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, 2017 and 2016

Rahm Emanuel, Mayor
Carole L. Brown, Chief Financial Officer
Erin Keane, City Comptroller
Ginger S. Evans, Commissioner

2017 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 29, 2018

To the Honorable Mayor Rahm Emanuel, 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, 2017. 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, 2017, the Airport ranked second worldwide and in the United States for total aircraft operations, sixth worldwide and third in the United States in terms of total passengers, and 20th worldwide and sixth in the United States in terms of cargo volume. According to Innovata, as of December 31, 2017, nonstop service was provided from the Airport to 242 destinations, 174 domestic airports, and 68 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 2017 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

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 185 gates as of December 31, 2017. Three domestic terminal buildings, having a total of 165 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 and all international arrivals requiring customs clearance.

MAJOR INITIATIVES

The centerpiece of capital development 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 Mayor Rahm Emanuel, the Airport and its airline partners as part of the new Airline Use and Lease Agreement authorized by City Council in Spring 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 bring forward an additional 3 million square feet to outfit the Airport with new technology and security enhancements, as well as 25 percent more gate capacity at the Airport. 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 be constructed over the next eight years.

O'Hare 21 is made possible by the new airfield capacity delivered under the O'Hare Modernization Program (OMP), the nearly $5.5 billion airfield modernization mega-project launched in 2004, 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, which will be completed in 2020. The OMP will reach full build-out when the Runway 9R-27L extension project is completed in 2021.

The Airport will open a new centralized deicing facility in Winter 2018 that will significantly improve flight operations during winter weather. The facility is an important asset in terms of safety and efficiency for both the Airport's airline partners and customers. It will enhance safety during winter weather by allowing planes to be deiced as close as possible to departure from the runway. The deicing pad will also reduce delays by improving access to gates for arriving aircraft. When completed, the Airport will have one of the largest centralized deicing facilities to serve one of the world's busiest airfields during our winter operations.

Other significant capital projects underway at the Airport are the $817 million state-of-the-art Multimodal Facility (MMF) and Airport Transit System (ATS) extension. The MMF creates a new centralized location at O'Hare for rental cars, public parking, public roadways, shuttle buses and Metra train system. The ATS, or landside people mover, is under construction to upgrade and expand the system with a larger and more modern fleet of cars to serve passengers connecting from the terminals, parking, and eventually, the new rental car facilities. The MMF is on schedule to be completed in the fourth quarter of 2018.

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, revenues on a pay as-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 b udget 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 Agreements (AUA) specify a residual rate-making methodology for the calculation of airline rates and charges. Under this methodology, total operating and maintenance expenses and debt service (including coverage) are calculated for each cost-revenue center and offset by non-airline revenues. The Airport Use Agreements provide that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay for the net cost of operating, maintaining and developing the Airport (excluding the Land Support Area) including the satisfaction of Debt Service coverage, deposit and payment requirements of the Bond Ordinance and the Indentures. The Airport's current AUA expired in May 11, 2018 and the new AUA became effective May 12, 2018. The new AUA is a 15-year lease agreement that modernizes the existing space 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 unqualified 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, 2016. This was the 20th 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,

Ginger S. Evans

Ginger S. Evans
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

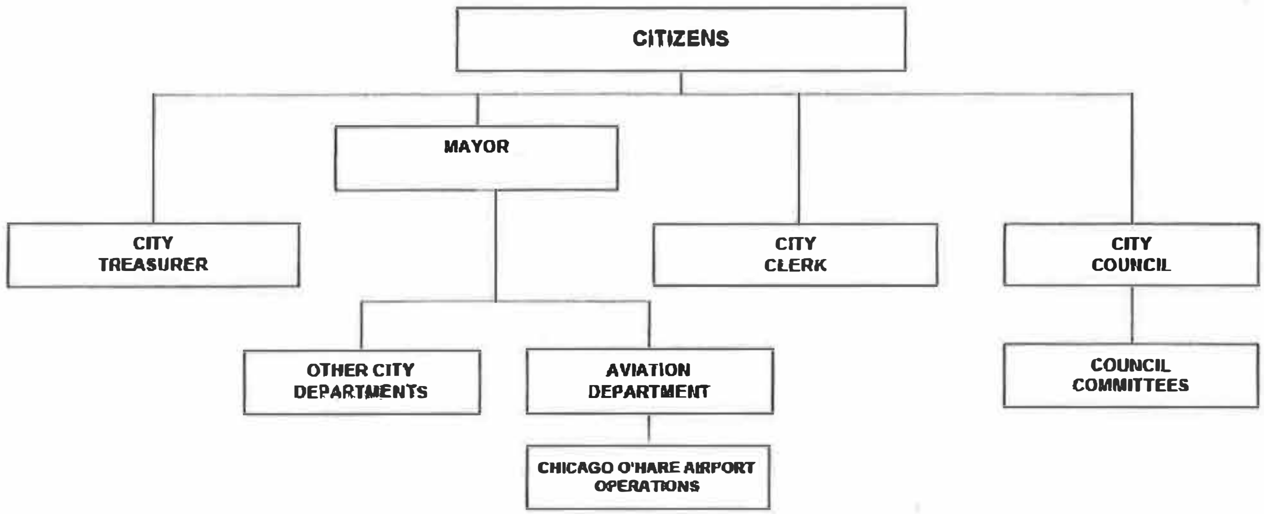
December 31, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT
ORGANIZATION CHART

AS OF 12/31/2017



PART II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rahm Emanuel, 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, 2017 and 2016, 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.

Auditor's 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, 2017 and 2016, 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, 2017 and 2016, 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, the Schedule of Contributions, and the Schedule of Other Postemployment Benefits Funding Progress, 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 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 statistical section has 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 it.

Deloitte & Touche LLP

June 29, 2018

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, 2017 and 2016. 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

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 (e.g. 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.

2016

Operating revenues for 2016 increased by $102,588 (12.1%) compared to prior-year operating revenues due to increases in landing fee rates and activity, concessions revenues (parking, food & beverage) and increase in rents (terminal, cargo and hangar).

Operating expenses before depreciation and amortization decreased by $54,500 (6.8%) compared to 2015 primarily due to a decrease in pension expenses calculated under the Governmental Accounting Standards Board ("GASB") Statement No. 68. *"Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27"* ("GASB 68") compared to 2015.

The Airport's total net position at December 31, 2016, was $382,597. This is a decrease of $92,003 (19.4%) over total net position at December 31, 2015 primarily due to an increase in net pension liability.

Capital asset additions for 2016 were $544,667 primarily due to buildings, runways and taxiway improvements and parking facilities upgrade.

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's 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.

In addition to the basic financial statements, this report includes 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"). 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, 2017, the Airport's financial position included total assets and deferred outflows of $12,249,721, total liabilities and deferred inflows of $11,833,779 and net position of $415,942.

A comparative condensed summary of the Airport's net position at December 31, 2017, 2016, and 2015 is as follows (dollars in thousands):

	Net Position		
	2017	**2016**	**2015**
Current unrestricted assets	$ 370,579	$ 309,413	$ 265,920
Restricted and other assets—noncurrent	3,329,743	2,286,408	2,541,960
Capital assets—net	7,982,697	7,374,551	7,090,695
Total assets	11,683,019	9,970,372	9,898,575
Deferred outflows	566,702	513,494	548,573
Total assets and deferred outflows	$ 12,249,721	$ 10,483,866	$ 10,447,148
Current liabilities	$ 307,698	$ 297,313	$ 264,688
Liabilities payable from restricted assets and noncurrent liabilities	11,000,161	9,756,441	9,699,212
Total liabilities	11,307,859	10,053,754	9,963,900
Deferred inflows	525,920	47,515	8,648
Total liabilities and deferred inflows	$ 11,833,779	$ 10,101,269	$ 9,972,548
Net position:			
Net investment in capital assets	$ 1,117,543	$ 1,001,744	$ 707,991
Restricted	623,642	679,180	828,216
Unrestricted	(1,325,243)	(1,298,327)	(1,061,607)
Total net position	$ 415,942	$ 382,597	$ 474,600

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.

2016

Current unrestricted assets increased by $43,493 (16.4%) primarily due to increased cash and investments, offset by decreased accounts receivable due to better collection efforts. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2016 and 2015 was 1.04:1 and 1.00:1, respectively. Noncurrent restricted investments and other assets decreased by $255,552 (10.1%) primarily due to the use of construction funds for capital improvement projects of $279,961, capitalized interest funds of $29,768 and decrease in the Airport Development Fund of $73,639, offset by an increase to debt service interest fund of $50,614. Net capital assets increased by $283,856 (4.0%) primarily due to ongoing capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $32,625 (12.3%) is mainly related to the increased billings over amounts earned of $32,686 and advances for terminal hangar and rent of $1,623 offset by the accounts payable and accrued liabilities of $1,973.

Liabilities payable from restricted assets and noncurrent liabilities increased by $57,229 (1.0%) due primarily to the increase in the net pension liability.

As of December 31, 2016, total net position was $382,597, a decrease of $92,003 (19.4%) from 2015 primarily due to the increase in the net pension liability.

A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2017, 2016, and 2015 is as follows (dollars in thousands):

	Changes in Net Position		
	2017	**2016**	**2015**
Operating revenues:			
Landing fees and terminal charges	$ 650,974	$ 635,224	$ 546,053
Rents, concessions, and other	325,205	312,592	299,175
Total operating revenues	976,179	947,816	845,228
Operating expenses:			
Salaries and wages	205,957	204,136	191,842
Pension expense	145,992	245,491	339,546
Repairs and maintenance	95,310	104,536	98,945
Professional and engineering	101,798	95,608	83,265
Other operating expenses	103,437	101,439	92,112
Depreciation and amortization	262,331	254,689	231,670
Loss on capital asset disposals	18,711	-	3,320
Total operating expenses	933,536	1,005,899	1,040,700
Operating income	42,643	(58,083)	(195,472)
Nonoperating revenues	256,900	222,167	224,544
Nonoperating expenses	(348,199)	(326,751)	(342,153)
Total nonoperating revenues/expenses	(91,299)	(104,584)	(117,609)
Income (loss) before capital grants	(48,656)	(162,667)	(313,081)
Capital grants	82,001	70,664	76,689
Change in net position	33,345	(92,003)	(236,392)
Net Position beginning of year (as restated in 2015)	382,597	474,600	710,992
Net position end of year	$ 415,942	$ 382,597	$ 474,600

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.

2016

Landing fees and terminal area use charges for the years 2016 and 2015 were $635,224 and $546,053, respectively. Rents, concessions, and other revenues were $312,592 and $299,175 for the years 2016 and 2015, respectively. The increase in 2016 operating revenues of $102,588 (12.1%) compared to 2015 was primarily due to increased landing fees and activity and terminal area use charges of $89,171 and increased rents (terminal, cargo and hangar), concessions (parking, food & beverage) and other of $13,417.

Salaries and wages increased $12,294 (6.4%) in 2016 compared to 2015. The increase is attributable to additional salaries retroactive pay adjustments and contractual salary increases. Repairs and maintenance expenses increased by $5,591 (5.7%) from the prior year primarily due to contractual increases related to maintenance work. Professional and engineering costs increased $12,343 (14.8%) from the prior year as a result of increases in contracted costs and expenses incurred in conjunction with the airport use and lease agreement negotiations and terminal area planning. Other operating expenses increased by $9,327 (10.1%). 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 2016 was $245,491 as calculated under GASB 68, of which $27,505 was paid under statutory requirements.

The 2016 nonoperating revenues of $222,167 are comprised of Passenger Facility Charges (PFC) $154,044, Customer Facility Charges (CFC) of $39,930 and other nonoperating revenue of $15,553 and investment income of $12,640.

Nonoperating expenses were $326,751 and $342,153 for the years 2016 and 2015, respectively. The decrease of $15,402 (4.6%) for 2016 over 2015 was mainly due to decreased noise mitigation costs and cost of issuance for bonds.

Capital grants, comprised mainly of federal grants, decreased from $76,689 in 2015 to $70,664 in 2016, a 7.9% decrease mainly as a result of less federal grant reimbursements in 2015.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2017, 2016, and 2015 is as follows (dollars in thousands):

	Cash Flows		
	2017	**2016**	**2015**
Cash provided by (used in) activities:			
Operating	$ 424,023	$ 455,252	$ 428,277
Capital and related financing	606,342	(660,183)	(360,848)
Noncapital financing	(2,535)	(1,603)	(8,014)
Investing	(449,753)	97,480	390,288
Net change in cash and cash equivalents	578,077	(109,054)	449,703
Cash and cash equivalents:			
Beginning of year	1,305,345	1,414,399	964,696
End of year	$ 1,883,422	$ 1,305,345	$ 1,414,399

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.

2016

As of December 31, 2016, the Airport's available cash and cash equivalents of $1,305,345 decreased by $109,054 compared to $1,414,399 at December 31, 2015, due to capital and related financing of $660,183 and investing activities of $97,480 offset by operating activities of $455,252 Total cash and cash equivalents at December 31, 2016, were comprised of unrestricted and restricted cash and cash equivalents of $122,340 and $1,183,005, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2017 and 2016, the Airport had $7,982,697 and $7,374,551, respectively invested in net capital assets. During 2017, the Airport had additions of $889,188 related to capital activities. This included $160 for land acquisition and the balance of $889,028 for CIP related to new runway construction projects (e.g. Runway 9C-27C) and associated taxiways, central deicing pad and construction of the Consolidated Rental Car Facility and Automated Transit System extension.

During 2017, completed projects totaling $189,380 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway and taxi improvements, electrical system upgrades, and parking facilities heating and refrigeration system enhancements, security and terminal improvements.

The Airport's capital assets at December 31, 2017, 2016, and 2015 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2017	**2016**	**2015**
Capital assets not depreciated:			
Land	$ 892,248	$ 892,088	$ 885,967
Construction in progress	1,331,050	631,402	386,814
Total capital assets not depreciated	2,223,298	1,523,490	1,272,781
Capital assets depreciated:			
Buildings and other facilities	9,432,232	9,302,810	9,014,975
Less accumulated depreciation for:			
Buildings and other facilities	(3,672,833)	(3,451,749)	(3,197,061)
Total capital assets depreciated—net	5,759,399	5,851,061	5,817,914
Total property and facilities—net	$ 7,982,697	$ 7,374,551	$ 7,090,695

The Airport issued $102.2 million of commercial paper notes during 2017. As of December 31, 2017, $102.2 million of commercial paper notes are outstanding having interest rates ranging from 1.20% to 1.27% with a maturity date of March 14, 2018. Note proceeds may be used to finance portions of the costs of authorized airport projects and repay the expenses of issuing the notes.

During 2017, the Airport sold $1,117.2 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2016 D-G and having interest rates ranging from 2% to 5.25% with maturity dates ranging from January 1, 2018 to January 1, 2052. Certain net proceeds will be used to finance portions of the airport projects and certain net proceeds were used to fund capitalized interest and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

During 2017, the Airport sold $812.5 million of Chicago O'Hare International Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2017 A-D and having interest rates ranging from 3.125% to 5% with maturity dates ranging from January 1, 2018 to January 1, 2052. Certain net proceeds will be used to finance portions of the airport projects and certain net proceeds were used to refund certain maturities of outstanding bonds, to fund capitalized interest and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2017, 2016, and 2015 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2017	**2016**	**2015**
Revenue bonds, notes and TIFIA Loan	$8,645,880	$7,260,508	$7,466,485
Unamortized:			
Bond premium (discount)	607,459	453,456	374,179
Total outstanding debt—net	9,253,339	7,713,964	7,840,664
Current portion	(298,185)	(277,850)	(221,220)
Total long-term revenue bonds and notes payable—net	$8,955,154	$7,436,114	$7,619,444

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, 2017, 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, 2017 and 2016 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 2017, the Airport was the second busiest airport in the world, measured in terms of total aircraft operations, the sixth busiest worldwide and third in the United States in terms of total passengers, and 20th worldwide and sixth in the United States in terms of cargo. The Airport had 39.8 million and 38.9 million enplaned passengers in 2017 and 2016, 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 45.0% of the Airport’s enplaned passengers in 2017 and 45.4% of the enplaned passengers in 2016. American Airlines (including its regional affiliates) comprised 35.5% of the Airport’s enplaned passengers in 2017 and 33.7% of the enplaned passengers in 2016.

Based on the Airport’s rates and charges for fiscal year 2018, total budgeted operating and maintenance expenses are projected at $608,485 and total net debt service and fund deposit requirements are projected at $469,746. Additionally, 2018 nonsignatory revenues are budgeted for $404,688, resulting in a net airline requirement of $673,543 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, 2017 AND 2016
(Dollars in thousands)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 217,206	$ 122,340
Investments (Note 2)	30,026	72,232
Accounts receivable—net of allowance for doubtful accounts of approximately $2,180 in 2017 and $1,948 in 2016	82,153	80,341
Due from other City funds	39,257	31,851
Prepaid expenses	1,507	1,679
Interest receivable	430	970
Cash and cash equivalents (Note 2)—restricted	785,667	681,463
Prepaid expenses—restricted	2,028	333
Total current assets	1,158,274	991,209
NONCURRENT ASSETS:		
Cash and cash equivalents (Note 2)—restricted	880,549	501,542
Investments (Note 2)—restricted	1,599,389	1,065,040
Passenger facility charges and other receivables—restricted	24,809	22,745
Interest receivable—restricted	11,096	7,583
Prepaid expenses—restricted	6,636	31
Due from other governments—restricted	14,539	2,673
Other assets	5,030	4,998
Property and facilities (Note 5):		
Land	892,248	892,088
Buildings and other facilities	9,432,232	9,302,810
Construction in progress	1,331,050	631,402
Total property and facilities	11,655,530	10,826,300
Less accumulated depreciation	(3,672,833)	(3,451,749)
Property and facilities—net	7,982,697	7,374,551
Total noncurrent assets	10,524,745	8,979,163
Total assets	11,683,019	9,970,372
DEFERRED OUTFLOWS (Note 11)	566,702	513,494
TOTAL ASSETS AND DEFERRED OUTFLOWS	$12,249,721	$10,483,866

	2017	2016
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 73,793	$ 91,404
Due to other City funds	2,224	3,679
Advances for terminal and hangar rent	8,984	14,459
Billings over amounts earned	222,697	187,771
Liabilities payable from restricted assets:		
Accounts payable	257,950	242,827
Current portion of revenue bonds and notes payable (Note 4)	298,185	277,850
Interest payable	208,228	159,738
Advance from Federal	21,304	1,048
Total current liabilities	1,093,365	978,776
NONCURRENT LIABILITIES:		
Revenue bonds payable—net of premium (Note 4)	8,681,014	7,424,016
Net pension liability (Note 7)	1,259,340	1,638,864
Line of credit payable	12,098	12,098
TIFIA loan	159,803	-
Commercial paper	102,239	-
Total noncurrent liabilities	10,214,494	9,074,978
Total liabilities	11,307,859	10,053,754
DEFERRED INFLOWS (Note 11)	525,920	47,515
NET POSITION (Note 1):		
Net investment in capital assets	1,117,543	1,001,744
Restricted net position (Note 1):		
Debt service	19,415	19,815
Capital projects	43,734	65,858
Passenger facility charges	192,834	174,605
Airport use agreement	151,333	145,735
Airport development fund	169,999	238,021
Customer facility charge	25,487	11,260
Other assets	20,840	23,886
Total restricted net position	623,642	679,180
Unrestricted net position	(1,325,243)	(1,298,327)
Total net position	415,942	382,597
TOTAL	$12,249,721	$10,483,866

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, 2017 AND 2016
(Dollars in thousands)

	2017	2016
OPERATING REVENUES:		
Landing fees and terminal area use charges	$ 650,974	$ 635,224
Rents, concessions, and other (Note 6)	325,205	312,592
Total operating revenues	976,179	947,816
OPERATING EXPENSES:		
Salaries and wages	205,957	204,136
Pension expense (Note 7)	145,992	245,491
Repairs and maintenance	95,310	104,536
Professional and engineering services	101,798	95,608
Other operating expenses	103,437	101,439
Total operating expenses before depreciation, amortization and capital asset impairment and disposals	652,494	751,210
Depreciation and amortization	262,331	254,689
Loss on capital asset disposals	18,711	-
Total operating expenses	933,536	1,005,899
OPERATING INCOME	42,643	(58,083)
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	158,175	154,044
Customer facility charge revenue	39,094	39,930
Passenger facility charge expenses	(6,359)	(2,410)
Other nonoperating revenue	26,860	15,553
Noise mitigation costs	(16,445)	(2,310)
Costs of issuance	(12,193)	(5,912)
Investment income (Note 4)	32,771	12,640
Interest expense (Note 4)	(313,202)	(316,119)
Total nonoperating revenues (expenses)	(91,299)	(104,584)
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(48,656)	(162,667)
CAPITAL GRANTS	82,001	70,664
CHANGE IN NET POSITION	33,345	(92,003)
TOTAL NET POSITION—Beginning of year	382,597	474,600
TOTAL NET POSITION—End of year	$ 415,942	$ 382,597

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, 2017 AND 2016
(Dollars in thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 673,056	$ 663,583
Rents, concessions, and other	330,762	328,170
Payments to vendors	(307,547)	(287,590)
Payments to employees	(187,117)	(180,956)
Transactions with other City funds—provided by		98
Transactions with other City funds—(used in)	(85,131)	(68,053)
Cash flows provided by operating activities	424,023	455,252
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	2,133,341	1,157,511
Proceeds from commercial note paper	102,239	
Proceeds from TIFIA loan	156,755	
Proceeds from line of credit		12,098
Proceeds from O'Hare 2010B Senior Lien Build America Bonds subsidy	12,421	12,407
Payment to refund bonds	(615,843)	(1,058,503)
Principal paid on bonds	(277,850)	(221,220)
Bond issuance costs	(17,839)	(5,912)
Interest paid on bonds and note	(348,042)	(394,869)
Acquisition and construction of capital assets	(818,606)	(423,778)
Capital grants	101,937	68,340
Customer facility charge revenue	39,094	39,930
Passenger facility charge revenue and other receipts	158,226	156,223
Passenger facility charge expenses	(6,359)	(2,410)
Cash flows provided by/(used in) capital and related financing activities	619,474	(660,183)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from settlement agreement	778	707
Cash paid for noise mitigation program	(16,445)	(2,310)
Cash flows used in noncapital financing activities	(15,667)	(1,603)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments—net	(488,302)	100,611
Investment interest	38,549	(3,131)
Cash flows provided by investing activities	(449,753)	97,480
NET CHANGE IN CASH AND CASH EQUIVALENTS	578,077	(109,054)
CASH AND CASH EQUIVALENTS—Beginning of year	1,305,345	1,414,399
CASH AND CASH EQUIVALENTS—End of year	$1,883,422	$ 1,305,345

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Dollars in thousands)

	2017	2016
RECONCILIATION TO CASH AND CASH EQUIVALENTS		
REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 217,206	$ 122,340
Restricted:		
Current	785,667	681,463
Noncurrent	880,549	501,542
TOTAL	$ 1,883,422	$ 1,305,345
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS		
PROVIDED BY OPERATING ACTIVITIES:		
Operating income/ (loss)	$ 42,643	$ (58,083)
Adjustments to reconcile:		
Depreciation, amortization and loss on capital asset disposals	281,042	254,689
Pension expense other than contribution	107,299	217,986
Changes in assets and liabilities:		
(Increase) in accounts receivable	(1,812)	9,628
Increase in due from other City funds	(7,406)	(319)
Increase in prepaid expenses	(8,128)	(1,272)
(Decrease) increase in accounts payable	(17,611)	(1,974)
(Decrease) in due to other City funds	(1,455)	289
(Decrease) increase in prepaid terminal rent	(5,475)	1,623
(Decrease) increase in billings over amounts billed	34,926	32,685
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 424,023	$ 455,252

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:
Property additions in 2017 and 2016 of $212,735 and $197,167 respectively, are included in accounts payable.

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 ("Use Agreement"), which is a residual Use Agreement that was scheduled to terminate on May 11, 2018. A new Use Agreement was authorized by City Council in March 2018 and was effective as of May 12, 2018 (see Note 12).

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 authorized by the Code include 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. 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. The fair value of U.S. agency securities, corporate bonds, and municipal bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads.

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 certificates of deposit and other 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.

Revenues and Expenses—Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue, and concessions are reported as operating revenues. Revenues that are related to financing, investing, Customer Facility Charges (CFC), and Passenger Facility Charges (PFC) are reported as nonoperating revenues. 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.

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, at fair market value at the date of acquisition. Expenditures greater than $5,000 for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

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

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 development 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 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—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"). 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 Revenue—The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2017 and 2016, 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.

Customer Facility Charge Revenue—The Airport imposed a CFC of $8.00 per contract day on each customer for motor vehicle rentals at the Airport beginning August 1, 2010. 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.

Adopted Accounting Standards—

GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14* ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 was effective for the Airport for the year ended December 31, 2017. The adoption of this Statement had no impact on O'Hare's financial statements.

GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73* ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 was effective for the Airport for the year ended December 31, 2017. The adoption of this Statement adjusted the presentation of payroll-related measures in the required supplementary information, but did not have an impact on the Airport's financial statements.

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

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 will be effective for the Airport beginning with its year ending December 31, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement 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 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. This Statement 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") will improve 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. 85, *Omnibus*—("GASB 85") the objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses various miscellaneous issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). GASB 85 will be effective for the Airport beginning with its year ending December 31, 2018.

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. GASB 86 will be effective for the Airport beginning with its year ending December 31, 2018.

GASB Statement No. 87, *Leases*—("GASB 87") will improve accounting and financial reporting for leases by governments by requiring 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. The Statement 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 this Statement, 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. This Statement 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.

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

Investments—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. The Airport had investments as of December 31, 2017, 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	$ 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
Share of City's pooled funds					-
Total					$ 3,314,967

The Airport had investments as of December 31, 2016, 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	$ 165,329	$113,895	$ -	$ -	$ 279,224
U.S. treasuries	95,179	19,907	-	-	115,086
Commercial paper	199,974	-	-	-	199,974
Corporate bonds	27,701	91,299	20,258	-	139,258
Municipal bonds	28,923	160,279	2,518	27,022	218,742
Certificates of deposits and other short term	1,158,058	-	-	-	1,158,058
Subtotal	$1,675,164	$385,380	$22,776	$27,022	$2,110,342
Share of City's pooled funds					290,804
Total					$2,401,146

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, 2017 and 2016 were (dollars in thousands):

	2017			2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
U.S. treasuries	$ -	$ 19,910	$ -	$ -	$ 19,907	$ -
U.S. agencies	-	471,820	-	-	234,589	-
Corporate bonds	-	138,301	-	-	127,767	-
Municipal bonds	-	178,710	-	-	218,742	-
Total investments at fair value	$ -	$808,741	$ -	$ -	$601,005	$ -

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.

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 $2,506.0 million and $1,509.3 million as of December 31, 2017 and 2016, respectively.

The Airport's share in the City's pooled funds of $0 million and $290.8 million as of December 31, 2017 and 2016, respectively, is categorized as Level 2 in the fair value hierarchy; however, pooled funds are not reflected in the table above.

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

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

(1) Interest-bearing general obligations of the United States and the State of Illinois;

(2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;

(3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;

(4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;

(5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;

(6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;

(7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;

(8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;

(9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;

(10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;

(11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non- interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;

(12) Bonds of companies organized in the United States with assets exceeding $500.0 million that, at the time of purchase, are rated not less than A-, 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 treasurer 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, 2017 and 2016, is as follows (dollars in thousands):

Quality Rating	**2017**	**2016**
Moody's/S & P:		
Aaa/AAA *	$1,482,992	$ 37,426
Aa/AA	783,740	467,361
A/A	92,339	75,769
P1/A1	911,736	181,279
P2/A2	18,249	26,488
MIG2/SP-1+	-	999
Not rated *	25,911	1,321,020
Total funds	$3,314,967	$2,110,342

* The Airport was able to obtain quality ratings for a portion of money market mutual funds as of December 31, 2017 that were previously classified as not rated as of December 31, 2016. The remaining investments that are not rated are primarily composed of money market mutual funds.

The Airport participates in the City's pooled cash and investments account, which includes amounts from other City funds and is maintained by the City treasurer. Individual cash or investments are not specifically identifiable to any participant in the pool. The Treasurer's pooled fund is included in the City's Comprehensive Annual Financial Report.

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 $902.3 million as of December 31, 2017. Of the bank balance, 96.6% was either insured or collateralized with securities held by City agents in the City's name. An amount of $30.6 million was uncollateralized at December 31, 2017, and thus was subject to custodial credit risk.

The investments reported in the basic financial statements as of December 31, 2017 and 2016, is as follows (dollars in thousands):

	2017	**2016**
Per Note 2:		
Investments—Airport	$3,314,967	$2,110,342
Investments—City Treasurer Pooled Fund	-	290,804
	$3,314,967	$2,401,146
Per financial statements:		
Restricted investments	$1,599,389	$1,065,040
Unrestricted investments	30,026	72,232
Investments classified as cash and cash equivalents on the statements of net position	1,685,552	1,263,874
	$3,314,967	$2,401,146

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	**2017**	**2016**
Construction	$1,190,544	$ 370,572
Capitalized interest	160,409	49,812
Debt service reserve	747,932	674,196
Debt service interest	471,772	398,072
Debt service principal	48,805	54,322
Operation and maintenance reserve	152,121	143,186
Maintenance reserve	3,000	3,000
Customer Facility Charge	95,203	98,119
Airport Development Fund	199,785	268,896
Other funds	27,681	35,069
Subtotal—Bond Ordinance, Master Indenture Accounts	3,097,252	2,095,244
Passenger Facility Charge	168,354	152,801
Total	$3,265,606	$2,248,045

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.

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

At December 31, 2017 and 2016, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance and Master Indenture.

4. LONG-TERM DEBT

Long-term debt at December 31, 2017 and 2016, consisted of the following (dollars in thousands):

	2017	2016
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	110,395
$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate 1.70% at December 31, 2017	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	31,140
$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	805	31,190
$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%	43,890	47,990
$95,735 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	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	420,155
$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	100,770	263,735
$283,925 Series 2011 C third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.50%–6.50%		44,940
$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	274,260	334,715
$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	199,570	211,970

(Continued)

	2017	2016
$336,350 Series 2013 A senior lien revenue refunding bonds issued October 17, 2013 due through 2026; interest at 2.00%–5.00%	$ 287,695	$ 308,685
$165,435 Series 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%–5.25%	153,965	154,430
$98,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%–5.50%	96,615	98,375
$297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%–5.25%	292,280	297,745
$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	27,335
$461,945 Series 2016 B senior lien revenue refunding bonds issued December 5, 2016 due through 2041; interest at 4.00%–5.00%	451,120	461,945
$525,055 Series 2016 C senior lien revenue refunding bonds issued December 5, 2016 due through 2038; interest at 5.00%	513,990	525,055
$739,335 Series 2016 D senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 5.000%–5.250%	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	-
$156,090 Series 2016 F senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 2.000%–5.250%	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	-
$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	-
$356,385 Series 2017 B senior lien revenue refunding bonds issued June 28, 2017 due through 2039; interest at 5.000%	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	-
$278,075 Series 2017 D senior lien revenue bonds issued June 28, 2017 due through 2052; interest at 5.000%	278,075	-
Subtotal—senior lien bonds	7,564,355	6,404,030

(Continued)

	2017	2016
Passenger Facility Charge Revenue Bonds:		
$111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31, 2008, due through 2016; interest at 4.0%–5.0%	$ -	$ -
$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%	4,035	5,915
$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	12,190	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%	15,170	33,815
$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	110,360	113,705
$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	292,115	305,240
Subtotal—Passenger Facility Charge Revenue Bonds	558,635	595,630
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%	248,750	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	12,098
TIFIA Loan outstanding at December 31, 2017, due through 2054; interest at 3.86%	159,803	-
Total revenue bonds, notes and loan	8,645,880	7,260,508
Unamortized premium	607,459	453,456
	9,253,339	7,713,964
Current portion	(298,185)	(277,850)
Total long-term revenue bonds payable, line of credit payable & TIFIA loan payable	$ 8,955,154	$ 7,436,114

(Concluded)

Long-term debt during the years ended December 31, 2017 and 2016, changed as follows (dollars in thousands):

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

2016	Balance January 31	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds, notes & LOC	$7,466,485	$1,026,533	$(1,232,510)	$7,260,508	$277,850
Unamortized premium (discount)	374,179	143,176	(63,899)	453,456	-
Total long-term debt	$7,840,664	$1,169,709	$(1,296,409)	$7,713,964	$277,850

Interest expense capitalized for 2017 and 2016 totaled $68.1 million and $22.9 million, respectively. Interest income capitalized for 2017 and 2016 totaled $12.6 million and $3.3 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2017 and 2016 of $11.8 million and $7.0 million, respectively, and amortization of $50.4 million of premium, net, and $36.8 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 $102.2 million was outstanding at December 31, 2017. 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, 2017, there were no outstanding letter of credit advances.

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 $156.8 million of loan disbursements made to the City in 2017. The outstanding TIFIA loan as of December 31, 2017 included $3.0 million of accrued interest was $159.8 million.

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 AMT and $5.2 million Non-AMT from its line of credit to finance certain capital projects at the Chicago O'Hare International Airport. The line of credit expires December 12, 2019.

In December 2016, the Airport sold $27.3 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2016 A (AMT) at a premium of $3.8 million. The bonds have interest rates ranging from 3.00% to 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2017, through January 1, 2037. Certain net proceeds of $31.0 million were used to fully defease the Series 2006B General Airport Revenue Bonds ($30.3 million of principal and $0.7 million of interest) and certain net proceeds of $0.1 million were used to pay the cost of the issuance of the bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of $0.03 million that will be charged to operations over 22 years using the straight-line method. The current refunding, which was refunded within the 90-day repayment threshold on January 1, 2017, decreased the Airport's total debt service by $4.3 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $3.4 million.

In December 2016, the Airport sold $461.9 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2016 B (Non-AMT) at a premium of $54.9 million. The bonds have interest rates ranging from 4.00% to 5.00% and mandatory redemption maturity dates ranging from January 1, 2017, through January 1, 2041. Certain net proceeds of $514.3 million were used to fully defease the Series 2008B General Airport Revenue Bonds ($175.5 million of principal and $4.3 million of interest), a portion of the Series 2008C General Airport Revenue Bonds ($36.3 million of principal and $2.1 million of interest) and a portion of the Series 2011C General Airport Revenue Bonds ($239.0 million of principal and $57.1 million of interest). Certain net proceeds of $2.5 million were used to pay the cost of the issuance of the bonds. The current and advance refunding resulted in a difference between the acquisition price and the net carrying amount of $41.2 million that will be charged to operations over 26 years using the straight-line method. The current and advance refunding decreased the Airport's total debt service by $66.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $51.7 million.

In December 2016, the Airport sold $525.1 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2016 C (Non-AMT) at a premium of $84.4 million. The bonds have an interest rate at 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2017, through January 1, 2038. Certain net proceeds of $31.0 million were used to fully defease the Series 2008A General Airport Revenue Bonds ($530.2 million of principal and $34.9 million of interest). Certain net proceeds of $3.2 million were used to pay the cost of the issuance of the bonds; and certain net proceeds of $41.2 million were used to fund the debt service reserve deposit requirement. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $13.1 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 $17.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $54.4 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, 2017 are as follows (dollars in thousands):

	Defeased	**Outstanding**
Chicago O'Hare General Airport Revenue Bonds, Series 2008A	$ 530,170	$ 530,170
Chicago O'Hare General Airport Revenue Bonds, Series 2008C	36,255	36,255
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
Total	$1,333,975	$1,333,975

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, 2017, as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2018	$ 254,615	$ 372,116	$ 626,731
2019	264,405	359,263	623,668
2020	245,735	346,941	592,676
2021	205,750	335,751	541,501
2022	220,050	325,138	545,188
2023–2027	1,271,755	1,447,508	2,719,263
2028–2032	1,492,705	1,098,983	2,591,688
2033–2037	1,765,355	687,235	2,452,590
2038–2042	1,086,075	304,436	1,390,511
2043–2047	405,950	134,002	539,952
2048-2052	351,960	45,711	397,671
Total	$7,564,355	$5,457,084	$13,021,439

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, 2017. Irrevocable letters of credit ($244.8 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, 2017, 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, 2017, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2018	$ 38,845	$ 26,609	$ 65,454
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
2023–2027	162,305	84,769	247,074
2028–2032	209,115	39,107	248,222
2033–2037	29,505	8,308	37,813
2038–2040	19,170	1,469	20,639
Total	$558,635	$253,399	$812,034

The debt service requirements to maturity of the CFC Revenue Bonds as of December 31, 2017, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2018	$ 4,725	$ 13,436	$ 18,161
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
2023–2027	33,265	57,230	90,495
2028–2032	42,975	47,310	90,285
2033–2037	55,680	34,125	89,805
2038–2043	90,805	16,278	107,083
Total	$248,750	$219,661	$468,411

The debt service requirements to maturity of the TIFIA Loan as of December 31, 2017, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2018	$ -	$ 3,059	$ 3,059
2019	-	6,168	6,168
2020	-	6,177	6,177
2021	-	6,160	6,160
2022	-	6,168	6,168
2023–2027	6,568	30,468	37,036
2028–2032	12,704	28,395	41,099
2033–2037	15,373	25,679	41,052
2038-2042	18,569	22,422	40,991
2043-2047	31,098	18,145	49,243
2048-2052	51,840	9,729	61,569
2053-2054	23,651	924	24,575
Total	$159,803	$163,494	$323,297

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, 2017.

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, 2017 and 2016, changed as follows (dollars in thousands):

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

2016	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 885,967	$ 6,121	$ -	$ 892,088
Construction in progress [1]	386,814	538,546	(293,958)	631,402
Total capital assets not depreciated	1,272,781	544,667	(293,958)	1,523,490
Capital assets depreciated—buildings and other facilities	9,014,975	287,835	-	9,302,810
Less accumulated depreciation for—buildings and other facilities	(3,197,061)	(254,688)	-	(3,451,749)
Total capital assets depreciated—net	5,817,914	33,147	-	5,851,061
Total property and facilities—net	$ 7,090,695	$ 577,814	$ (293,958)	$ 7,374,551

[1] CIP additions include capitalized interest of $32,717

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, 2017, is as follows (dollars in thousands):

Years Ending December 31	Amount
2018	$186,533
2019	93,958
2020	4,680
2021	4,680
2022	4,839
2023–2027	24,619
2028–2032	25,300
2033-2037	21,199
2038-2042	14,315
2043-2047	9,212
Thereafter	6,569
Total minimum future rental income	$395,904

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 $475.4 million and $459.5 million in 2017 and 2016, respectively. Contingent rentals included in the totals were approximately $97.7 million and $92.7 million for 2017 and 2016, 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, 2017, the following employees were covered by the benefit terms:

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries currently receiving benefits	25,383	3,703	13,628	4,878	47,592
Inactive employees entitled to but not yet receiving benefits	17,549	1,469	640	77	19,735
Active employees	30,922	2,794	12,633	4,613	50,962
	73,854	7,966	26,901	9,568	118,289

Contributions—Historically State law required City contributions at statutorily, not actuarially, determined rates. State law also requires covered employees to contribute a percentage of their salaries. The City's contribution for payment year 2017 for Municipal Employees' and Laborers' was calculated based on the total amount of contributions by employees to the respective Plans made in the calendar year two years prior, multiplied by 1.25 for Municipal Employees', and 1.00 for Laborers'.

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 2017, $672.0 million; 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 $38.7 million and $27.5 million for the years ended December 31, 2017 and 2016, respectively.

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

At December 31, 2017 and 2016, the Airport reported a liability of $1,259.3 million and $1,638.9 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and 2016, 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 under P.A. 100-0023 resulted in an increase in future required contributions to the Municipal Employees' and Laborers' pension plans resulting in an increase in the discount rate for the Municipal Employees' and Laborers' Pension Plans as discussed in the discount rate section below.

The change in the discount rate and other assumptions decreased the net pension liability by $505.9 million for Municipal Employees' and $67.9 million for Laborers' for the airport. This change is being amortized into expense over a 5 year period for Municipal Employees' and 4 year period for Laborers'.

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 2017 and 2016. At December 31, 2017 and 2016, the Airport's proportion was 6.8 percent and 6.0 percent of the Municipal Employees' Plan, respectively, 6.3 percent and 6.0 percent of the Laborer's Plan, respectively, 1.4 percent and 1.4 percent of the Policemen's Plan, respectively, and 5.0 percent and 4.9 percent of the Firemen's Plan, respectively.

For the year ended December 31, 2017 and 2016, the Airport recognized pension expense of $146.0 million and $245.5 million, respectively.

At December 31, 2017 and 2016, the reported deferred outflows of resources of $282.2 million and $376.0 million, respectively, and deferred inflows of resources of $525.9 million and $47.5 million, respectively, related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 17,863	$ -	$10,124
Changes of assumptions	237,218	428,344	315,740	27,976
Net difference between projected and actual earnings on pension plan investments	-	7,476	11,244	-
Total	$237,218	$453,683	$326,984	$38,100

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	
2018	$ 3,885
2019	3,885
2020	(116,607)
2021	(107,628)
Total	$(216,465)

Laborers' (dollars in thousands):

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,996	$ -	$2,444
Changes of assumptions	9,588	50,157	29,396	2,671
Net difference between projected and actual earnings on pension plan investments	4,221	6,288	5,793	-
Total	$13,809	$60,441	$35,189	$5,115

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	
2018	$(12,712)
2019	(21,037)
2020	(11,312)
2021	(1,571)
Total	$(46,632)

Policemen's (dollars in thousands):

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16	$4,195	$ 21	$984
Changes of assumptions	3,801	-	1,318	-
Net difference between projected and actual earnings on pension plan investments	1,937	2,347	2,836	-
Total	$5,754	$6,542	$4,175	$984

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	
2018	$ 154
2019	154
2020	(458)
2021	(511)
2022	(127)
Total	$(788)

Firemen's (dollars in thousands):

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,913	$ 199	$ 990	$ 263
Changes of assumptions	21,609	2,446	5,811	3,053
Net difference between projected and actual earnings on pension plan investments	1,932	2,609	2,804	-
Total	$25,454	$5,254	$9,605	$3,316

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	
2018	$ 4,887
2019	4,887
2020	4,120
2021	2,647
2022	3,659
Total	$20,200

Deferred Outflows Related to Changes in Proportionate Share of Contributions

For the years ended December 31, 2017 and 2016, the Airport reported pension benefit/(charge) of $(30.1) million and $(7.3) million respectively, related to changes in its proportionate share of contributions. As of December 31, 2017 and 2016, the Airport Funds reported deferred inflows of $0, and deferred outflows of $114.9 million and $29.6 million respectively, related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension benefit/(charge) over four years.

Actuarial Assumptions—The total pension liability in the December 31, 2017 and 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Municipal Employees	Laborers'	Policemen's	Firemen's
Inflation	2.50 %	2.25 %	2.75 %	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 % [f]	7.25 %	7.50 %

(a) (1.50%-6.50% for 2018-2022), 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

(f) Net of investment expense, including inflation

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 actuarial assumptions used in the December 31, 2017 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, 2017 and 2016, are summarized in the following table:

	Target Allocation				Long-Term Expected Real Rate of Return			
2017	**Municipal Employees'**	**Laborers'**	**Policemen's**	**Firemen's**	**Municipal Employees'**	**Laborers'**	**Policemen's**	**Firemen's**
Asset Class:								
Equity	- %	- %	- %	60.0 %	- %	- %	- %	7.25 %
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	7.34
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	7.62
Real assets	-	-	4.0	-	-	-	4.4	-
Private real assets	-	3.0	-	-	-	5.8	-	-
Other investments	-	-	-	12.0	-	-	-	7.70
Total	100.0 %	100.0 %	100.0 %	100.0 %				

2016	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:								
Domestic equity	26.0 %	- %	- %	- %	4.8 %	- %	- %	- %
Domestic large cap equity	-	-	-	24.0	-	-	-	7.5
Domestic small cap equity	-	-	-	16.0	-	-	-	7.9
U.S. equity	-	12.0	21.0	-	-	6.4	6.1	-
Non U.S. equity	-	18.0	20.0	-	-	8.0	7.6	-
Global equity	-	20.0	-	-	-	6.8	-	-
International equity	22.0	-	-	25.0	5.0	-	-	7.5
Domestic fixed income	-	-	-	21.0	-	-	-	3.0
Fixed income	27.0	16.0	22.0	-	0.5	2.6	1.8	-
Hedge funds	10.0	8.0	7.0	-	2.8	3.9	3.7	-
Private equity	5.0	-	-	3.0	8.6	-	-	8.5
Private markets	-	7.0	11.0	-	-	7.2	7.8	-
GAA	-	7.0	10.0	-	-	4.3	5.0	-
Real estate	10.0	8.0	5.0	2.0	5.2	4.6	4.6	6.2
Alternative investments	-	-	-	2.0	-	-	-	5.3
Commodities	-	-	-	3.0	-	-	-	2.8
Cash deposits and short-term investments	-	-	-	4.0	-	-	-	2.3
Real assets	-	-	4.0	-	-	-	4.8	-
Private real assets	-	4.0	-	-	-	-	-	-
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, 2017 was 7.0 percent, which is an increase from the discount rate of 3.91 percent used to measure the total pension liability as of December 31, 2016. The increase in the discount rate was mainly a result of the increased projected contributions as specified by P.A. 100-0023. This Single Discount Rate for December 31, 2017, was based on an expected rate of return on pension plan investments of 7.0 percent. The Single Discount Rate for December 31, 2016 was based on an expected rate of return of 7.5 percent and a municipal bond rate of 3.78 percent (based on the Bond Buyer 20- Bond Index of general obligation municipal bonds). The projection of cash flows used to determine the discount rate assumed 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 P.A.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. The valuation as of December 31, 2016, projected that the pension plan's fiduciary net position would be available to make payments through 2023. As a result of the increase in projected contributions, the pension plan's fiduciary net position is now projected to be available to make all projected future benefit payments of current plan members.

Laborers'—A Single Discount Rate of 7.07 percent was used to measure the total pension liability as of December 31, 2017, which is an increase from the discount rate of 4.17 percent used to measure the total pension liability as of December 31, 2016. The increase in the discount rate was mainly a result of the increased projected contributions as specified by P.A. 100-0023. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 percent and 7.5 percent as of December 31, 2017 and 2016, respectively, and a municipal bond rate of 3.31 percent and 3.78 percent as of December 31, 2017 and 2016, respectively (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)). 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 2071. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2071, and the municipal bond rate was applied to all benefit payments after that date. The valuation as of December 31, 2016, projected that the pension plan's fiduciary net position would be available to make payments through 2027. As a result of the increase in projected contributions, the pension plan's fiduciary net position is now projected to be available to make all projected future benefit payments of current plan members through 2071.

Policemen's—A Single Discount Rate of 7.0 percent and 7.07 percent, as of December 31, 2017 and 2016, respectively, was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 percent for December 31, 2017 and 2016, and a municipal bond rate of 3.31 percent and 3.78 percent as of December 31, 2017 and 2016, respectively (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2070 (for the 2017 valuation) and the year 2068 (for the 2016 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2070 (for the 2017 valuation) and the year 2068 (for the 2016 valuation), and the municipal bond rate was applied to all benefit payments after that date.

Firemen's—A Single Discount Rate of 7.23 percent and 7.30 percent, as of December 31, 2017 and 2016, respectively, was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.5 percent for December 31, 2017 and 2016, and a municipal bond rate of 3.31 percent and 3.78 percent as of December 31, 2017 and 2016, respectively (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the statutory contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2070 (for the 2017 valuation) and 2066 (for the 2016 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year

2070 (for the 2017 valuation) and 2066 (for the 2016 valuation), and the 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, 2017 and 2016, calculated using the discount rate of 7.00 percent and 3.91 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 or 1 percentage point higher than the current rate (dollars in thousands):

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

Net Pension Liability December 31, 2016	1% Decrease	Current Discount Rate	1% Increase
Municipal Employees' discount rate	2.91 %	3.91 %	4.91 %
Municipal Employees' net pension liability	$ 1,350,127	$ 1,138,937	$965,503

Laborers'—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2017 and 2016, calculated using the discount rate of 7.07 percent and 4.17 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 or 1 percentage point higher than the current rate (dollars in thousands):

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

Net Pension Liability December 31, 2016	1% Decrease	Current Discount Rate	1% Increase
Laborers' discount rate	3.17 %	4.17 %	5.17 %
Laborers' net pension liability	$182,078	$150,573	$124,671

Policemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2017 and 2016, calculated using the discount rate of 7.00 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 or 1 percentage point higher than the current rate (dollars in thousands):

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

Net Pension Liability December 31, 2016	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Policemen's discount rate	6.07 %	7.07 %	8.07 %
Policemen's net pension liability	$167,339	$144,940	$126,129

Firemen's—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2017 and 2016, calculated using the discount rate of 7.23 percent and 7.30 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 or 1 percentage point higher than the current rate (dollars in thousands):

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

Net Pension Liability December 31, 2016	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Firemen's discount rate	6.30 %	7.30 %	8.30 %
Firemen's net pension liability	$232,660	$204,414	$180,389

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. OTHER POSTEMPLOYMENT BENEFITS

Other Post Employment Benefits (OPEB)—Pension Funds

Applicable state law authorized the four respective Pension Funds (Policemen's, Firemen's, Municipal Employees', and Laborers') to provide a fixed monthly dollar subsidy to each annuitant who had elected coverage under any City health plan through December 31, 2016. After that date, no Pension Fund subsidies were authorized by state law.

Underwood Litigation—In 2017, the Illinois Appellate Court held that current and future annuitants hired prior to the execution of a court approved settlement agreement in 2003 in the City of Chicago v. Korshak (those who retired prior to August 23, 1989 and their dependents, Korshak group) litigation, and subject to certain eligibility requirements, are entitled to receive lifetime fixed rate monthly subsidies equal to the subsidy amounts provided in the 1983 and 1985 amendments to the Pension Code. Those subsidies range from $21 - $55 per month, depending on the retiree's Pension Fund and Medicare eligibility. The issue of whether the Pension Funds or the City is obligated to make the subsidy payments to the annuitants is still subject to litigation. The 1983 and 1985 statutes state that the Pension Funds are obligated to make the payments but none of the Pension Funds included the liabilities for the monthly subsidies in their respective actuarial valuation reports under GASB 43. For that reason, the City has included the liabilities for the monthly fixed subsidies for this limited group under GASB 45 and is reported together with the Retirees' Settlement Health Plan liability.

Other Post Employment Benefits—City Obligation

Retirees' Settlement Health Plan—As of January 1, 2014, the City of Chicago agreed to provide a healthcare plan with a subsidy of 55% of the cost of that plan to those City annuitants who retired prior to August 23, 1989, for their lifetimes. The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. The net expense to the City in 2017 for providing these benefits was $22.7 million. Of that amount, $14.8 million was attributed to runoff claims for the retirees who no longer received subsidized healthcare from the City after December 31, 2016, and $7.9 million was attributed to the class of retirees and their dependents (those who retired prior to August 23, 1989), who will continue to receive lifetime subsidized healthcare from the City. The average number of annuitants in this latter group is 2,978 and a total of 3,378 covered lives including dependents. Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

Special Benefits under the Collective Bargaining Agreements (CBA)—Under the terms of the latest collective bargaining agreements for the Fraternal Order of Police and the International Association of Fire Fighters, certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. CBA special early retirement benefits cease at Medicare eligibility age.

An extension of the CBA was negotiated (and finalized in 2014) governing the contract period (through June 30, 2016 for Police Captains, Sergeants and Lieutenants and June 30, 2017 for remaining Police and Fire). As of the date of this report, negotiations are ongoing regarding new agreements which cover the retiree health benefits. Under the "maintenance of effort" protocols, the provisions of the prior agreement are honored until a new agreement is signed. It is not known whether the CBA special health benefits will be specifically eliminated, modified, or extended at this time. Therefore, this valuation assumes the expiration of the early retirement special benefits as of the December of the contract expiration year, but includes the liabilities for continuation of payments to those members who would have already retired under the CBA as of December 31 of that year. Based upon prior history, the negotiations are assumed to be executed by December 31, 2019. CBA retirees were required to contribute 2% of their pension for health care coverage beginning at the end of 2017.

Funding Policy— No assets are accumulated or dedicated to funding the retiree health plan benefits.

Annual OPEB Cost and Net OPEB Obligation— The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution "ARC" of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of ten years.

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan and CBA Special Benefits, the amount actually contributed to the plan, and changes in the City's net OPEB obligation. The Net OPEB Obligation is the amount entered upon the City's Statement of Net Position as of year end as the net liability for the other post-employment benefits – the Health Plan. The amount of the annual cost that is recorded in the Statement of Changes in Net Position for 2017 is the annual OPEB cost (expense).

Annual OPEB Cost and Contributions Made
(Dollars in thousands)

	Retiree Settlement Health Plan	CBA Special Benefits	Total
Contribution rates:			
City	Pay-As-You-Go	Pay-As-You-Go	Pay-As-You-Go
Plan members	N/A	N/A	N/A
Annual required contribution	$ 50,871	$ 66,091	$116,962
Interest on net OPEB obligation	81	4,935	5,016
Adjustment to annual required contribution	(307)	(18,724)	(19,031)
Annual OPEB cost	50,645	52,302	102,947
Contributions made	38,967	43,548	82,515
Increase/(decrease) in net OPEB obligation	11,678	8,754	20,432
Net OPEB obligation, beginning of year	2,698	164,511	167,209
Net OPEB obligation, end of year	$ 14,376	$173,265	$187,641

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 are as follows (dollars in thousands):

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Settlement plan			
12/31/2017	$ 50,645	76.9 %	$ 14,376
12/31/2016	38,469	130.1	2,698
12/31/2015	43,645	133.5	14,280
CBA special benefits			
12/31/2017	$ 52,302	83.3 %	$173,265
12/31/2016	45,560	87.0	164,511
12/31/2015	48,195	79.4	158,571
Total			
12/31/2017	$102,947	80.2 %	$187,641
12/31/2016	84,029	106.7	167,209
12/31/2015	91,840	105.1	172,851

Funded Status and Funding Progress—As of January 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $842.9 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,627.7 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 32.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents, as required, (unaudited) supplementary information following the notes to the financial statements.

Schedule of Funding Progress (Dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Settlement plan						
12/31/2016	$ -	$ 331,496	$ 331,496	- %	$2,627,662	12.6 %
CBA special benefits						
12/31/2016	$ -	$ 511,429	$ 511,429	- %	$1,547,102	33.1 %
Total						
12/31/2016	$ -	$ 842,925	$ 842,925	- %		32.1 %

Actuarial Method and Assumptions—Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

For the Retirees' Health Plan Benefits, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% for 2018, reduced by decrements to an ultimate rate of 5.0% in 2029. Rates included a 2.5% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years. The benefits include lifetime benefits for the class of retirees (those who retired prior to August 23, 1989, Korshak group) and their dependents, lifetime fixed subsidy benefits for the annuitant category (except Korshak) hired prior to 2003, Non-CBA health benefits provided to duty disability participants under the active health plan payable to age 63/65.

For the Special Benefits under the CBA for Police and Fire, the contracts expiration dates are of June 30, 2016 (for Police Captains, Sergeants and Lieutenants) and June 30, 2017 for all other Police and Fire. The expectations consistent with the City's posture on sunsetting retiree health benefits, was that the CBA benefits would expire at the end of the current contract period and not be renewed. Negotiations are ongoing and expected to continue, based upon prior history, for two to three years, Since the City is required to honor the provisions of the existing contract until a new agreement is negotiated under the "Maintenance of Effort" protocol, the valuation has included liabilities for CBA benefits as if the actual expiration of the contracts was extended to 12/31/2019. This would mean liabilities are included only for payments on behalf of early retired, already retired and in pay status as of December 31 of the assumed expiration year of the contract (2019). The entry age normal method was selected. The actuarial assumptions included an annual health care cost trend rate of 8.0% in 2018, reduced by decrements to an ultimate rate of 5.0% in 2029. Rates included a 2.5% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. The funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The remaining Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over ten years.

	Summary of Assumptions and Methods	
	Settlement Health Plan	CBA Special Benefits
Actuarial valuation date	December 31, 2016	December 31, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	10 years	10 years
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	3.0%	3.0%
Projected salary increases	2.5%	2.5%
Healthcare inflation rate	1.9% for 2017 and then 8.0% to 5.0% in 2029	1.9% for 2017 and then 8.0% to 5.0% in 2029

9. 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 $90.9 million and $82.4 million in 2017 and 2016, respectively.

10. 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, 2017 and 2016, are as follows (dollars in thousands):

	2017	2016
Beginning balance—January 1	$ 3,178	$ 2,758
Total claims incurred (expenditures)	20,065	25,420
Claims paid	(20,768)	(25,000)
Claims liability—December 31	$ 2,475	$ 3,178

The City's property and liability insurance premiums are approximately $10 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, 2017 with a limit of $3.5 billion and includes $3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2018 with a limit of $1 billion and includes $1 billion in war and terrorism liability coverage. Claims have not exceeded the purchased insurance coverage in the past 12 years.

At December 31, 2017 and 2016, the Airport had commitments in the amounts of approximately $367.5 million and $277.7 million, respectively, in connection with contracts entered into for construction projects.

11. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

	2017	2016
Deferred outflows of resources:		
Deferred outflows from pension activities	$ 282,235	$375,952
Changes in proportionate share of pension contribution	114,902	29,603
Unamortized deferred bond refunding costs	169,565	107,939
Total deferred outflows of resources	$ 566,702	$513,494
Deferred Inflows of resources—deferred inflows from pension activities	$(525,920)	$ (47,515)

12. SUBSEQUENT EVENTS

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 will become 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, AULA will allow the City to commence a $6.1 billion terminal expansion program (known as the Terminal Area Plan or "TAP") that includes construction of several new gates, in addition to $2.4 billion in additional pre-approved capital projects. The City is currently in the process of executing the AULA with each of the signatory airlines.

On April 18, 2018, the City Council authorized the City to enter into an agreement (the "City-CATCo Agreement"), with the Chicago Airlines Terminal Consortium ("CATCo") for the maintenance and operation of City-owned equipment in Terminals 1, 2, 3 and 5 at O'Hare and the provision of other aeronautical services to the City. Previously, CATCo was known as CICA Terminal Corporation and maintained equipment only for use by airlines operating in Terminal 5. The City-CATCo Agreement provides that CATCo's costs in providing services to the City thereunder constitute O&M expenses allocable to signatory airlines under the AULA. The City-CATCo Agreement will be executed in July 2018 and will be effective retroactive to May 12, 2018.

On April 18, 2018, the City Council authorized the City to enter into an agreement with ORD Fuel Company, LLC ("Fuel System Lease Agreement") under which the parties agree that the fuel system is to be used for the receipt, storage, delivery, distribution, handling, and dispensing of aircraft fuel and automotive fuel for ground services equipment and other vehicles at O'Hare and the carrying on of activities reasonably necessary or convenient in connection with the Fuel System Lease Agreement. ORD Fuel Company, LLC's performance pursuant to the Fuel System Lease Agreement is anticipated to improve operations and efficiency throughout O'Hare.

* * * * * *

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O’HARE INTERNATIONAL AIRPORT

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

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

* 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 THREE FISCAL YEARS
(Dollars are in thousands)

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

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

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

* 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)

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
2008	$ 360,387	$ 146,803	$213,584	$1,543,977	9.51 %
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

* The funding method mandated by the Illinois Pension Code is insufficient to avoid insolvency, and without a change, the Fund is projected to become insolvent within the next 10 years (during 2025). Therefore, the actuarially determined contribution is comprised of an employer normal cost payment and a 30-year, level dollar amortization payment on the unfunded actuarial accrued liability.

** 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
2008	$ 17,652	$ 15,233	$ 2,419	$ 216,744	7.03 %
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

* 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
2008	$ 318,235	$ 172,836	$145,399	$1,023,581	16.89 %
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

* 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
2008	$ 189,941	$ 81,258	$108,683	$ 396,182	20.51 %
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

* 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	12/31/2017	(a)	12/31/2017	(b)	12/31/2017		12/31/2017	
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	2.5%		2.25%		2.75%		2.50%	
Salary increases	3.50%–7.75%	(c)	3.00%	(d)	3.75%	(e)	3.75%	(e)
Investment rate of return	7.0%	(f)	7.25%	(g)	7.25%		7.50%	
Retirement age	(h)		(i)		(j)		(i)	
Mortality	(k)		(l)		(m)		(n)	
Other information	(o)		(p)		(q)		(q)	

(a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the middle of the year.
(b) Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the end of the fiscal year in which contributions are reported.
(c) (1.50%-6.50% for 2018-2022), varying by years of service.
(d) Plus a service-based increase in the first 9 years.
(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, 2017, actuarial funding valuations.
(p) The actuarial valuation is based on the statutes in effect as of December 31, 2017. Benefit changes as a result of Public Act 100-0023 were recognized in the Total Pension Liability as of December 31, 2017.
(q) The actuarial valuation is based on the statutes in effect as of Decemebr 31, 2017.

(Concluded)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
LAST THREE YEARS
(Dollars are in thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)
Municipal Employees'							
2015	12/31/2014		$ 17,495	$ 17,495	-	$ 1,602,978	1.09 %
2016	12/31/2015		8,147	8,147	-	1,643,481	0.50
2017	12/31/2016		-	-	-	-	-
Laborers'							
2015	12/31/2014		$ 4,593	$ 4,593	-	$ 202,673	2.27 %
2016	12/31/2015		2,133	2,133	-	204,773	1.04
2017	12/31/2016		-	-	-	-	-
Policemen's							
2015	12/31/2014		$ 18,762	$ 18,762	-	$ 1,074,333	1.75 %
2016	12/31/2015		9,255	9,255	-	1,086,608	0.85
2017	12/31/2016		-	-	-	-	-
Firemen's							
2015	12/31/2014		$ 4,995	$ 4,995	-	$ 460,190	1.09 %
2016	12/31/2015		2,399	2,399	-	465,232	0.52
2017	12/31/2016		-	-	-	-	-
City of Chicago							
2015	12/31/2014		$ 964,626	$ 964,626	-	$ 2,425,000	39.78 %
2016	12/31/2015		780,637	780,637	-	2,487,787	31.38
2017	12/31/2016		-	-	-	-	-

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, 2017
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues—as defined	$ 971,212	$ 971,212
Other available moneys (passenger facility charges for debt service)	119,958	119,958
Cash balance in revenue fund on the first day of fiscal year (Note 2)	92,607	-
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,183,777	$ 1,091,170
COVERAGE REQUIREMENTS—Deposits required:		
Operation and maintenance reserve	$ 9,528	
Maintenance reserve	4,297	
Special capital projects	730	
Senior lien debt service fund	489,617	
TOTAL DEPOSITS REQUIREMENTS	$ 504,172	
AGGREGATE SENIOR LIEN DEBT SERVICE	$ 624,395	$ 624,395
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(60,769)	(60,769)
Net aggregate debt service	563,626	$ 563,626
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 619,989	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110% of net aggregate debt service)	$ 619,989	$ -
OPERATION AND MAINTENANCE EXPENSES—As defined	506,323	506,323
TOTAL REQUIREMENT	$ 1,126,312	$ 1,069,949
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 1,183,777	$ 1,091,170

See notes to calculations of coverage.

SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
NOTES TO CALCULATIONS OF COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2017

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 $146.0 million of pension expense for 2017, $38.7 million is the portion of the City's pension contribution payable in 2017 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2017, $107.3 million, is recognized on the income statement of O'Hare Airport for 2017 but is not due and payable by the City during 2017; 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 INFORMATION
(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, 2008–2017
(Dollars in thousands)
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES:										
Landing fees	$196,453	$181,335	$170,907	$179,924	$189,997	$169,323	$211,982	$ 253,347	$ 301,285	$ 300,247
Rental revenues:										
Terminal rental and use charges	220,040	212,944	287,972	237,628	246,912	273,611	340,449	292,706	333,939	350,727
Other rentals and fueling system fees	47,378	39,809	40,468	41,745	40,530	44,813	45,330	48,199	52,870	62,905
Subtotal rental revenues	267,418	252,753	328,440	279,373	287,442	318,424	385,779	340,905	386,809	413,632
Concessions:										
Auto parking	108,545	89,131	93,430	95,997	93,557	95,614	97,834	99,210	103,813	106,620
Auto rentals	22,213	22,915	22,643	23,745	25,445	26,274	27,863	29,176	28,436	28,028
Restaurants	34,813	32,721	35,669	38,547	41,330	42,662	45,432	49,366	52,786	54,657
News and gifts	14,640	13,662	14,495	15,608	16,579	18,367	24,086	24,355	25,082	24,354
Other	34,912	26,685	30,377	37,989	41,197	40,337	45,082	41,908	43,074	43,762
Subtotal concessions	215,123	185,114	196,614	211,886	218,108	223,254	240,297	244,015	253,191	257,421
Reimbursements	5,288	5,241	6,642	8,219	7,017	6,679	6,466	6,961	6,532	4,879
Total operating revenues (1)	684,282	624,443	702,603	679,402	702,564	717,680	844,524	845,228	947,817	976,179
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	177,418	174,897	174,331	190,830	191,677	192,744	212,576	203,216	208,578	210,649
Pension expense								339,546	245,491	145,992
Repairs and maintenance	100,341	82,518	86,463	94,519	88,784	85,484	110,928	98,945	104,536	95,310
Energy	38,535	37,261	33,687	31,777	31,775	32,895	34,519	34,090	39,500	34,773
Materials and supplies	17,506	17,661	9,526	14,288	9,797	8,961	10,573	9,876	10,886	6,937
Engineering and other professional services	61,514	54,767	57,981	65,382	74,307	81,070	88,143	83,265	95,608	101,798
Other operating expenses	33,196	37,181	48,640	34,254	53,839	24,895	38,268	36,773	46,611	57,035
Total operating and maintenance expenses before depreciation and amortization (3)	428,510	404,285	410,628	431,050	450,179	426,049	495,007	805,710	751,210	652,494
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$255,772	$220,158	$291,975	$248,352	$252,385	$291,631	$349,517	$ 39,518	$ 196,607	$ 323,685
FIRST AND SECOND LIEN BONDS—Net revenues for calculating coverage less fund deposit requirements	$358,671	$261,166	$372,341	$407,700	$ -	$ -	$ -	$ -	$ -	$ -
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS (5)	$107,389	$108,898	$104,349	$112,181	$ -	$ -	$ -	$ -	$ -	$ -
DEBT SERVICE COVERAGE RATIO (6)	$ 3	$ 2	$ 4	$ 4	$ -	$ -	$ -	$ -	$ -	$ -
THIRD LIEN BONDS—Net revenues for calculating coverage per master indenture third lien	$761,514	$664,917	$800,380	$861,675	$ -	$ -	$ -	$ -	$ -	$ -
COVERAGE REQUIRED PER MASTER INDENTURE—Third lien	$723,259	$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
COVERAGE REQUIRED PER MASTER INDENTURE—Senior lien (7)	$ -	$ -	$ -	$ -	$804,237	$825,116	$985,375	$ 981,095	$1,091,007	$1,126,312
COVERAGE RATIO	1.05	1.01	1.01	1.10	1.05	1.10	1.10	1.10	1.10	1.10

(1) Average annual compound growth rate for 2008–2017 for total operating revenues is 4.0%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2008–2017 for total operating and maintenance expenses before depreciation and amortization is 4.8%.
(4) Amount for 2017 may be reconciled to operating income of $42,643 reported in the 2017 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $262,331. 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 $146.0 million of pension expense for 2017, $38.7 million is the portion of the City's pension contribution payable in 2017 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2017 $107.3. pursuant to GASB 68 but is not due and payable by the City during 2017; 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
2018	$ 626,731	$ 626,731	$ 65,454	$ 18,161	$ 3,059	$ 713,405
2019	623,668	623,668	49,738	18,154	6,168	697,728
2020	592,676	592,676	47,786	18,160	6,177	664,799
2021	541,501	541,501	47,671	18,143	6,160	613,475
2022	545,188	545,188	47,637	18,125	6,168	617,118
2023	523,999	523,999	47,590	18,129	6,168	595,886
2024	551,116	551,116	47,558	18,113	6,177	622,964
2025	550,829	550,829	50,657	18,099	8,245	627,830
2026	546,411	546,411	50,605	18,082	8,234	623,332
2027	546,908	546,908	50,664	18,072	8,212	623,856
2028	536,935	536,935	50,618	18,081	8,227	613,861
2029	512,506	512,506	50,562	18,073	8,214	589,355
2030	514,328	514,328	50,410	18,059	8,222	591,019
2031	513,860	513,860	50,347	18,043	8,218	590,468
2032	514,059	514,059	46,285	18,030	8,218	586,592
2033	554,927	554,927	10,187	18,014	8,207	591,335
2034	552,231	552,231	6,917	17,976	8,214	585,338
2035	570,150	570,150	6,910	17,955	8,210	603,225
2036	388,581	388,581	6,901	17,939	8,224	421,645
2037	386,701	386,701	6,898	17,920	8,197	419,716
2038	384,514	384,514	6,887	17,902	8,201	417,504
2039	382,108	382,108	6,880	17,881	8,194	415,063
2040	272,262	272,262	6,872	17,862	8,204	305,200
2041	223,002	223,002	-	17,838	8,189	249,029
2042	128,625	128,625	-	17,815	8,203	154,643
2043	128,570	128,570	-	17,785	8,190	154,545
2044	128,443	128,443	-	-	8,191	136,634
2045	101,616	101,616	-	-	8,187	109,803
2046	101,517	101,517	-	-	12,345	113,862
2047	79,805	79,805	-	-	12,330	92,135
2048	79,701	79,701	-	-	12,322	92,023
2049	79,621	79,621	-	-	12,321	91,942
2050	79,539	79,539	-	-	12,316	91,855
2051	79,450	79,450	-	-	12,308	91,758
2052	79,361	79,361	-	-	12,302	91,663
2053	-	-	-	-	12,291	12,291
2054	-	-	-	-	12,284	12,284
	$ 13,021,439	$ 13,021,439	$ 812,034	$ 468,411	$ 323,297	$ 14,625,181

[1] Assumes an interest rate effective at December 31, 2017, 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, 2017.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2018–2022
(Dollars in thousands)
(Unaudited)

ESTIMATED USES—Five-Year Capital Improvement Program:	
Airfield improvements	$ 574,572
Terminal improvements	774,475
Noise mitigation	17,204
Parking/roadway projects	398,796
Heating and refrigeration	274,830
Safety and security	81,624
Planning and other costs	17,396
Implementation	47,890
Sound	40,591
TOTAL ESTIMATED USES	$ 2,227,378
ESTIMATED SOURCES:	
Existing PFC revenue bond proceeds	$ 3,931
PFC Revenues (Pay-as-you-go)	11,000
Federal AIP discretionary grants	4,000
Federal AIP entitlement grants	13,000
TSA funds	69,534
Prior airport revenue bond proceeds	369,795
Future Airport obligation proceeds	1,586,858
CFC PayGo	44,755
CFC Senior Lien Revenue Bonds	31,223
CFC Backed TIFIA Loan	90,682
Other airport funds	2,600
TOTAL ESTIMATED SOURCES	$ 2,227,378

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, 2008–2017
(Unaudited)

Airport Activity

According to statistics compiled by Airports Council International (ACI), for the 12-month period ended December 31, 2017, the Airport ranked second worldwide and in the United States in total aircraft operations, sixth worldwide and third in the United States in terms of total passengers, and 20th worldwide and sixth in the United States in terms of cargo. According to Innovata, as of December 31, 2017, nonstop service was provided from the Airport to 242 destinations, 174 domestic airports, and 68 foreign airports.

	Chicago O'Hare International Airport Historical Connecting Passengers			
Year	**Total Enplanements**	**Total Originating Enplanements** [1]	**Total Connecting Enplanements** [1]	**Connecting Enplanements Percentage**
2008	34,744,030	17,685,020	17,059,010	49.1 %
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
	Average Annual Compound Growth Rates			
2008–2017	1.5%	2.7%	0.2%	

[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, 2008–2017
(Unaudited)

Airline [1]	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
	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	11,818,081	34.0 %	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 %
American Airlines	9,291,364	26.7	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
Simmons Airlines (dba American Eagle)	3,145,183	9.1	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
Sky West (dba United Express, Delta, American)	2,010,239	5.8	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
Mesa (dba United Express)	1,032,402	3.0	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	586,600	1.7	439,517	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shuttle America (dba United Express)	689,203	2.0	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	519,567	1.5	514,528	1.6	542,760	1.6	947,868	2.9	1,901,333	5.7	697,398	2.1	-	-	-		-	-	-	-
US Airways	892,225	2.6	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	-	-	-	-
Go Jet (UA Express,Delta)	399,076	1.1	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
Delta Airlines	430,985	1.2	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
Trans State Air (dba United Express)	464,624	1.3	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
Air Canada	136,277	0.4	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)	92	-	78	-	43,191	0.1	3,520	-	236	-	6,086	-	51,553	0.1	-	-	-	-	-	-
Air Wisconsin (dba United Express)	24,143	0.1	-	-	147	-	2	-	4	-	1	-	2	-	-	-	-	-	106,052	0.3
Independence Air	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All other [2]	3,303,969	9.5	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
Total	34,744,030	100.0 %	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 %

(1) Each airline listed is a signatory to a 1983 Airport Use Agreement.

(2) Included in All Other are the signatories to the 1990 International Terminal Use Agreement not already listed on this table (Aer Lingus, Aeroflot, Aeromexico, Air Berlin, Air France, Air India, Air Jamaica, Air One, Alitalia, All Nippon, Asiana, Austr Aviacsa, British Airways, British Midland, Cathay Pacific, China Eastern, El Al Israel, Etihad, Hainan, Iberia, Japan, KLM, Korean, Kuwait, Lot Polish, Lufthansa, Mexicana, Pakistan, Qatar, Royal Jordanian, Scandinavian, Singapore, Spirit Airlines, Sw TACA/LACSA, Turkish Airlines, USA 3000 and Virgin Air and all other U.S. (including some UA and AA affiliates) and foreign flag airlines operating at the Airport.

AIRLINES PROVIDING SERVICE AT THE AIRPORT

As of December 31, 2017, the Airport had scheduled air service by 46 airlines, including 8 domestic airlines, and 38 foreign flag airlines. Passenger service to the Airport is provided by 8 of the 15 "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 80.5% of the enplaned commercial passengers at the Airport in 2017.

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, 2008–2017
(Unaudited)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2008	59,404,334	83.9 %	11,414,681	16.1 %	70,819,015	(7.0)%
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
	Average Annual Compound Growth Rates					
2008–2017	1.4%		1.0%		1.3%	

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, 2008–2017
(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
2008	17,685,020	75.0 %	5,910,045	25.0 %	23,595,065
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
	Average Annual Compound Growth Rates				
2008–2017	2.7%		2.6%		2.7%

[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, 2008–2017
(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**
2008	29,111,375	83.8 %	5,632,655	16.2 %	34,744,030
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
	Average Annual Compound Growth Rates				
2008–2017	1.6%		1.1%		1.5%

(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, 2008–2017
(Unaudited)

	Annual Aircraft Operations						
Year	Domestic Air Carrier	International Air Carrier	Total Air Carrier	Commuter	All-Cargo	General Aviation	Total
2008	762,995	81,211	844,206	-	17,542	19,818	881,566
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
	Average Annual Compound Growth Rates						
2008–2017	- %	(0.5)%	(0.1)%		0.9 %	(6.7)%	(0.2)%

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, 2017
(Dollars in thousands)
(Unaudited)

Calculation of cost per enplaned passenger:	
Operating and maintenance expenses [1]	$ 506,323
Net debt service [1]	433,564
Debt service coverage requirement [2]	3,410
Fund deposits [3]	14,555
Total airport expenses [1]	957,852
Less:	
Non-airline revenue [1]	(290,453)
PFC revenue applied to eligible debt service	(5,348)
Other	-
Net airline requirement [4]	662,051
Enplaned passengers	39,815,888
Cost per enplaned passenger	$ 16.63

(1) This analysis excludes the Land Support Cost Revenue Center, Airport Development 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 1983 Airport Use Agreements and the 1990 International Terminal Use Agreements.

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, 2008–2017
(Dollars in thousands)
(Unaudited)

Year	Total Enplanements	PFC Enplanements [1]	PFC Revenues (Net of Airline Collection Fees) [2] [3]	PFC Interest Income	Total PFC Revenues
2008	34,744,030	30,720,227	$130,922	$ 3,940	$134,862
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

(1) Historical collection information reflects an actual percentage of eligible PFC enplanements of 87.3% in 2017.
(2) This amount is net of the airline collection fee of $.11 per enplaning passenger since May 1, 2004.
(3) 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 2017 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, 2008–2017
(Dollars in thousands)
(Unaudited)

Bond Year Ended	PFC Revenues [(2)]	PFC Bonds Debt Service	Coverage by PFC Revenues [(1)]
January 1, 2009	$134,862	$50,048	2.69 %
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

(1) Ratio represents the amount of PFC revenues to debt service:
For bond years ended 2006 through 2008.

(2) 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, 2008–2017
(Dollars in thousands)
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net position:										
Net investment in capital assets	$ 644,828	$ 612,920	$ 704,324	$ 713,876	$ 517,619	$ 582,175	$ 644,430	$ 707,991	$ 1,001,744	$ 1,117,543
Restricted	594,185	610,868	588,683	640,469	605,488	709,665	780,514	828,216	679,180	623,642
Unrestricted (deficit)	77,195	89,554	104,730	38,201	31,511	35,559	35,140	(1,061,607)	(1,298,327)	(1,325,243)
Total net position	$ 1,316,208	$ 1,313,342	$ 1,397,737	$ 1,392,546 *	$ 1,154,618 *	$ 1,327,399	$ 1,460,084	$ 474,600 **	$ 382,597	$ 415,942

* 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, 2008–2017
(Dollars in thousands)
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenues	$ 684,282	$ 624,443	$ 702,603	$ 679,402	$ 702,564	$ 717,680	$ 844,524	$ 845,228	$ 947,816	$ 976,179
Operating expenses	579,297	583,002	595,707	609,499	662,004	622,606	713,218	1,040,700	1,005,899	933,536
Operating income	104,985	41,441	106,896	69,903	40,560	95,074	131,306	(195,472)	(58,083)	42,643
Nonoperating revenues (expenses)	(37,486)	(94,627)	(80,068)	(80,925)	(110,254)	(125,829)	(87,653)	(117,609)	(104,584)	(91,299)
Special items	-	-	-	(53,910)	-	-	-	-	-	-
Income (loss) before capital contributions	67,499	(53,186)	26,828	(64,932)	(69,694)	(30,755)	43,653	(313,081)	(162,667)	(48,656)
Capital grants	49,950	50,320	57,567	59,741	73,538	203,536	89,032	76,689	70,664	82,001
Change in net position	$ 117,449	$ (2,866)	$ 84,395	$ (5,191) *	$ 3,844 *	$ 172,781	$ 132,685	$ (236,392) **	$ (92,003)	$ 33,345

* 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, 2008–2017
(Dollars in thousands)
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
First lien bonds	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ -	$ -	$ -	$ -	$ -	$ -
Second lien bonds	656,875	585,080	450,250	369,330	-	-	-	-	-	-
Third lien bonds	4,278,530	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
Commercial paper notes	35,565	295,355	-	19,919	50,616	20,000	51,026	-	-	102,239
Passenger facility	-	-	-	-	-	-	-	-	-	-
Passenger facility charge revenue bonds	741,340	725,675	833,715	812,715	726,700	700,090	663,780	631,245	595,630	558,635
Customer facility	-	-	-	-	-	-	-	-	-	-
Customer facility charge revenue bonds	-	-	-	-	-	248,750	248,750	248,750	248,750	248,750
Revolving line of credit	-	-	-	-	-	-	-	-	12,098	12,098
TIFIA Loan	-	-	-	-	-	-	-	-	-	159,803
Total revenue bonds and notes	5,785,105	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
Unamortized premium	89,308	80,788	86,856	92,249	200,381	224,056	199,169	374,179	453,456	607,459
Total revenue bonds payable, net of unamortized premium (discount)	$ 5,874,413	$ 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
Enplanements	$ 34,744,030	$ 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
Debt per enplanement	$ 167	$ 184	$ 198	$ 223	$ 215	$ 230	$ 215	$ 194	$ 187	$ 217

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, 2008–2017
(Unaudited)

Function	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Administration (pre-2009 executive directions)	15	73	130	127	119	110	-	-	-	-
Capital development	49	30	39	43	35	34	18	18	20	61
Financial administration	21	-	-	-	-	-	35	36	38	44
Human resources management	22	-	-	-	-	-	-	-	-	-
Capital finance management	9	-	-	-	-	-	-		-	-
Contract administration	18	-	-	-	-	-	12	12	13	12
Business information services	9	-	-	-	-	-	-	-	-	-
Business communication	41	10	13	13	-	-	-	-	-	-
Commercial development and concessions	5	3	6	6	4	3	13	13	13	18
Administration	24	-	-	-	-	-	47	46	46	43
Airfield operations	280	309	309	306	305	305	306	306	346	461
Landside operations	18	14	13	11	12	22	239	240	237	225
Security management	249	243	243	242	236	236	361	306	305	317
Facility management	498	502	515	519	500	504	311	324	322	345
Safety management	9	9	7	7	7	7	-	-	-	-
Total	1,267	1,193	1,275	1,274	1,218	1,221	1,342	1,301	1,340	1,526

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

CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2017 [1]			2008 [3]		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Advocate Health Care	19,049	1	1.48 %	-	-	-
Northwestern Memorial Healthcare	16,667	2	1.29	-	-	-
University of Chicago	16,583	3	1.29	-	-	-
JP Morgan Chase & Co.	15,701	4	1.22	8,865	1	0.81 %
Amazon.com Inc.	13,240	5	1.03	-	-	-
United Continental Holdings Inc. [2]	12,994	6	1.01	6,403	2	0.58
Walgreen Boots Alliance Inc.	12,751	7	0.99	-	-	-
Northwestern University	10,847	8	0.84	-	-	-
Presence Health	10,225	9	0.79	-	-	-
Wal-mart Stores Inc.	10,220	10	0.79	-	-	-
Jewel Food Stores, Inc	-	-	-	5,977	3	0.55
Northern Trust	-	-	-	5,084	4	0.46
Accenture LLP	-	-	-	4,532	5	0.41
American Airlines	-	-	-	3,582	6	0.33
SBC/AT&T	-	-	-	3,459	7	0.32
Ford Motor Company	-	-	-	3,325	8	0.30
CVS Corporation	-	-	-	3,161	9	0.29
Bonded Maintenance Company	-	-	-	2,955	10	0.27

NOTES:

[1] Source: Reprinted with permission from the January 15, 2018 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, 2008–2017
(Unaudited)

Year	Population [1]	Median Age [2]	Number of Households [2]	City Employment		Unemployment Rate [3]	Per Capita Income [4]	Total Income
2008	2,896,016	34.1	1,032,746	1,237,856		6.4 %	$ 45,328	$ 131,270,613,248
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	N/A	1,273,733	*	5.7	53,886	145,254,993,828
2016	2,695,598	N/A [5]	N/A [5]	1,282,117	*	5.4	N/A [5]	N/A [5]
2017	2,695,598	N/A [5]	N/A [5]	1,289,325		4.7	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 2016.

[3] Source: Bureau of Labor Statistics 2016, 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.

* December 2016 data.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY—2017 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2017

	Signatory	Non-Signatory
DOMESTIC TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 9.217	$ 11.521
Base rent	5.00	-
Existing footage	77.81	-
Additional footage	111.27	-
INTERNATIONAL TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 9.22	$ 11.53
Terminal rent/sq. ft./annum:		
Long-term signatory	111.45	-
Month-to-month	150.45	-
ENPLANED PASSENGER USE CHARGE:		
Long-term signatory	11.41	-
Month-to-month	15.41	-
DEPLANED PASSENGER USE CHARGE:		
Long-term signatory	9.86	-
Month-to-month	13.31	-

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)	2017 Airport Market	
Enterprise Holdings, Inc.	Enterprise Rent-A-Car [1]	9.2	%
	Alamo Rent-A-Car [1]	-	
	National Rent-A-Car [1]	26.7	
		35.9	
Avis Budget Group, Inc.	Avis Car Rental	17.3	
	Payless-Avis Budget	3.3	
	Budget Rent-A-Car	8.3	
		28.9	
Hertz Global Holdings, Inc.	Hertz Rent A Car	23.5	
	Dollar Rent A Car	9.0	
	Advantage Car Rental	2.2	
		34.7	
Routes Car Rental USA Inc		0.3	
Silver Car Inc		0.2	
		100.0	%

[1] Alamo and National are reported jointly.

Sources: City of Chicago Department of Aviation, Ricondo & Associates, Inc.

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, 2008–2017
(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
2008	34,011,186	17,024,876	50.1 %	9,664,005	56.8 %	7,360,870	43.2 %
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

(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 2017 and 2017 O & D and connecting enplanements are based upon that share. Includes GA, Military and Misc.

Source: City of Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2012	2013	2014	2015	2016	2017
January	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,058,208	$ 2,160,680	$ 2,063,208
February	2,119,752	2,023,816	2,037,496	1,975,312	2,096,296	2,072,496
March	2,492,960	2,380,208	2,365,224	2,411,096	2,528,296	2,551,656
First quarter total	6,656,184	6,425,752	6,497,936	6,444,616	6,785,272	6,687,360
Annual percent change	14.4 %	(3.5)%	1.1 %	(0.8)%	5.3 %	(1.4)%
April	2,584,776	2,532,288	2,663,448	2,833,576	2,978,640	2,721,344
May	3,135,048	3,161,456	3,403,440	3,457,424	3,554,312	3,337,584
June	3,286,280	3,335,392	3,575,576	3,512,048	3,595,824	3,672,320
Second quarter total	9,006,104	9,029,136	9,642,464	9,803,048	10,128,776	9,731,248
Annual percent change	3.6 %	0.3 %	6.8 %	1.7 %	3.3 %	(3.9)%
July	3,379,960	3,362,504	3,579,976	3,920,712	3,999,848	3,855,952
August	3,586,248	3,764,952	3,948,912	3,979,920	4,078,696	4,019,608
September	3,245,784	3,496,664	3,537,496	3,756,256	3,771,264	3,569,744
Third quarter total	10,211,992	10,624,120	11,066,384	11,656,888	11,849,808	11,445,304
Annual percent change	(0.2)%	4.0 %	4.2 %	5.3 %	1.7 %	(3.4)%
October	3,309,960	3,456,280	3,612,656	3,815,136	3,684,456	3,534,248
November	2,703,392	2,798,264	2,891,736	2,937,088	2,939,008	2,905,032
December	2,180,840	2,564,448	2,572,952	2,478,696	2,419,432	2,441,312
Fourth quarter total	8,194,192	8,818,992	9,077,344	9,230,920	9,042,896	8,880,592
Annual total	$ 34,068,472	$ 34,898,000	$ 36,284,128	$ 37,135,472	$ 37,806,752	$ 36,744,504
Annual Percent Change	(0.2)%	4.0 %	4.2 %	5.3 %	1.8 %	(2.8)%
Year to date total (through May)	$ 12,376,008	$ 12,119,496	$ 12,564,824	$ 12,735,616	$ 13,318,224	$ 12,746,288
Annual percentage change	9.4 %	(2.1)%	3.7 %	1.4 %	4.6 %	(4.3)%

Note: CFC Collections from off site Rental Car Companies commenced in August 2013.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2012	2013	2014	2015	2016	2017
January	$ 2,043,472	$ 2,021,728	$ 2,095,216	$ 2,190,072	$ 2,366,544	$ 2,179,944
February	2,119,752	2,023,816	2,037,496	2,091,544	2,287,024	2,168,312
March	2,492,960	2,380,208	2,365,224	2,531,080	2,692,120	2,717,168
First quarter total	6,656,184	6,425,752	6,497,936	6,812,696	7,345,688	7,065,424
Annual percent change	14.4 %	(3.5)%	1.1 %	4.8 %	7.8 %	(3.8)%
April	2,584,776	2,532,288	2,663,448	2,962,240	3,143,320	2,929,808
May	3,135,048	3,161,456	3,403,440	3,623,328	3,741,768	3,551,752
June	3,286,280	3,335,392	3,575,576	3,691,640	3,780,904	3,862,184
Second quarter total	9,006,104	9,029,136	9,642,464	10,277,208	10,665,992	10,343,744
Annual percent change	3.6 %	0.3 %	6.8 %	6.6 %	3.8 %	(3.0)%
July	3,379,960	3,362,504	3,579,976	4,127,848	4,185,472	4,051,040
August	3,586,248	3,764,952	3,948,912	4,188,848	4,289,320	4,260,320
September	3,245,784	3,496,664	3,537,496	3,934,624	3,947,136	3,838,864
Third quarter total	10,211,992	10,624,120	11,066,384	12,251,320	12,421,928	12,150,224
Annual percent change	(0.2)%	4.0 %	4.2 %	10.7 %	1.4 %	(2.2)%
October	3,309,960	3,456,280	3,612,656	4,012,344	3,868,232	3,818,288
November	2,703,392	2,798,264	2,891,736	3,144,944	3,094,176	3,131,064
December	2,180,840	2,564,448	2,572,952	2,705,784	2,533,912	2,585,976
Fourth quarter total	8,194,192	8,818,992	9,077,344	9,863,072	9,496,320	9,535,328
Annual total	$ 34,068,472	$ 34,898,000	$ 36,284,128	$ 39,204,296	$ 39,929,928	$ 39,094,720
Annual Percent Change						
Year to date total (through May)	$ 12,376,008	$ 12,119,496	$ 12,564,824	$ 13,398,264	$ 14,230,776	$ 13,546,984
Annual percentage change	9.4 %	(2.1)%	3.7 %	6.6 %	6.2 %	(4.8)%

Note: CFC Collections from off site Rental Car Companies commenced in August 2013.

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
	Firefly		Existing Off-Airport
Avis Budget Car Rental, LLC	Avis Car Rental Budget Rent-A-Car	Delaware limited liability company and subsidiary of Avis Budget Group, Inc (NASDAQ: CAR)	Existing On-Airport
	Payless Car Rental		Existing Off-Airport
The Catalyst Capital Group [2] [3]	Advantage Rent-A-Car	Toronto-based private equity firm	Existing Off-Airport
Silvercar Inc	Silvercar	Privately held business corporation in Delaware	New Service Provider

(1) Ace Rent-A-Car corporate locations, including the off-airport Ace location at O'Hare were sold to Avis Budget and fully transitioned to the Payless brand in 2014.
(2) Advantage Rent-A-Car entered into an agreement to purchase E-Z Rent-A-Car, Inc. in February 2015. The transaction was completed in June 2015.

Sources: City of Chicago Department of Aviation; Ricondo & Associates, Inc.