18,711)	5,759,399
Total property and facilities—net	$ 7,374,551	$ 816,237	$(208,091)	$ 7,982,697

[1] CIP additions include capitalized interest of $75,725

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings, and terminal space are leased under operating lease agreements with airlines and other tenants. The minimum future rental income on noncancelable operating leases as of December 31, 2018, is as follows (dollars in thousands):

Years Ending December 31	Amount
2019	$ 328,780
2020	324,340
2021	311,735
2022	311,678
2023	303,700
2024–2028	1,455,215
2029–2033	1,433,481
2034-2038	299,978
2039-2043	295,878
2044-2048	270,539
2049-2053	130,361
Thereafter	509
Total minimum future rental income	$ 5,466,194

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

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately $515.3 million and $475.4 million in 2018 and 2017, respectively. Contingent rentals included in the totals were approximately $66.2 million and $97.7 million for 2018 and 2017, respectively.

7. PENSION PLANS

General Information about the Pension Plan

Plan Description—Eligible O'Hare 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 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

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

Employees Covered by Benefit Terms—At December 31, 2018, 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	25,577	3,688	13,631	5,022	47,918
Inactive employees entitled to but not yet receiving benefits	17,575	1,489	721	92	19,877
Active employees	31,285	2,715	13,438	4,487	51,925
	74,437	7,892	27,790	9,601	119,720

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 2018, $302.0 million; in payment year 2019, $392.0 million; in payment year 2020, $481.0 million; in payment year 2021, $571.0 million; and in payment year 2022, $660.0 million. Additionally, P.A. 100-0023 requires that 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 2018, $727.0 million; in payment year 2019, $792.0 million; and 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.

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 $46.7 million and $38.7 million for the years ended December 31, 2018 and 2017, respectively.

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

At December 31, 2018 and 2017, the Airport reported a liability of $1,400.4 million and $1,259.3 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and 2017, 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 Laborers, Policemen, and Firemen. In addition, the investment return assumption for Firemen decreased from 7.50% to 6.75% resulting in a decrease in the single discount rate for Firemen, which offset the increase from the change in the municipal bond rate. See discount rate section below.

The change in the single discount rate and other assumptions decreased the net pension liability by $0.7 million for Laborers' and $3.7 million for Policemen and increased the net pension liability by $19.5 million for Firemen. These changes are being amortized into expense over a 4 year period for Laborers' and a 6 year period for Policemen and Firemen.

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 2018 and 2017. At December 31, 2018 and 2017, the Airport's proportion was 6.9% and 6.8%, respectively, of the Municipal Employees' Plan, 6.3% and 6.3% of the Laborer's Plan, 1.4% and 1.4% of the Policemen's Plan and 5.1% and 5.0%, respectively, of the Firemen's Plan.

For the year ended December 31, 2018 and 2017, the Airport recognized pension expense of $146.0 million and $146.0 million, respectively.

At December 31, 2018 and 2017, the reported deferred outflows of resources of $197.4 million and $282.2 million, respectively, and deferred inflows of resources of $381.1 million and $525.9 million, respectively, related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 5,261	$ 12,353	$ -	$ 17,863
Changes of assumptions	119,928	322,839	237,218	428,344
Net difference between projected and actual earnings on pension plan investments	19,791	-	-	7,476
Total	$ 144,980	$ 335,192	$ 237,218	$ 453,683

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:

Year Ended December 31	
2019	$ 12,076
2020	(109,756)
2021	(100,678)
2022	8,146
Total	$ (190,212)

Laborers' (dollars in thousands):

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 724	$ 1,931	$ -	$ 3,996
Changes of assumptions	-	29,958	9,588	50,157
Net difference between projected and actual earnings on pension plan investments	5,694	-	4,221	6,288
Total	$6,418	$31,889	$13,809	$60,441

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

Year Ended December 31	
2019	$(18,843)
2020	(9,174)
2021	511
2022	2,035
Total	$(25,471)

Policemen's (dollars in thousands):

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 12	$6,576	$ 16	$4,195
Changes of assumptions	2,984	3,062	3,801	-
Net difference between projected and actual earnings on pension plan investments	3,377	-	1,937	2,347
Total	$6,373	$9,638	$5,754	$6,542

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

Year Ended December 31	
2019	$ (46)
2020	(663)
2021	(716)
2022	(329)
2023	(1,219)
2024	(292)
Total	$(3,265)

Firemen's (dollars in thousands):

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,516	$ 2,531	$ 1,913	$ 199
Changes of assumptions	33,308	1,852	21,609	2,446
Net difference between projected and actual earnings on pension plan investments	4,821	-	1,932	2,609
Total	$ 39,645	$ 4,383	$ 25,454	$ 5,254

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

Year Ended December 31	
2019	$ 9,206
2020	8,423
2021	6,918
2022	7,952
2023	2,763
Total	$ 35,262

Deferred Outflows Related to Changes in Proportionate Share of Contributions— For the years ended December 31, 2018 and 2017, the Airport reported pension (charge)/benefit of $32.9 million and $(30.1) million, respectively, related to changes in its proportionate share of contributions. As of December 31, 2018 and 2017, the Airport Funds reported deferred inflows of $0, and deferred outflows of $96.7 million and $114.9 million, respectively, 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, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2018	**Municipal Employees'**	**Laborers'**	**Policemen's**	**Firemen's**
Inflation	2.50 %	2.25 %	2.75 %	2.25 %
Salary increases	3.50%–7.75% (a)	3.00 (b)	3.75 (c)	3.50 (d)
Investment rate of return	7.00 % (e)	7.25 % (e)	7.25 %	6.75 %

2017	**Municipal Employees'**	**Laborers'**	**Policemen's**	**Firemen's**
Inflation	2.50 %	2.25 %	2.75 %	2.50 %
Salary increases	3.50%–7.75% (a)	3.00 (b)	3.75 (c)	3.75 (d)
Investment rate of return	7.00 % (e)	7.25 % (e)	7.25 %	7.50 %

(a) (1.50%-6.50% for 2019-2022), varying by years of service

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

(c) Plus additional percentage related to service

(d) Plus additional service based increases

(e) Net of investment expense

Post retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table (Blue Collar mortality table for Laborers' and Firemen's) for males or females, as appropriate. Pre-retirement mortality rates were based on RP-2014 Employee Mortality Table (Blue Collar mortality table for Laborers' and Firemen's). Disabled mortality rates were based on the RP-2014 Healthy Annuitant mortality table for Policemen's and Blue Collar mortality table for Firemen's.

The mortality actuarial assumptions used in the December 31, 2018 valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal Employees'	January 1, 2012–December 31, 2016
Laborers'	January 1, 2012–December 31, 2016
Policemen's	January 1, 2009–December 31, 2013
Firemen's	January 1, 2012–December 31, 2016

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, 2018 and 2017, are summarized in the following table:

2018	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	- %	- %	- %	60.0 %	- %	- %	- %	7.2 %
Domestic equity	26.0	-	-	-	5.1	-	-	-
U.S. equity	-	25.0	21.0	-	-	5.7	6.0	-
Non U.S. equity	-	20.0	21.0	-	-	5.2	7.4	-
Global low volatility equity	-	5.0	-	-	-	4.7	-	-
International equity	22.0	-	-	-	5.3	-	-	-
Fixed income	25.0	20.0	22.0	20.0	0.8	(0.1)	2.2	3.8
Hedge funds	10.0	10.0	7.0	-	3.4	3.5	4.2	-
Infrastructure	2.0				5.0			
Private debt	-	3.0	-	-	-	7.6	-	-
Private equity	5.0	4.0	-	-	8.3	8.7	-	-
Private markets	-	-	17.0	-	-	-	6.7	-
Global asset allocation	-	-	5.0	-	-	-	4.4	-
Real estate	10.0	10.0	7.0	8.0	4.7	4.9	4.1	6.3
Private real assets	-	3.0	-	-	-	5.3	-	-
Other investments	-	-	-	12.0	-	-	-	5.8
Total	100.0 %	100.0 %	100.0 %	100.0 %				

2017	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	- %	- %	- %	60.0 %	- %	- %	- %	7.3 %
Domestic equity	26.0	-	-	-	5.6	-	-	-
U.S. equity	-	25.0	21.0	-	-	5.8	6.1	-
Non U.S. equity	-	20.0	21.0	-	-	5.7	7.7	-
Global low volatility equity	-	5.0	-	-	-	5.0	-	-
International equity	22.0	-	-	-	5.7	-	-	-
Fixed income	27.0	20.0	22.0	20.0	1.0	(0.2)	1.9	7.3
Hedge funds	10.0	10.0	5.0	-	3.6	3.6	4.0	-
Private debt	-	3.0	-	-	-	8.2	-	-
Private equity	5.0	4.0	-	-	9.4	9.4	-	-
Private markets	-	-	17.0	-	-	-	7.4	-
Global asset allocation	-	-	5.0	-	-	-	4.4	-
Real estate	10.0	10.0	5.0	8.0	5.4	5.4	4.6	7.6
Real assets	-	-	4.0	-	-	-	4.4	-
Private real assets	-	3.0	-	-	-	5.8	-	-
Other investments	-	-	-	12.0	-	-	-	7.7
Total	100.0 %	100.0 %	100.0 %	100.0 %				

Discount Rate

Municipal Employees'—The discount rate used to measure the total pension liability as of December 31, 2018 and 2017 was 7.0%. 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. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Laborers'—A Single Discount Rate of 7.11% and 7.07% was used to measure the total pension liability as of December 31, 2018 and 2017, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25% as of December 31, 2018 and 2017, and a municipal bond rate of 3.71% and 3.31% as of December 31, 2018 and 2017, respectively (based on the rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity 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 at 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 only through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

Policemen's—A Single Discount Rate of 7.18% and 7.0% was used to measure the total pension liability as of December 31, 2018 and 2017, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25% for December 31, 2018 and 2017, respectively, and a municipal bond rate of 3.71% and 3.31% as of December 31, 2018 and 2017, respectively (based on the rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity 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 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 the benefit payments through the year 2079 (for the 2018 valuation) and the year 2070 (for the 2017 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2079 (for the 2018 valuation) and the year 2070 (for the 2017 valuation), and the respective municipal bond rate was applied to all benefit payments after that date.

Firemen's—A Single Discount Rate of 6.61% and 7.23% was used to measure the total pension liability as of December 31, 2018 and 2017, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% and 7.5% for December 31, 2018 and 2017, respectively, and a municipal bond rate of 3.71% and 3.31% as of December 31, 2018 and 2017, respectively (based on the rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity Index). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be 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 the benefit payments through the year 2072 (for the 2018 valuation) and 2070 (for the 2017 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072 (for the 2018 valuation) and 2070 (for the 2017 valuation), and the respective municipal bond rate was applied to all benefit payments after that date.

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, 2018 and 2017, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2018	1% Decrease	Current Discount Rate	1% Increase
Municipal Employees' discount rate	6.00 %	7.00 %	8.00 %
Municipal Employees' net pension liability	$1,033,759	$887,542	$766,284

Net Pension Liability December 31, 2017	1% Decrease	Current Discount Rate	1% Increase
Municipal Employees' discount rate	6.00 %	7.00 %	8.00 %
Municipal Employees' net pension liability	$939,955	$798,400	$681,157

Laborers'—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2018 and 2017, calculated using the discount rate of 7.11 percent and 7.07 percent respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.11%) or 1 percentage point higher (8.11) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2018	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate	6.11 %	7.11 %	8.11 %
Laborers' net pension liability	$120,670	$100,454	$ 83,524

Net Pension Liability December 31, 2017	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate	6.07 %	7.07 %	8.07 %
Laborers' net pension liability	$106,194	$ 86,106	$ 69,304

Policemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2018 and 2017, calculated using the discount rate of 7.18 percent and 7.00 percent, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2018	1% Decrease	Current Discount Rate	1% Increase
Policemen's discount rate	6.18 %	7.18 %	8.18 %
Policemen's net pension liability	$168,281	$146,498	$128,143

Net Pension Liability December 31, 2017	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Policemen's discount rate	6.00 %	7.00 %	8.00 %
Policemen's net pension liability	$166,870	$144,344	$125,426

Firemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2018 and 2017, calculated using the discount rate of 6.61 percent and 7.23 percent, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.61%) or 1 percentage point higher (7.61%) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2018	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	5.61 %	6.61 %	7.61 %
Firemen's net pension liability	$304,926	$265,904	$233,321

Net Pension Liability December 31, 2017	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	6.23 %	7.23 %	8.23 %
Firemen's net pension liability	$264,609	$230,490	$201,877

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

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 certain payments made on behalf of the Airport. Such reimbursements amounted to $105.5 million and $90.9 million in 2018 and 2017, respectively.

9. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims, and commitments incident to its 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 basic financial statements.

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2018 and 2017, are as follows (dollars in thousands):

	2018	2017
Beginning balance—January 1	$ 2,475	$ 3,178
Total claims incurred (expenditures)	23,990	20,065
Claims paid	(24,223)	(20,768)
Claims liability—December 31	$ 2,242	$ 2,475

The City's property and liability insurance premiums are approximately $11.4 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, 2018 with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2019 with a limit of $1 billion and includes $1 billion in war and terrorism liability coverage.

At December 31, 2018 and 2017, the Airport had commitments in the amounts of approximately $597.3 million and $367.5 million, respectively, in connection with contracts entered into for construction projects.

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

	2018	2017
Deferred outflows of resources:		
Deferred outflows from pension activities	$ 197,418	$ 282,235
Changes in proportionate share of pension contribution	96,731	114,902
Unamortized deferred bond refunding costs	156,678	169,565
Total deferred outflows of resources	450,827	566,702
Deferred Inflows of resources—deferred inflows from pension activities	$(381,103)	$(525,920)

11. SUBSEQUENT EVENTS

O'Hare has evaluated subsequent events through June 25, 2019, the date the financial statements were available to be issued and concluded no subsequent events have occurred that would require recognition that have not already been recognized or that require disclosure that have not already been disclosed.

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2018	2017	2016	2015
MUNICIPAL EMPLOYEES':				
Total pension liability:				
Service cost*	$ 223,528	$ 572,534	$ 619,743	$ 226,816
Interest	1,123,348	915,711	878,369	909,067
Benefit changes	-	-	-	2,140,009
Differences between expected and actual experience	95,540	(177,755)	(127,119)	(109,865)
Assumption changes	-	(7,431,191)	(578,920)	8,711,755
Benefit payments including refunds	(916,198)	(888,174)	(859,672)	(826,036)
Pension plan administrative expense	-	-	-	-
Net change in total pension liability	526,218	(7,008,875)	(67,599)	11,051,746
Total pension liability—beginning	16,282,396	23,291,271	23,358,870	12,307,094
Total pension liability—ending (a)	16,808,614	16,282,396	23,291,271	23,358,840
Plan fiduciary net position:				
Contributions—employer	349,574	261,764	149,718	149,225
Contributions—employee	138,400	134,765	130,391	131,428
Net investment income	(204,975)	610,515	281,419	114,025
Benefit payments including refunds of employee contribution	(916,198)	(888,174)	(859,672)	(826,036)
Administrative expenses	(6,639)	(6,473)	(7,056)	(6,701)
Other	-	5,394	-	-
Net change in plan fiduciary net position	(639,838)	117,791	(305,200)	(438,059)
Plan fiduciary net position—beginning	4,554,018	4,436,227	4,741,427	5,179,486
Plan fiduciary net position—ending (b)	3,914,180	4,554,018	4,436,227	4,741,427
NET PENSION LIABILITY—Ending (a)-(b)	$ 12,894,434	$ 11,728,378	$ 18,855,044	$ 18,617,413
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	23.29 %	27.97 %	19.05 %	20.30 %
COVERED PAYROLL**	$ 1,734,596	$ 1,686,533	$ 1,646,939	$ 1,643,481
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	743.37 %	695.41 %	1,144.85 %	1,132.81 %
ALLOCATED NET PENSION LIABILITY	$ 887,542	$ 798,400	$ 1,138,937	$ 1,084,148
ALLOCATED PERCENTAGE	6.88 %	6.80 %	6.04 %	5.82 %

* Includes pension plan administrative expense.

** 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.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2018	2017	2016	2015
LABORERS':				
Total pension liability:				
Service cost *	$ 40,801	$ 80,232	$ 82,960	$ 38,389
Interest	183,135	154,047	150,166	153,812
Benefit changes	-	150	-	384,033
Differences between expected and actual experience	15,143	(62,178)	(30,428)	(46,085)
Assumption changes	(11,788)	(1,074,754)	(62,905)	1,175,935
Benefit payments including refunds	(160,061)	(157,050)	(154,683)	(152,530)
Pension plan administrative expense	(3,933)	(3,985)	(4,080)	(3,844)
Net change in total pension liability	63,297	(1,063,538)	(18,970)	1,549,710
Total pension liability—beginning	2,630,107	3,693,645	3,712,615	2,162,905
Total pension liability—ending (a)	2,693,404	2,630,107	3,693,645	3,712,615
Plan fiduciary net position:				
Contributions—employer	47,844	35,457	12,603	12,412
Contributions—employee	17,837	17,411	17,246	16,844
Net investment income	(75,219)	207,981	57,997	(22,318)
Benefit payments including refunds of employee contribution	(160,061)	(157,050)	(154,683)	(152,530)
Administrative expenses	(3,933)	(3,985)	(4,080)	(3,844)
Other	661	-	-	-
Net change in plan fiduciary net position	(172,871)	99,814	(70,917)	(149,436)
Plan fiduciary net position—beginning	1,267,554	1,167,740	1,238,657	1,388,093
Plan fiduciary net position—ending (b)	1,094,683	1,267,554	1,167,740	1,238,657
NET PENSION LIABILITY—Ending (a)-(b)	$ 1,598,721	$ 1,362,553	$ 2,525,905	$ 2,473,958
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	40.64 %	48.19 %	31.61 %	33.36 %
COVERED PAYROLL**	$ 211,482	$ 208,442	$ 208,155	$ 204,773
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	755.96 %	653.68 %	1,213.47 %	1,208.15 %
ALLOCATED NET PENSION LIABILITY	$ 100,454	$ 86,106	$ 150,573	$ 153,802
ALLOCATED PERCENTAGE	6.28 %	6.30 %	5.96 %	6.22 %

* Includes pension plan administrative expense.
** 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.

(Continued)

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

	2018	2017	2016	2015
POLICEMEN'S:				
Total pension liability:				
Service cost*	$ 242,998	$ 237,333	$ 220,570	$ 213,585
Interest	931,731	917,720	851,098	832,972
Benefit changes	-	-	606,250	-
Differences between expected and actual experience	(281,151)	(299,923)	1,801	(105,969)
Assumption changes	(259,052)	238,975	112,585	-
Benefit payments including refunds	(771,104)	(747,891)	(707,196)	(676,777)
Pension plan administrative expense	(4,626)	(4,843)	(4,750)	(4,508)
Net change in total pension liability	(141,204)	341,371	1,080,358	259,303
Total pension liability—beginning	13,454,462	13,113,091	12,032,733	11,773,430
Total pension liability—ending (a)	13,313,258	13,454,462	13,113,091	12,032,733
Plan fiduciary net position:				
Contributions—employer	588,035	494,483	272,428	572,836
Contributions—employee	107,186	103,011	101,476	107,626
Net investment income	(137,977)	412,190	142,699	(5,334)
Benefit payments including refunds of employee contribution	(771,104)	(747,891)	(707,196)	(676,777)
Administrative expenses	(4,626)	(4,843)	(4,750)	(4,508)
Other	1,600	97	1,413	3,092
Net change in plan fiduciary net position	(216,886)	257,047	(193,930)	(3,065)
Plan fiduciary net position—beginning	3,122,066	2,865,019	3,058,949	3,062,014
Plan fiduciary net position—ending (b)	2,905,180	3,122,066	2,865,019	3,058,949
NET PENSION LIABILITY—Ending (a)-(b)	$ 10,408,078	$ 10,332,396	$ 10,248,072	$ 8,973,784
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	21.82 %	23.20 %	21.85 %	25.42 %
COVERED PAYROLL**	$ 1,205,324	$ 1,150,406	$ 1,119,527	$ 1,086,608
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	863.51 %	898.15 %	915.39 %	825.85 %
ALLOCATED NET PENSION LIABILITY	$ 146,498	$ 144,344	$ 144,940	$ 120,078
ALLOCATED PERCENTAGE	1.41 %	1.40 %	1.41 %	1.34 %

* Includes pension plan administrative expense
** 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.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2018	2017	2016	2015
FIREMEN'S:				
Total pension liability:				
Service cost*	$ 97,143	$ 93,367	$ 94,115	$ 87,203
Interest	410,821	371,622	342,085	338,986
Benefit changes	-	-	227,213	-
Differences between expected and actual experience	(56,418)	26,954	24,110	(7,981)
Assumption changes	382,611	414,219	(74,373)	176,282
Benefit payments including refunds	(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	506,210	596,892	323,174	313,324
Total pension liability—beginning	5,746,150	5,149,258	4,826,084	4,512,760
Total pension liability—ending (a)	6,252,360	5,746,150	5,149,258	4,826,084
Plan fiduciary net position:				
Contributions—employer	249,684	228,453	154,101	236,104
Contributions—employee	45,894	47,364	48,960	46,552
Net investment income	(58,000)	140,570	60,881	7,596
Benefit payments including refunds of employee contribution	(324,662)	(306,098)	(286,759)	(278,017)
Administrative expenses	(3,285)	(3,172)	(3,217)	(3,149)
Other	6	22	(53)	7
Net change in plan fiduciary net position	(90,363)	107,139	(26,087)	9,093
Plan fiduciary net position—beginning	1,126,153	1,019,014	1,045,101	1,036,008
Plan fiduciary net position—ending (b)	1,035,790	1,126,153	1,019,014	1,045,101
NET PENSION LIABILITY—Ending (a)-(b)	$ 5,216,570	$ 4,619,997	$ 4,130,244	$ 3,780,983
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	16.57 %	19.60 %	19.79 %	21.66 %
COVERED PAYROLL*	$ 456,969	$ 469,407	$ 478,471	$ 465,232
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**	1,141.56 %	984.22 %	863.22 %	812.71 %
ALLOCATED NET PENSION LIABILITY	$ 265,904	$ 230,490	$ 204,414	$ 184,109
ALLOCATED PERCENTAGE	5.10 %	4.99 %	4.95 %	4.87 %

* Includes pension plan administrative expense.

** 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.

(Concluded)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Municipal Employees'

Years Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll*	Contributions as a Percentage of Covered Payroll
2009	$ 413,509	$ 148,047	$ 265,462	$ 1,551,973	9.54 %
2010	483,948	154,752	329,196	1,541,388	10.04
2011	611,756	147,009	464,747	1,605,993	9.15
2012	690,823	148,859	541,964	1,590,794	9.36
2013	820,023	148,197	671,826	1,580,289	9.38
2014	839,039	149,747	689,292	1,602,978	9.34
2015	677,200	149,225	527,975	1,643,481	9.08
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

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

Laborers'

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2009	$ 33,518	$ 14,627	$ 18,891	$ 208,626	7.01 %
2010	46,665	15,352	31,313	199,863	7.68
2011	57,259	12,779	44,480	195,238	6.55
2012	77,566	11,853	65,713	198,790	5.96
2013	106,199	11,583	94,616	200,352	5.78
2014	106,019	12,161	93,858	202,673	6.00
2015	79,851	12,412	67,439	204,773	6.06
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

* 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.

(Continued)

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

Policemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2009	$ 339,488	$ 172,044	$ 167,444	$ 1,011,205	17.01 %
2010	363,625	174,501	189,124	1,048,084	16.65
2011	402,752	174,035	228,717	1,034,404	16.82
2012	431,010	197,885	233,125	1,015,171	19.49
2013	474,177	179,521	294,656	1,015,426	17.68
2014	491,651	178,158	313,493	1,074,333	16.58
2015	785,501	575,928	209,573	1,086,608	53.00
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

* 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.

Firemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2009	$ 203,867	$ 89,212	$ 114,655	$ 400,912	22.25 %
2010	218,388	80,947	137,441	400,404	20.22
2011	250,056	82,870	167,186	425,385	19.48
2012	271,506	81,522	189,984	418,965	19.46
2013	294,878	103,669	191,209	416,492	24.89
2014	304,265	107,334	196,931	460,190	23.32
2015	323,545	236,104	87,441	465,232	50.75
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

* 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.

(Continued)

SCHEDULE OF CONTRIBUTIONS

Actuarial Methods and Assumptions	Municipal Employees’		Laborers’		Policemen’s		Firemen’s	
Actuarial valuation date	12/31/2018	(a)	12/31/2018	(q)	12/31/2018		12/31/2018	
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 %		2.75 %		2.25 %	
Salary increases	3.50 %-7.75 %	(b)	3.00 %	(c)	3.75 %	(d)	3.50 %	(e)
Investment rate of return	7.00 %	(f)	7.25 %	(g)	7.25 %		6.75 %	
Retirement age	(h)		(i)		(j)		(i)	
Mortality	(k)		(l)		(m)		(n)	
Other information	(o)		(p)		(p)		(p)	

(a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the end of the year.
(b) (1.50%–6.50% for 2019-2022), varying by years of service.
(c) Plus a service-based increase in the first 9 years.
(d) Plus a service-based increases consistent with bargain contracts.
(e) Salary increase rates based on age-related productivity and merit rates plus inflation.
(f) Net of investment expense.
(g) Net of investment expense, including inflation.
(h) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2017).
For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective Decemebr 31, 2011).
For employees first hired on or after July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective Decemebr 31, 2017).
(i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2017, valuation pursuant to an experience study of the period January 1, 2012, through December 31, 2016.
(j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2014, actuarial valuation pursuant to an experience study of the period January 1, 2009, through December 31, 2013.
(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 117% for males, and 102% for females of the RP-2014 Blue Collar Healthy Annuitant mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales. No adjustment is made for post-disabled mortality.
Pre Retirement Mortality: Scaling factors of 109% for males, and 103% for females of the RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales.
(m) Post-Retirement Healthy mortality rates: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 108% for males and 97% for females.
Pre-Retirement mortality rates: Sex distinct Retirement Plans 2014 Total Employee mortality table weighted 85% for males and 115% for females. Disabled Mortality: Sex distinct Retirement Plans 2014 Healthy Annuitant mortality table weighted 115% for males and 115% for females
(n) Post Retirement Mortality: Scaling factors of 106% for males, and 98% for females of the RP-2014 Blue Collar Healthy Annuitant mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales.
Disabled Mortality: Scaling factors of 107% for males, and 99% for females of the RP-2014 Blue Collar Healthy Annuitant mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales.
Pre-Retirement Mortality: Scaling factors of 92% for males, and 100% for females of the RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales.
Future mortality improvements in pre- and post-retirement mortality are reflected by projecting the base mortality tables back from the year 2014 to the year 2006 using the MP-2014 projection scale and projecting from 2006 using the MP-2017 projection scale.
(o) Other assumptions: Same as those used in the December 31, 2018, actuarial funding valuations.
(p) The actuarial valuation is based on the statutes in effect as of December 31, 2018.

(Concluded)

ADDITIONAL INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE COVENANT
FOR THE YEAR ENDED DECEMBER 31, 2018
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues—as defined	$ 1,058,811	$ 1,058,811
Other available moneys (passenger facility charges for debt service)	120,306	120,306
Cash balance in revenue fund on the first day of fiscal year (Note 2)	98,553	
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,277,670	$ 1,179,117
COVERAGE REQUIREMENTS—Deposits required:		
Operation and maintenance reserve	$ 6,139	
Maintenance reserve	739	
Special capital projects	365	
Senior lien debt service fund	464,581	
TOTAL DEPOSITS REQUIREMENTS	$ 471,824	
AGGREGATE SENIOR LIEN DEBT SERVICE	$ 630,411	$ 630,411
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(71,539)	(71,539)
Net aggregate debt service	558,872	$ 558,872
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 614,759	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110% of net aggregate debt service)	$ 614,759	$
OPERATION AND MAINTENANCE EXPENSES—As defined	579,040	579,040
TOTAL REQUIREMENT	$ 1,193,799	$ 1,137,912
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,277,670	$ 1,179,117

See notes to calculations of coverage.

1. RATE COVENANT

In the Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations:

The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (B) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and (ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

Of the $145.9 million of pension expense for 2018, $46.7 million is the portion of the City's pension contribution payable in 2018 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2018, $99.2 million, is recognized on the income statement of O'Hare Airport for 2018 but is not due and payable by the City during 2018; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

2. REVENUE FUND BALANCE

The Revenue Fund balance includes all cash, cash equivalents and investments held in any Airport account which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Bond Ordinance.

* * * * * *

PART III

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL INFORMATION
(UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Dollars in thousands)
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OPERATING REVENUES:										
Landing fees	$181,335	$170,907	$179,924	$189,997	$169,323	$211,982	$ 253,347	$ 301,285	$ 300,247	$ 336,168
Rental revenues:										
Terminal rental and use charges	212,944	287,972	237,628	246,912	273,611	340,449	292,706	333,939	350,727	373,765
Other rentals and fueling system fees	39,809	40,468	41,745	40,530	44,813	45,330	48,199	52,870	62,905	84,513
Subtotal rental revenues	252,753	328,440	279,373	287,442	318,424	385,779	340,905	386,809	413,632	458,278
Concessions:										
Auto parking	89,131	93,430	95,997	93,557	95,614	97,834	99,210	103,813	106,620	103,975
Auto rentals	22,915	22,643	23,745	25,445	26,274	27,863	29,176	28,436	28,028	29,971
Restaurants	32,721	35,669	38,547	41,330	42,662	45,432	49,366	52,786	54,657	57,972
News and gifts	13,662	14,495	15,608	16,579	18,367	24,086	24,355	25,082	24,354	25,465
Other	26,685	30,377	37,989	41,197	40,337	45,082	41,908	43,074	43,762	43,240
Subtotal concessions	185,114	196,614	211,886	218,108	223,254	240,297	244,015	253,191	257,421	260,623
Reimbursements	5,241	6,642	8,219	7,017	6,679	6,466	6,961	6,532	4,879	6,844
Total operating revenues (1)	624,443	702,603	679,402	702,564	717,680	844,524	845,228	947,817	976,179	1,061,913
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	174,897	174,331	190,830	191,677	192,744	212,576	203,216	208,578	210,649	227,219
Pension expense							339,546	245,491	145,992	145,920
Repairs and maintenance	82,518	86,463	94,519	88,784	85,484	110,928	98,945	104,536	95,310	115,008
Energy	37,261	33,687	31,777	31,775	32,895	34,519	34,090	39,500	34,773	35,027
Materials and supplies	17,661	9,526	14,288	9,797	8,961	10,573	9,876	10,886	6,937	16,284
Engineering and other professional services	54,767	57,981	65,382	74,307	81,070	88,143	83,265	95,608	101,798	111,642
Other operating expenses	37,181	48,640	34,254	53,839	24,895	38,268	36,773	46,611	57,035	59,166
Total operating and maintenance expenses before depreciation and amortization (3)	404,285	410,628	431,050	450,179	426,049	495,007	805,710	751,210	652,494	710,266
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$220,158	$291,975	$248,352	$252,385	$291,631	$349,517	$ 39,518	$ 196,607	$ 323,685	$ 351,647
FIRST AND SECOND LIEN BONDS—Net revenues for calculating coverage less fund deposit requirements	$261,166	$372,341	$407,700	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS (5)	$108,898	$104,349	$112,181	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DEBT SERVICE COVERAGE RATIO (6)	$ 2	$ 4	$ 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -
THIRD LIEN BONDS—Net revenues for calculating coverage per master indenture third lien	$664,917	$800,380	$861,675	$ -	$ -	$ -	$ -	$ -	$ -	$ -
COVERAGE REQUIRED PER MASTER INDENTURE—Third lien	$660,463	$790,282	$785,213	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SENIOR LIEN BONDS—Net revenues for calculating coverage per master indenture senior lien (7)	$ -	$ -	$ -	$844,954	$853,216	$989,929	$1,010,311	$1,130,225	$1,183,777	$1,277,670
COVERAGE REQUIRED PER MASTER INDENTURE—Senior lien (7)	$ -	$ -	$ -	$804,237	$825,116	$985,375	$ 981,095	$1,091,007	$1,126,312	$1,193,799
COVERAGE RATIO	1.01	1.01	1.10	1.05	1.10	1.10	1.10	1.10	1.10	1.10

(1) Average annual compound growth rate for 2009–2018 for total operating revenues is 6.1%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2009–2018 for total operating and maintenance expenses before depreciation and amortization is 6.5%.
(4) Amount for 2018 may be reconciled to operating income of $69,962 reported in the 2018 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $259,467. Amount for prior years may be reconciled through similar calculation.
(5) Represents debt service on first and second lien bonds.
(6) Represents debt service coverage ratio on first and second lien bonds.
(7) Represents required coverage per senior lien master indenture.

Note: Of the $145.9 million of pension expense for 2018, $46.7 million is the portion of the City's pension contribution payable in 2018 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2018 $99.2. pursuant to GASB 68 but is not due and payable by the City during 2018; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

Source: Chicago O'Hare International Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE
(Dollars in thousands)
(Unaudited)

The following table sets forth aggregate annual debt service for outstanding General Airport Revenue Bonds (GARB), PFC revenue bonds and CFC revenue bonds:

Year Ending December 31	Total Debt Service on Senior Lien Bonds [1]	Total GARB Debt Service	Total PFC Debt Service	Total CFC Debt Service	Total TIFIA Loan Debt Service	Total Debt Service
2019	$ 670,920	$ 670,920	$ 49,738	$ 18,154	$ 9,962	$ 748,774
2020	686,338	686,338	47,786	18,160	9,965	762,249
2021	633,118	633,118	47,671	18,143	9,965	708,897
2022	636,810	636,810	47,637	18,125	9,965	712,537
2023	615,620	615,620	47,590	18,129	9,965	691,304
2024	642,737	642,737	47,558	18,113	9,965	718,373
2025	642,449	642,449	50,657	18,099	13,332	724,537
2026	638,032	638,032	50,605	18,082	13,301	720,020
2027	638,530	638,530	50,664	18,072	13,266	720,532
2028	628,556	628,556	50,618	18,081	13,277	710,532
2029	604,127	604,127	50,562	18,073	13,283	686,045
2030	605,950	605,950	50,410	18,059	13,283	687,702
2031	605,483	605,483	50,347	18,044	13,275	687,149
2032	605,676	605,676	46,285	18,029	13,262	683,252
2033	646,522	646,522	10,186	18,014	13,270	687,992
2034	643,786	643,786	6,917	17,976	13,270	681,949
2035	661,612	661,612	6,910	17,955	13,262	699,739
2036	527,117	527,117	6,901	17,939	13,274	565,231
2037	525,176	525,176	6,898	17,920	13,252	563,246
2038	522,925	522,925	6,887	17,902	13,248	560,962
2039	520,550	520,550	6,880	17,881	13,237	558,548
2040	409,168	409,168	6,873	17,862	13,242	447,145
2041	359,857	359,857	-	17,838	13,238	390,933
2042	265,437	265,437	-	17,815	13,252	296,504
2043	265,331	265,331	-	17,785	13,230	296,346
2044	266,749	266,749	-	-	13,223	279,972
2045	239,667	239,667	-	-	13,233	252,900
2046	239,483	239,483	-	-	19,942	259,425
2047	217,677	217,677	-	-	19,919	237,596
2048	217,614	217,614	-	-	19,899	237,513
2049	523,695	523,695	-	-	19,910	543,605
2050	197,228	197,228	-	-	19,895	217,123
2051	197,181	197,181	-	-	19,882	217,063
2052	197,146	197,146	-	-	19,870	217,016
2053	117,838	117,838	-	-	19,858	137,696
2054	409,144	409,144	-	-	19,843	428,987
	$ 17,025,249	$ 17,025,249	$ 746,580	$ 450,250	$ 517,315	$ 18,739,394

(1) Assumes an interest rate effective at December 31, 2018, on $240,600 of Senior Lien Bonds that are variable-rate demand obligations. All Second Lien Bonds were refunded on September 12, 2012.

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, 2018.

CITY OF CHICAGO, ILLINOIS
CHICAGO O’HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2019–2023
(Dollars in thousands)
(Unaudited)

ESTIMATED USES—Five-Year Capital Improvement Program:	
Airfield improvements	$ 198,441
Terminal improvements	1,209,607
Noise mitigation	24,271
Fueling system	104,089
Parking/roadway projects	204,578
Heating and refrigeration	224,373
Safety and security	65,999
Infrastructure and Land Support	88,910
Planning and other costs	19,917
Implementation	17,762
TOTAL ESTIMATED USES	$ 2,157,947
ESTIMATED SOURCES:	
PFC Revenues (Pay-as-you-go)	$ 27,369
Future PFC Revenue Bond Proceeds	50,000
Federal AIP entitlement grants	32,500
TSA funds	49,173
Prior airport revenue bond proceeds	1,791,783
Future Airport obligation proceeds	114,498
CFC PayGo	65,713
CFC Senior Lien Revenue Bonds	2,305
CFC Backed TIFIA Loan	20,606
Other airport funds	4,000
TOTAL ESTIMATED SOURCES	$ 2,157,947

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

OPERATIONS OF THE AIRPORT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

Airport Activity

According to statistics compiled by Airports Council International (ACI), for the 12-month period ended December 31, 2018, the Airport ranked first worldwide and in the United States in total aircraft operations, sixth worldwide and third in the United States in terms of total passengers, and 18th worldwide and sixth in the United States in terms of cargo. According to Innovata, as of December 31, 2018, nonstop service was provided from the Airport to 243 destinations, 172 domestic airports, and 71 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers

Year	Total Enplanements	Total Originating Enplanements [1]	Total Connecting Enplanements [1]	Connecting Enplanements Percentage
2009	32,047,097	15,708,291	16,338,806	51.0 %
2010	33,232,412	17,419,794	15,812,618	47.6
2011	33,207,302	15,972,745	17,234,557	51.9
2012	33,244,515	16,867,283	16,377,232	49.3
2013	33,297,578	17,044,643	16,252,935	48.8
2014	34,952,762	17,115,535	17,837,227	51.0
2015	38,395,905	20,096,191	18,299,714	47.7
2016	38,872,669	20,991,241	17,881,428	46.0
2017	39,815,888	22,429,433	17,386,455	43.7
2018	41,563,343	23,483,289	18,080,054	43.5
	Average Annual Compound Growth Rates			
2009–2018	2.9 %	4.6 %	1.1 %	

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O’HARE INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
Airline [1]	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
United Airlines	10,304,138	32.2 %	9,655,258	29.1 %	8,763,788	26.4 %	7,417,697	22.3 %	8,293,334	24.9 %	9,227,495	26.4 %	10,556,509	27.5 %	11,722,663	30.2 %	12,534,578	31.5 %	12,831,523	30.9 %
American Airlines	8,050,514	25.1	8,115,097	24.4	7,629,479	23.0	7,212,437	21.7	7,209,709	21.7	7,064,555	20.2	8,668,309	22.6	9,606,479	24.7	9,763,126	24.5	10,053,968	24.2
Simmons Airlines (dba American Eagle)	3,128,488	9.8	3,278,628	9.9	3,500,279	10.5	3,591,209	10.8	4,022,596	12.1	2,868,392	8.2	2,992,870	7.8	3,494,513	9.0	2,606,809	6.5	2,890,716	7.0
Sky West (dba United Express, Delta, American)	1,763,788	5.5	1,932,478	5.8	1,375,680	4.1	1,276,718	3.8	1,386,813	4.2	1,873,838	5.4	2,363,825	6.2	2,279,699	5.9	3,997,933	10.0	3,781,224	9.1
Mesa (dba United Express)	1,327,751	4.1	703,936	2.1	553,439	1.7	524,665	1.6	540,671	1.6	454,299	1.3	2,365	-	-	-	76	-	-	-
Northwest Airlines	439,517	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shuttle America (dba United Express)	936,803	2.9	1,067,038	3.2	941,420	2.8	1,163,078	3.5	903,682	2.7	816,617	2.3	716,874	1.9	619,873	1.6	23,061	0.1	-	-
Continental Airlines	514,528	1.6	542,760	1.6	947,868	2.9	1,901,333	5.7	697,398	2.1	-	-	-	-	-	.0	-	-	-	-
US Airways	923,729	2.9	865,420	2.6	926,447	2.8	1,024,706	3.1	1,068,630	3.2	1,024,772	2.9	1,025,863	2.7	-	.0	-	-	-	-
Go Jet (UA Express,Delta)	567,601	1.8	787,343	2.4	695,580	2.1	743,794	2.2	795,407	2.4	783,363	2.2	867,993	2.3	750,452	1.9	709,925	1.8	694,348	1.7
Delta Airlines	311,533	1.0	572,588	1.7	692,244	2.1	956,245	2.9	716,938	2.1	844,445	2.4	972,132	2.5	906,920	2.3	898,063	2.3	1,080,185	2.6
Trans State Air (dba United Express)	450,469	1.4	428,504	1.3	347,997	1.0	208,197	0.6	475,863	1.4	637,489	1.8	279,635	0.7	353,453	0.9	486,191	1.2	361,901	0.9
Air Canada	123,367	0.3	132,392	0.4	104,683	0.3	108,637	0.4	80,190	0.2	6,664	-	33,773	0.1	78,189	0.2	206,178	0.5	-	-
Chautauqua (dba United Express)	78	-	43,191	0.1	3,520	-	236	-	6,086	-	51,553	0.1	-	-	-	-	-	-	-	-
Air Wisconsin (dba United Express)	-	-	147	-	2	-	4	-	1	-	2	-	-	-	-	-	106,052	0.3	223,405	0.5
All other [2]	3,204,793	10.0	5,107,632	15.4	6,724,876	20.3	7,115,559	21.4	7,100,260	21.3	9,299,278	26.8	9,915,757	25.7	9,060,428	23.3	8,483,896	21.3	9,646,073	23.2
Total	32,047,097	100.0 %	33,232,412	100.4 %	33,207,302	100.0 %	33,244,515	100.0 %	33,297,578	100.0 %	34,952,762	100.0 %	38,395,905	100.0 %	38,872,669	100.0 %	39,815,888	100.0 %	41,563,343	100.0 %

[1] Each airline listed is a signatory to a 1983 Airport Use Agreement and/or 2018 Airport Use Agreement

[2] Other includes airlines with minimal shares and those no longer operating at the Airport

AIRLINES PROVIDING SERVICE AT THE AIRPORT

As of December 31, 2018, the Airport had scheduled air service by 49 airlines, including 9 domestic airlines, and 40 foreign flag airlines. Passenger service to the Airport is provided by 10 of the 13 “Group III Carriers,” which are defined by the U.S. Department of Transportation, Bureau of Transportation Statistics, Office of Airline Information to include domestic air carriers with annual operating revenues in excess of $1 billion.

United Airlines and American Airlines (including their commuter affiliates) together accounted for approximately 80.3% of the enplaned commercial passengers at the Airport in 2018.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2009	54,114,214	83.8 %	10,439,179	16.2 %	64,553,393	(8.8)%
2010	56,615,214	84.5	10,410,977	15.5	67,026,191	3.8
2011	57,233,467	85.7	9,558,683	14.3	66,792,150	(0.3)
2012	56,857,637	85.1	9,977,294	14.9	66,834,931	0.1
2013	56,728,189	84.8	10,181,394	15.2	66,909,583	0.1
2014	59,321,544	84.7	10,753,660	15.3	70,075,204	4.7
2015	65,943,490	85.7	11,006,014	14.3	76,949,504	9.8
2016	66,210,437	84.9	11,750,192	15.1	77,960,629	1.3
2017	67,362,667	84.4	12,465,516	15.6	79,828,183	2.4
2018	69,298,241	83.2	13,947,231	16.8	83,245,472	4.3
	Average Annual Compound Growth Rates					
2009–2018	2.8%		3.3%		2.9%	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

	Chicago O'Hare International Airport		Chicago Midway International Airport		
Year	Total O&D Enplanements [1]	Percent of Total Chicago	Total O&D Enplanements [1]	Percent of Total Chicago	Total O&D Enplanements
2009	15,708,291	73.6 %	5,647,591	26.4 %	21,355,882
2010	17,419,794	76.1	5,485,191	23.9	22,904,985
2011	15,972,745	73.7	5,693,938	26.3	21,666,683
2012	16,867,283	73.6	6,045,841	27.0	22,364,651
2013	17,044,643	72.4	6,505,206	27.6	23,549,849
2014	17,115,535	72.6	6,446,497	27.4	23,562,032
2015	20,096,191	75.0	6,682,549	25.0	26,778,740
2016	20,991,241	74.5	7,181,858	25.5	28,173,099
2017	22,429,433	75.1	7,446,996	24.9	29,876,429
2018	23,483,289	76.5	7,197,512	23.5	30,680,801
	Average Annual Compound Growth Rates				
2009–2018	4.6 %		2.7 %		4.1 %

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

	Total O'Hare Enplanements				
Year	Total Domestic Air Carrier Enplanements	Percent of Total O'Hare	Total International Enplanements	Percent of Total O'Hare	Total [1] Enplanements
2009	26,863,092	83.8 %	5,184,005	16.2 %	32,047,097
2010	28,100,388	84.6	5,132,024	15.4	33,232,412
2011	28,306,173	85.2	4,901,129	14.8	33,207,302
2012	28,288,427	85.1	4,956,088	14.9	33,244,515
2013	28,195,077	84.7	5,102,501	15.3	33,297,578
2014	29,559,975	84.6	5,392,787	15.4	34,952,762
2015	32,877,967	85.6	5,517,938	14.4	38,395,905
2016	33,015,851	84.9	5,856,818	15.1	38,872,669
2017	33,587,845	84.4	6,228,043	15.6	39,815,888
2018	34,598,046	83.2	6,965,297	16.8	41,563,343
	Average Annual Compound Growth Rates				
2009–2018	2.9%		3.3%		2.9%

[1] Total Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements plus Total International Enplanements.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

	Annual Aircraft Operations					
Year	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**All-Cargo**	**General Aviation**	**Total**
2009	721,169	74,842	796,011	13,988	17,900	827,899
2010	771,550	72,144	843,694	17,248	21,675	882,617
2011	772,707	69,704	842,411	17,149	19,238	878,798
2012	783,371	66,992	850,363	16,887	10,858	878,108
2013	784,681	71,858	856,539	16,326	10,422	883,287
2014	779,708	76,258	855,966	15,433	10,534	881,933
2015	775,091	70,729	845,820	17,698	11,618	875,136
2016	762,664	75,395	838,059	17,932	11,644	867,635
2017	759,810	77,524	837,334	19,083	10,632	867,049
2018	785,629	83,628	869,257	24,052	10,438	903,747
	Average Annual Compound Growth Rates					
2009–2018	1.0%	1.2%	1.0%	6.2%	-5.8%	1.0%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER
FOR THE YEAR ENDED DECEMBER 31, 2018
(Dollars in thousands)
(Unaudited)

Calculation of cost per enplaned passenger:	
Operating and maintenance expenses [1]	$ 579,050
Net debt service [1]	437,851
Debt service coverage requirement [2]	(479)
Fund deposits [3]	7,243
Total airport expenses [1]	1,023,665
Less:	
Non-airline revenue [1]	(311,681)
PFC revenue applied to eligible debt service	(10,051)
Other	-
Net airline requirement [4]	701,933
Enplaned passengers	41,563,343
Cost per enplaned passenger	$ 16.89

[1] This analysis excludes the Land Support Cost Revenue Center, Airport General Fund, Emergency Reserve Fund and PFC Fund.

[2] Incremental adjustment required which provide 10 percent coverage on aggregate debt service.

[3] Deposits to the Operations and Maintenance Reserve, Maintenance Reserve, Emergency Reserve and Special Capital Project Funds.

[4] Revenue required to be collected from all Airline Parties under the ORD Airport Use Agreement.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Dollars in thousands)
(Unaudited)

Year	Total Enplanements	PFC Enplanements [1]	PFC Revenues (Net of Airline Collection Fees) [2]	PFC Interest Income	Total PFC Revenues
2009	32,047,097	27,533,048	$117,103	$ 3,767	$120,870
2010	33,232,412	29,493,621	129,477	2,596	132,073
2011	33,207,302	28,503,338	125,130	2,631	127,761
2012	33,244,515	28,067,538	123,215	1,575	124,790
2013	33,297,578	29,516,583	129,578	1,527	131,105
2014	34,952,762	31,962,719	140,316	1,275	141,591
2015	38,395,905	32,425,502	142,348	918	143,266
2016	38,872,669	34,993,891	153,623	941	154,564
2017	39,815,888	34,753,751	152,569	1,306	153,875
2018	41,563,343	37,088,975	162,871	3,230	166,101

(1) Historical collection information reflects an actual percentage of eligible PFC enplanements of 89.2% in 2018.

(2) Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. The cash basis PFC audit for 2018 has not yet been issued.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Dollars in thousands)
(Unaudited)

Bond Year Ended	PFC Revenues	PFC Bonds Debt Service	Coverage by PFC Revenues (1)
January 1, 2010	$ 120,870	$ 49,411	2.45 %
January 1, 2011	132,073	59,077	2.24
January 1, 2012	127,761	77,497	1.65
January 1, 2013	124,790	66,163	1.89
January 1, 2014	131,105	70,860	1.85
January 1, 2015	141,591	65,307	2.17
January 1, 2016	143,266	66,791	2.14
January 1, 2017	154,564	66,425	2.33
January 1, 2018	153,875	66,425	2.32
January 1, 2019	166,101	50,358	3.30

(1) Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O’HARE INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Dollars in thousands)
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net position:										
Net investment in capital assets	$ 612,920	$ 704,324	$ 713,876	$ 517,619	$ 582,175	$ 644,430	$ 707,991	$ 1,001,744	$ 1,117,543	$ 1,243,830
Restricted	610,868	588,683	640,469	605,488	709,665	780,514	828,216	679,180	623,642	700,023
Unrestricted (deficit)	89,554	104,730	38,201	31,511	35,559	35,140	(1,061,607)	(1,298,327)	(1,325,243)	(1,394,984)
Total net position	$ 1,313,342	$ 1,397,737	$ 1,392,546	$ 1,154,618 *	$ 1,327,399	$ 1,460,084	$ 474,600 **	$ 382,597	$ 415,942	$ 548,869

* Amounts were restated due to the implementation of GASB 65.
** Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Dollars in thousands)
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating revenues	$ 624,443	$ 702,603	$ 679,402	$ 702,564	$ 717,680	$ 844,524	$ 845,228	$ 947,816	$ 976,179	$ 1,061,913
Operating expenses	583,002	595,707	609,499	662,004	622,606	713,218	1,040,700	1,005,899	933,536	991,951
Operating income	41,441	106,896	69,903	40,560	95,074	131,306	(195,472)	(58,083)	42,643	69,962
Nonoperating revenues (expenses)	(94,627)	(80,068)	(80,925)	(110,254)	(125,829)	(87,653)	(117,609)	(104,584)	(91,299)	(68,055)
Special items	-	-	(53,910)	-	-	-	-	-	-	-
Income (loss) before capital contributions	(53,186)	26,828	(64,932)	(69,694)	(30,755)	43,653	(313,081)	(162,667)	(48,656)	1,907
Capital grants	50,320	57,567	59,741	73,538	203,536	89,032	76,689	70,664	82,001	131,020
Change in net position	$ (2,866)	$ 84,395	$ (5,191)	$ 3,844 *	$ 172,781	$ 132,685	$ (236,392) **	$ (92,003)	$ 33,345	$ 132,927

* Amounts were restated due to the implementation of GASB 65.
** Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG-TERM DEBT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Dollars in thousands)
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
First lien bonds	$ 72,795	$ 72,795	$ 72,795	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Second lien bonds	585,080	450,250	369,330	-	-	-	-	-	-	-
Third lien bonds	4,219,195	5,213,760	6,145,590	-	-	-	-	-	-	-
Senior lien bonds	-	-	-	6,355,245	6,696,365	6,563,780	6,586,490	6,404,030	7,564,355	9,296,015
Commercial paper notes	295,355	-	19,919	50,616	20,000	51,026	-	-	102,239	-
Passenger facility	-	-	-	-	-	-	-	-	-	-
Passenger facility charge revenue bonds	725,675	833,715	812,715	726,700	700,090	663,780	631,245	595,630	558,635	519,790
Customer facility	-	-	-	-	-	-	-	-	-	-
Customer facility charge revenue bonds	-	-	-	-	248,750	248,750	248,750	248,750	248,750	244,025
Revolving line of credit	-	-	-	-	-	-	-	12,098	12,098	2,040
TIFIA Loan	-	-	-	-	-	-	-	-	159,803	258,150
Total revenue bonds and notes	5,898,100	6,570,520	7,420,349	7,132,561	7,665,205	7,527,336	7,466,485	7,260,508	8,645,880	10,320,020
Unamortized premium	80,788	86,856	92,249	200,381	224,056	199,169	374,179	453,456	607,459	610,467
Total revenue bonds payable, net of unamortized premium (discount)	$ 5,978,888	$ 6,657,376	$ 7,512,598	$ 7,332,942	$ 7,889,261	$ 7,726,505	$ 7,840,664	$ 7,713,964	$ 9,253,339	$ 10,930,487
Enplanements	$ 32,047,097	$ 33,232,412	$ 33,206,867	$ 33,244,515	$ 33,297,578	$ 34,952,762	$ 38,395,905	$ 38,872,669	$ 39,815,888	$ 41,563,343
Debt per enplanement	$ 184	$ 198	$ 223	$ 215	$ 230	$ 215	$ 194	$ 187	$ 217	$ 248

CITY OF CHICAGO, ILLINOIS
CHICAGO O’HARE INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO O’HARE AIRPORT EMPLOYEES BY FUNCTION
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

Function	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Administration (pre-2009 executive directions)	73	130	127	119	110	-	-	-	-	-
Capital development	30	39	43	35	34	18	18	20	61	67
Financial administration	-	-	-	-	-	35	36	38	44	44
Human resources management	-	-	-	-	-	-	-	-	-	-
Capital finance management	-	-	-	-	-	-		-	-	-
Contract administration	-	-	-	-	-	12	12	13	12	12
Business information services	-	-	-	-	-	-	-	-	-	-
Business communication	10	13	13	-	-	-	-	-	-	-
Commercial development and concessions	3	6	6	4	3	13	13	13	18	17
Administration	-	-	-	-	-	47	46	46	43	43
Airfield operations	309	309	306	305	305	306	306	346	461	463
Landside operations	14	13	11	12	22	239	240	237	225	223
Security management	243	243	242	236	236	361	306	305	317	345
Facility management	502	515	519	500	504	311	324	322	345	323
Safety management	9	7	7	7	7	-	-	-	-	-
Total	1,193	1,275	1,274	1,218	1,221	1,342	1,301	1,340	1,526	1,537

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2018[1]			2009[3]		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Northwestern Memorial Healthcare	19,886	1	1.54 %	-	-	
Advocate Aurora Health Care	19,513	2	1.51	-	-	
University of Chicago	17,345	3	1.35	-	-	
Amita Health	16,231	4	1.26	-	-	
United Continental Holdings Inc.[2]	14,582	5	1.13	6,019	2	0.58 %
Amazon.com, Inc.	14,018	6	1.09	-	-	-
JPMorgan Chase & Co	13,795	7	1.07	8,431	1	0.81
Walgreen Boots Alliance Inc.	12,311	8	0.95	-	-	-
Walmart Inc	11,420	9	0.89	-	-	-
Northwestern University	10,865	10	0.84	-	-	-
Jewel-Osco	-	-	-	5,833	3	0.56
Northern Trust	-	-	-	5,394	4	0.52
Bank of America NT & SA	-	-	-	4,631	5	0.44
American Airlines	-	-	-	3,394	6	0.33
Accenture LLP	-	-	-	3,341	7	0.32
SBC/AT&T	-	-	-	3,136	8	0.30
CVS Corporation	-	-	-	3,120	9	0.30
Ford Motor Company	-	-	-	2,764	10	0.27

NOTES:
(1) Source: Reprinted with permission from the February 11, 2019 issue of Crain's Chicago Business.

(2) United Continental Holdings Inc. formerly known as United Airlines.
(3) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
Prior to 2014, the source information was the City of Chicago, Bureau of Revenue-Tax Division Report which is no longer available.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

Year	Population (1)	Median Age (2)	Number of Households (2)	City Employment	Unemployment Rate (3)	Per Capita Income (4)	Total Income
2009	2,896,016	34.5	1,037,069	1,171,841	10.0 %	$43,727	$126,634,091,632
2010	2,695,598	34.8	1,045,666	1,116,830	10.1	45,957	123,881,597,286
2011	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,054,488	1,144,896	8.9	48,305	130,210,861,390
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	N/A (5)	N/A (5)	1,288,755	4.0	N/A (5)	N/A (5)

Notes:

(1) Source: U.S. Census Bureau.

(2) Source: American Fact Finder—United States Census Bureau data estimates.
Data not available for 2018.

(3) Source: Bureau of Labor Statistics 2018, 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 O'HARE INTERNATIONAL AIRPORT

SUMMARY—2018 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2018

DOMESTIC AND INTERNATIONAL TERMINAL

DESCRIPTION:	
Landing fee (rate/1,000 lbs.)	9.781
Base rent/sq.ft.	134.13
Discount rent/sq.ft.	100.60
FIS Facility Fee	$ 10.07

DOMESTIC TERMINAL

DESCRIPTION:	
Domestic gate fee per delivered seat	$ 1.07
Baggage fee per outbound checked bag	3.07
Baggage claim fee per domestic seat	1.26
Check-in fee per check-in hour	11.95

INTERNATIONAL TERMINAL

DESCRIPTION:	
International gate fee per departing seat and arriving international seat without FIS User	$ 3.01
Baggage fee per outbound checked bag	3.17
Check-in fee per check-in hour	18.17

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRPORT MARKET SHARE OF RENTAL CAR BRANDS OPERATING ON-AIRPORT (Unaudited)

Corporate Entity [1]	Brand(s)	2018 Airport Market
Enterprise Holdings, Inc.	Enterprise Rent-A-Car [1]	10.13 %
	ANC Alamo/National [1]	26.26
		36.39
Avis Budget Group, Inc.	Avis (Incl. ZIPCAR)	17.21
	Payless-Avis Budget	2.24
	Budget Rent-A-Car	8.95
		28.40
Hertz Global Holdings, Inc.	Hertz Rent A Car	22.63
	DTG dba Dollar/Thrifty	9.21
	Advantage Car Rental	2.16
		34.00
Fox Rent a Car		0.19
E-Z Rent a Car		0.03
Sixt Rent A Car LLC		0.23
Routes Car Rental USA Inc		0.41
Silver Car Inc		0.34
		1.20
		100.00 %

[1] Alamo and National are reported jointly.

Source: Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL VISITING O&D ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009–2018
(Unaudited)

Year	Total Enplaned Passengers	Total O & D Enplaned Passengers [1]	Total O & D Percentage of Total	Resident O & D Enplaned Passengers	Resident Percentage of Total O & D	Visiting O & D Enplaned Passengers [1]	Visitor Percentage of Total O & D
2009	32,035,155	15,696,349	49.0 %	8,906,382	56.7 %	6,789,967	43.3 %
2010	33,219,302	15,605,731	47.0	8,852,882	56.7	6,752,849	43.3
2011	33,194,708	15,972,745	48.1	9,043,984	56.6	6,928,761	43.4
2012	33,231,201	16,318,810	49.1	9,108,439	55.8	7,210,371	44.2
2013	33,284,788	17,038,092	51.2	9,541,332	56.0	7,496,761	44.0
2014	34,952,762	17,115,535	49.0	9,534,351	55.7	7,491,276	43.8
2015	38,395,905	19,469,276	50.7	10,902,795	56.0	8,566,481	44.0
2016	38,872,669	20,991,241	54.0	11,545,183	55.0	9,446,059	45.0
2017 [2]	39,815,888	22,429,433	56.3	12,380,081	55.2	10,049,352	44.8
2018	41,563,343	23,480,691	56.5	12,397,298	52.8	11,083,393	47.2

(1) Certain estimations were used by Ricondo & Associates to derive visiting O & D enplaned passengers, as data for foreign flag carriers were not available.

(2) The O & D percent share is calculated for the four quarters ending with the third quarter of 2018 and 2018 O & D and connecting enplanements are based upon that share. Includes GA, Military and Misc.

Source: City of Chicago, Department of Aviation Management Records (historical total, resident, and visitor O & D enplaned passengers),

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON SITE AIRPORT RENTAL CAR COMPANIES
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	$ -	$ 1,834,376	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,058,208	$ 2,160,680	$ 2,063,208	$ 2,170,560
February	-	1,720,816	2,119,752	2,023,816	2,037,496	1,975,312	2,096,296	2,072,496	2,170,704
March	-	2,264,728	2,492,960	2,380,208	2,365,224	2,411,096	2,528,296	2,551,656	2,711,416
First quarter total	-	5,819,920	6,656,184	6,425,752	6,497,936	6,444,616	6,785,272	6,687,360	7,052,680
Annual percent change			14.4 %	(3.5)%	1.1 %	(0.8)%	5.3 %	(1.4)%	5.5 %
April	-	2,497,584	2,584,776	2,532,288	2,663,448	2,833,576	2,978,640	2,721,344	2,939,824
May	-	2,997,144	3,135,048	3,161,456	3,403,440	3,457,424	3,554,312	3,337,584	3,579,464
June	-	3,202,568	3,286,280	3,335,392	3,575,576	3,512,048	3,554,312	3,672,320	3,733,568
Second quarter total	-	8,697,296	9,006,104	9,029,136	9,642,464	9,803,048	10,087,264	9,731,248	10,252,856
Annual percent change			3.6 %	0.3 %	6.8 %	1.7 %	2.9 %	(3.5)%	5.4 %
July	-	3,426,648	3,379,960	3,362,504	3,579,976	3,920,712	3,999,848	3,855,952	4,119,976
August	2,119,704	3,493,216	3,586,248	3,764,952	3,579,976	3,979,920	4,078,696	4,019,608	4,211,240
September	2,849,560	3,317,356	3,245,784	3,496,664	3,579,976	3,756,256	3,771,264	3,569,744	3,671,400
Third quarter total	4,969,264	10,237,220	10,211,992	10,624,120	10,739,928	11,656,888	11,849,808	11,445,304	12,002,616
Annual percent change			(0.2)%	4.0 %	4.2 %	5.3 %	1.7 %	(3.4)%	4.9 %
October	3,004,736	3,177,744	3,309,960	3,456,280	3,612,656	3,815,136	3,684,456	3,534,248	3,645,920
November	2,478,504	2,647,208	2,703,392	2,798,264	2,891,736	2,937,088	2,939,008	2,905,032	2,997,032
December	2,145,328	2,321,952	2,180,840	2,564,448	2,572,952	2,478,696	2,419,432	2,441,312	2,592,224
Fourth quarter total	7,628,568	8,146,904	8,194,192	8,818,992	9,077,344	9,230,920	9,042,896	8,880,592	9,235,176
Annual total	$ 12,597,832	$ 32,901,340	$ 34,068,472	$ 34,898,000	$ 35,957,672	$ 37,135,472	$ 37,765,240	$ 36,744,504	$ 38,543,328
Annual Percent			(0.2)%	4.0 %	4.2 %	5.3 %	1.7 %	(2.7)%	4.9 %
Year to date total (through May)		$ 11,314,648	$ 12,376,008	$ 12,119,496	$ 12,564,824	$ 12,735,616	$ 13,318,224	$ 12,746,288	$ 13,571,968
Annual percentage			9.4 %	(2.1)%	3.7 %	1.4 %	4.6 %	(4.3)%	6.5 %

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON AND OFF SITE AIRPORT RENTAL CAR COMPANIES
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	$ -	$ 1,834,376	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,190,072	$ 2,366,544	$ 2,179,944	$ 2,195,136
February	-	1,720,816	2,119,752	2,023,816	2,037,496	2,091,544	2,287,024	2,168,312	2,200,168
March	-	2,264,728	2,492,960	2,380,208	2,365,224	2,531,080	2,692,120	2,717,168	2,731,144
First quarter total	-	5,819,920	6,656,184	6,425,752	6,497,936	6,812,696	7,345,688	7,065,424	7,126,448
Annual percent change			14.4 %	(3.5)%	1.1 %	4.8 %	7.8 %	(3.8)%	0.9 %
April	-	2,497,584	2,584,776	2,532,288	2,663,448	2,962,240	3,143,320	2,929,808	2,960,600
May	-	2,997,144	3,135,048	3,161,456	3,403,440	3,623,328	3,741,768	3,551,752	3,602,744
June	-	3,202,568	3,286,280	3,335,392	3,575,576	3,691,640	3,780,904	3,862,184	3,757,056
Second quarter total	-	8,697,296	9,006,104	9,029,136	9,642,464	10,277,208	10,665,992	10,343,744	10,320,400
Annual percent change			3.6 %	0.3 %	6.8 %	6.6 %	3.8 %	(3.0)%	(0.2)%
July	-	3,426,648	3,379,960	3,362,504	3,579,976	4,127,848	4,185,472	4,051,040	4,149,976
August	2,119,704	3,493,216	3,586,248	3,764,952	3,948,912	4,188,848	4,289,320	4,260,320	4,244,320
September	2,849,560	3,317,356	3,245,784	3,496,664	3,537,496	3,934,624	3,947,136	3,838,864	3,695,336
Third quarter total	4,969,264	10,237,220	10,211,992	10,624,120	11,066,384	12,251,320	12,421,928	12,150,224	12,089,632
Annual percent change			(0.2)%	4.0 %	4.2 %	10.7 %	1.4 %	(2.2)%	(0.5)%
October	3,004,736	3,177,744	3,309,960	3,456,280	3,612,656	4,012,344	3,868,232	3,818,288	3,667,592
November	2,478,504	2,647,208	2,703,392	2,798,264	2,891,736	3,144,944	3,094,176	3,131,064	3,018,440
December	2,145,328	2,321,952	2,180,840	2,564,448	2,572,952	2,705,784	2,533,912	2,585,976	2,614,808
Fourth quarter total	7,628,568	8,146,904	8,194,192	8,818,992	9,077,344	9,863,072	9,496,320	9,535,328	9,300,840
Annual total	$ 12,597,832	$ 32,901,340	$ 34,068,472	$ 34,898,000	$ 36,284,128	$ 39,204,296	$ 39,929,928	$ 39,094,720	$ 38,837,320
Annual Percent Change									
Year to date total (through May)		$ 11,314,648	$ 12,376,008	$ 12,119,496	$ 12,564,824	$ 13,398,264	$ 14,230,776	$ 13,546,984	$ 13,689,792
Annual percentage change			9.4 %	(2.1)%	3.7 %	6.6 %	6.2 %	(4.8)%	1.1 %

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

RACS AND OFF-AIRPORT AND RELATED BRANDS OPERATING AT THE AIRPORT

RAC Legal Entity	Rental Car Brands	Legal Organization	Current Status of Brand(s) at Airport
Enterprise Leasing Company of Chicago LLC	Enterprise Rent-A-Car Alamo Rent-A-Car National Car Rental	Delaware limited liability company and subsidiary of Enterprise Holdings, Inc	Existing On-Airport
The Hertz Corporation	Hertz Rent-A-Car Dollar Rent-A-Car Thrifty Car Rental	Delaware limited liability company and subsidiary of Hertz Global Holdings, Inc (NYSE: HTZ)	Existing On-Airport
Avis Budget Car Rental, LLC	Avis Car Rental Budget Rent-A-Car Payless Car Rental	Delaware limited liability company and subsidiary of Avis Budget Group, Inc (NASDAQ: CAR)	Existing On-Airport
The Catalyst Capital Group	Advantage Rent-A-Car	Toronto-based private equity firm	Existing On-Airport
Silvercar Inc	Silvercar	Privately held business corporation in Delaware	Existing Off-Airport
Routes Car Rental USA, Inc.	Routes		Existing Off-Airport
EZ Rent A Car, Inc.	EZ-RAC	Privately held business corporation in Florida	Existing On-Airport
Fox Rent A Car, Inc.	Fox Rent-A-Car	Delaware limited liability company	Existing On-Airport
Sixt Rent A Car, LLC	Sixt Rent-A-Car	Delaware limited liability company	Existing On-Airport

Sources: City of Chicago Department of Aviation