NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

*In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the 2023 Bonds will not be includable in gross income for federal income tax purposes. Interest on the 2023 Bonds does not constitute an item of tax preference in computing alternative minimum taxable income for purposes of the individual alternative minimum tax. Interest on the 2023 Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. Interest on the 2023 Bonds is not exempt from Illinois income taxes. See "**TAX MATTERS**" herein for a more complete discussion.*

$520,835,000
BOARD OF EDUCATION OF THE CITY OF CHICAGO
DEDICATED CAPITAL IMPROVEMENT TAX BONDS
SERIES 2023

Dated: Date of Delivery **Due April 1, as shown on the inside cover**

The Dedicated Capital Improvement Tax Bonds, Series 2023 will be issued by the Board of Education of the City of Chicago (the "Board" or "CPS") in the aggregate principal amount of $520,835,000 (the "2023 Bonds"). The 2023 Bonds will be issued under a Master Trust Indenture dated as of December 1, 2016 (the "Master Trust Indenture"), as supplemented, including by a Fourth Supplemental Indenture dated as of March 1, 2023 (the "Fourth Supplemental Indenture" and with the Master Trust Indenture, as amended and supplemented from time to time, including as supplemented by the Fourth Supplemental Indenture, being referred to as the "Indenture"), by and between the Board and Amalgamated Bank of Chicago, Chicago, Illinois, as trustee (the "Trustee"). The proceeds of the 2023 Bonds will be used as described herein. See "PLAN OF FINANCE."

The 2023 Bonds will be issued as fully registered bonds in denominations of $5,000 and any integral multiple thereof. The 2023 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2023 Bonds. Purchasers of the 2023 Bonds will not receive certificates representing their interests in the 2023 Bonds purchased. Principal of and interest on the 2023 Bonds will be paid by the Trustee under the Indenture to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursal to the beneficial owners of the 2023 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2023 Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See APPENDIX I – "BOOK-ENTRY ONLY SYSTEM."

The 2023 Bonds are limited obligations of the Board payable from and secured under the Indenture by a pledge of and lien on, the Trust Estate (as defined herein), including the Capital Improvement Taxes (as defined herein) and amounts on deposit in the Consolidated Debt Service Reserve Fund (as defined herein) established under the Indenture. The 2023 Bonds are also payable from all Funds, Sub-Funds, Accounts and Sub-Accounts pledged as security for the payment of the 2023 Bonds under the Indenture. The 2023 Bonds are not general obligations of the Board and neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of debt service on the 2023 Bonds. See "SECURITY FOR THE 2023 Bonds."

The maturity dates, principal amounts, interest rates, yields, prices, and CUSIP numbers of the 2023 Bonds are set forth on the inside cover. The 2023 Bonds are subject to redemption prior to maturity as described herein. See "THE 2023 Bonds – Redemption Provisions."

INVESTMENT IN THE 2023 BONDS INVOLVES CERTAIN RISKS, AND PROSPECTIVE PURCHASERS SHOULD READ THE INFORMATION UNDER THE HEADING "BONDHOLDERS' RISKS" FOR A DISCUSSION OF SOME, BUT NOT NECESSARILY ALL, OF THE POSSIBLE RISKS THAT SHOULD BE CAREFULLY EVALUATED PRIOR TO PURCHASING ANY 2023 BONDS. THE 2023 BONDS ARE NOT SUITABLE INVESTMENTS FOR ALL PERSONS, AND PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS AND SHOULD BE ABLE TO BEAR THE RISK OF LOSS OF THEIR INVESTMENT IN THE 2023 BONDS BEFORE CONSIDERING A PURCHASE OF THE 2023 BONDS. SEE "BONDHOLDERS' RISKS" AND "RATINGS."

This cover page contains information for quick reference only and is not a summary of the 2023 Bonds. Prospective purchasers must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2023 Bonds are being offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinion of Bond Counsel. In connection with the issuance of the 2023 Bonds, certain legal matters will be passed upon for the Board by its General Counsel, its Issuer's Counsel, BurgherGray, LLP, Chicago, Illinois. and in connection with the preparation of this Official Statement, its Disclosure Counsel, Charity & Associates, P.C., Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their counsel, Ice Miller LLP, Chicago, Illinois.

Delivery of the 2023 Bonds is expected to be made through the facilities of DTC in New York, New York, on or about March 9, 2023.

BofA Securities **Loop Capital Markets**

Piper Sandler & Co. **PNC Capital Markets LLC** **Ramirez & Co., Inc.**

Cabrera Capital Markets LLC **Estrada Hinojosa** **Goldman Sachs & Co. LLC**

Mesirow Financial, Inc. **Morgan Stanley** **Siebert Williams Shank & Co., LLC** **UBS**

Dated: February 28, 2023

$520,835,000
BOARD OF EDUCATION OF THE CITY OF CHICAGO
DEDICATED CAPITAL IMPROVEMENT TAX BONDS
SERIES 2023

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIPS

Maturity April 1	Principal Amount	Interest Rate (%)	Yield (%)	Price (%)	CUSIP†
2033	$13,600,000	5.25	4.35	107.267	167510AW6
2034	14,320,000	5.25	4.43	106.595*	167510AX4
2035	15,065,000	5.25	4.56	105.515*	167510AY2
2036	15,855,000	5.25	4.72	104.203*	167510AZ9
2037	16,685,000	5.25	4.87	102.990*	167510BA3
2038	17,570,000	5.00	5.01	99.891	167510BB1
2039	18,445,000	5.25	5.02	101.796*	167510BC9
2040	19,415,000	5.25	5.07	101.401*	167510BD7
2041	20,430,000	5.00	5.12	98.593	167510BE5
2042	21,460,000	5.50	5.15	102.717*	167510BF2
2043	22,640,000	5.50	5.18	102.480*	167510BG0

$48,960,000 5.00% Term Bonds due April 1, 2045, Yield 5.19%, Price 97.517% CUSIP† 167510BH8

$276,390,000 5.75% Term Bonds due April 1, 2048, Yield 5.24%, Price 103.944%* CUSIP† 167510BJ4

*Priced to the optional redemption date of April 1, 2033.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included solely for the convenience of the registered owners of the 2023 Bonds. Neither the Board nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2023 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023 Bonds.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Board or the Underwriters to give any information or to make any representation with respect to the 2023 Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is neither an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the Board and include information from other sources that the Board believes to be reliable. Such information is not guaranteed as to accuracy, fairness or completeness, and is not to be construed as a representation by the Underwriters. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date hereof. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the 2023 Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy, fairness or completeness of such information.

This Official Statement should be considered in its entirety. All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2023 Bonds are further qualified by reference to the information with respect thereto contained in the Indenture for the 2023 Bonds. Copies of the Indenture are available for inspection at the offices of the Board and the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

This Official Statement contains disclosures which contain *"forward-looking statements."* Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like *"may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan,"* or *"continue."* These forward-looking statements are based on the current plans and expectations of the Board and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the Board's future financial position, including but not limited to changes in general economic conditions, demographic trends and State and federal funding of programs which may affect the transfer of funds from the State and federal governments to the Board. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the Board herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN CONNECTION WITH THE OFFERING OF THE 2023 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2023 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS WITH RESPECT TO THE OFFERING AND SALE OF THE 2023 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE 2023 BONDS ARE RELEASED FOR SALE AND THE 2023 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2023 BONDS INTO INVESTMENT ACCOUNTS.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

MEMBERS

Miguel del Valle
President

Joyce Chapman
Sulema Medrano Novak
Paige Ponder
Michael Scott, Jr.
Elizabeth Todd-Breland

MANAGEMENT

Pedro Martinez
Chief Executive Officer

Miroslava Mejia Krug
Chief Financial Officer

Walter M. Stock
Treasurer and Deputy Chief Financial Officer

Katten Muchin Rosenman LLP
Bond Counsel

BurgherGray, LLP
Issuer's Counsel to the Board

Charity & Associates, P.C.
Disclosure Counsel to the Board

Columbia Capital Management, LLC
Financial Advisor

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$520,835,000
BOARD OF EDUCATION OF THE CITY OF CHICAGO
DEDICATED CAPITAL IMPROVEMENT TAX BONDS
SERIES 2023

INTRODUCTION

General

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices hereto, is to set forth information in connection with the offering and sale by the Board of Education of the City of Chicago (the "Board" or "CPS") of its $520,835,000 principal amount of Dedicated Capital Improvement Tax Bonds, Series 2023 (the "2023 Bonds"). The 2023 Bonds, together with the Board's previously-issued Dedicated Capital Improvement Tax Bonds, Series 2016, Dedicated Capital Improvement Tax Bonds, Series 2017 and Dedicated Capital Improvement Tax Bonds, Series 2018, issued and outstanding in the aggregate principal amount of $880,480,000 (the "Outstanding Parity Bonds"), any Additional Bonds (as defined herein), and any Refunding Bonds (as defined herein) issued under and pursuant to the Indenture (as defined herein), are collectively referred to herein as the "Bonds" or "Dedicated Capital Improvement Tax Bonds." A summary of certain provisions of the Indenture and definitions of certain capitalized terms used in this Official Statement and not otherwise defined in the body of this Official Statement are set forth in APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Board

The Board is a body politic and corporate of the State of Illinois (the "State"). The Board is established under and governed by Article 34 of the School Code (105 Illinois Compiled Statutes 5) (the "School Code") of the State. The Board maintains a system of public schools within its boundaries (the "School District") for pre-kindergarten through grade twelve. The School District has boundaries coterminous with the boundaries of the City of Chicago (the "City"). The seven-member Board currently serves as the governing body of the School District. The members serve four-year terms and are appointed by the Mayor of the City (the "Mayor"). The Board operates on a fiscal year ending June 30 (the "Fiscal Year").

Authorization

The 2023 Bonds are authorized to be issued pursuant to Section 34-53.5 of the School Code (the "CIT Act") and the Local Government Debt Reform Act (30 Illinois Compiled Statutes 350) (the "Debt Reform Act"). Under the CIT Act, the Board is authorized to impose an annual *ad valorem* property tax (the "Capital Improvement Tax") in specific annual amounts for the purpose of providing a source of revenue for capital improvement purposes permitted under the CIT Act (the "Permitted Projects"), including the specific capital projects to be financed with the proceeds of the 2023 Bonds pursuant to the Fourth Supplemental Indenture (as defined herein) (collectively, the "2023 Project") and for the purpose of providing security for the payment of bonds (including the 2023 Bonds and the Outstanding Parity Bonds) issued pursuant to the Debt Reform Act to finance the costs of Permitted Projects. See "PLAN OF FINANCE – Overview" and "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

The 2023 Bonds are further issued pursuant to a resolution adopted by the Board on January 25, 2023 (the "Bond Resolution"), authorizing the issuance of additional Dedicated Capital Improvement Tax Bonds payable from the Capital Improvement Taxes (as defined herein) in an amount not to exceed $600,000,000. No Bonds have been issued to date pursuant to the Bond Resolution.

The 2023 Bonds and Use of Proceeds

The proceeds of the 2023 Bonds will be used to (i) finance the 2023 Project, (ii) make a deposit to the Consolidated Debt Service Reserve Fund (as defined herein) to increase the amount held therein to the Consolidated Reserve Requirement (as defined herein), (iii) fund a deposit to the Capitalized Interest Account to provide for funding of interest on the 2023 Bonds through April 1, 2024 and (iv) pay costs of issuance of the 2023 Bonds. See "PLAN OF FINANCE."

Security for the 2023 Bonds

The 2023 Bonds will be issued and secured under a Master Trust Indenture Securing Board of Education of the City of Chicago Dedicated Capital Improvement Tax Bonds dated as of December 1, 2016 (the "Master Trust Indenture"), as supplemented by a First Supplemental Indenture Securing Board of Education of the City of Chicago Dedicated Capital Improvement Tax Bonds, Series 2016 dated as of December 1, 2016 (the "First Supplemental Indenture"), a Second Supplemental Indenture Securing Board of Education of the City of Chicago Dedicated Capital Improvement Tax Bonds, Series 2017 dated as of November 1, 2017 (the "Second Supplemental Indenture"), a Third Supplemental Indenture Securing Board of Education of the City of Chicago Dedicated Capital Improvement Tax Bonds, Series 2018 dated as of December 1, 2018 (the "Third Supplemental Indenture") and a Fourth Supplemental Indenture Securing Board of Education of the City of Chicago Dedicated Capital Improvement Tax Bonds, Series 2023 dated as of March 1, 2023 (the "Fourth Supplemental Indenture"), each by and between the Board and Amalgamated Bank of Chicago, Chicago, Illinois, as trustee (the "Trustee"). The Master Trust Indenture as amended and supplemented from time to time, including as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, is referred to herein as the "Indenture."

The 2023 Bonds are limited obligations of the Board payable from and secured by a pledge of, lien on, and security interest in the Trust Estate created by the Trust Indenture, consisting primarily of the revenues derived and to be derived by the Board from the levy of the Capital Improvement Tax, including but not limited to, regular tax receipts and late payment interest and penalties (the "Capital Improvement Taxes"). See "CAPITAL IMPROVEMENT TAX." The Bond Resolution and the Indenture pledge the Capital Improvement Taxes to the payment of debt service on the 2023 Bonds. The Board has levied the Capital Improvement Tax in the amount of the Annual Debt Service Requirement on the 2023 Bonds for each year that the 2023 Bonds are outstanding and in the amount of the Annual Debt Service Requirement on each Series of the Outstanding Parity Bonds for each year that such Series of the Outstanding Parity Bonds is outstanding (each such levy is referred to herein as a "Bond Resolution Series Levy"). Since the Capital Improvement Tax has been levied in the Bond Resolution authorizing the 2023 Bonds, no further action of the Board is required to implement the extension and collection of the Bond Resolution Series Levy to pay debt service on the 2023 Bonds. See "CAPITAL IMPROVEMENT TAX."

Pursuant to the Indenture, the Board has covenanted, to the fullest extent permitted by applicable law, to annually impose an additional levy of the Capital Improvement Tax (the "Annual Coverage CIT Tax Levy") in an amount sufficient, together with each Bond Resolution Series Levy for Outstanding Bonds, such that the Annual Levy Amount (as defined in the Indenture) for each year, and the amount of Capital Improvement Tax extended for collection in the corresponding Tax Collection Year, will each be in an amount not less than 110% of the Annual Debt Service Requirement (as defined in the Indenture) for the Applicable Bond Year (as defined in the Indenture).

Pursuant to the CIT Act, the Board is authorized to and may impose an additional annual levy of the Capital Improvement Tax (the "Annual Additional CIT Tax Levy"). The Board is not obligated under the Indenture or otherwise to impose the Annual Additional CIT Tax Levy and imposition of such levy is subject to the annual authorization by the Board. If imposed by the Board, all collections of the Annual Additional CIT Tax Levy would be pledged to secure the Bonds, deposited into the Escrow Fund and collected, deposited and applied in the same manner as all other Capital Improvement Taxes. For any Tax Levy Year (as defined herein), the sum of the Bond Resolution Tax Levies, the Annual Coverage CIT Tax Levy and the Annual Additional CIT Tax Levy may not exceed the Statutory Cap (as defined herein) for such Tax Levy Year.

The 2023 Bonds are also payable from amounts on deposit in the Consolidated Debt Service Reserve Fund established under the Indenture (the "Consolidated Debt Service Reserve Fund") on a parity with (i) the Outstanding Parity Bonds and (ii) any Additional Bonds and Refunding Bonds issued under the Indenture as Consolidated Reserve Fund Bonds (as defined in the Indenture). See "SECURITY FOR THE 2023 BONDS – Consolidated Debt Service Reserve Fund" and APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Consolidated Debt Service Reserve Fund." The 2023 Bonds are also payable from all Funds, Sub-Funds, Accounts and Sub-Accounts established as security for such Bonds pursuant to the Indenture (each as defined in the Indenture). See "SECURITY FOR THE 2023 BONDS – Sources of Payment for the 2023 Bonds."

The Capital Improvement Tax is an ad valorem tax levied against all of the taxable property in the School District and is not subject to the limitations of the limitations of the Property Tax Extension Limitation Law (35 Illinois Compiled Statutes 200/18-185) ("PTELL").

Additional Bonds and Refunding Bonds

Pursuant to the Indenture, the Board may issue from time to time Additional Bonds for the purpose of financing the costs of Permitted Projects and Refunding Bonds for the purpose of refunding outstanding Bonds, in each case payable on a parity basis with the Outstanding Parity Bonds and the 2023 Bonds from all or any portion of the Capital Improvement Taxes. See "SECURITY FOR THE 2023 BONDS – Additional Bonds and Refunding Bonds Payable from Capital Improvement Taxes."

Subordinated Indebtedness and Tax Anticipation Notes Payable from Capital Improvement Taxes

In addition to Additional Bonds and Refunding Bonds, the Board is permitted under the Indenture to issue subordinated indebtedness or obligations payable as to principal and interest from Capital Improvement Taxes, but only if such indebtedness or obligation is junior and subordinate in all respects to any and all Bonds issued and Outstanding under the Indenture (collectively the "Subordinated Indebtedness"). Subordinated Indebtedness is not payable from the Debt Service Fund (as defined herein) or the Consolidated Debt Service Reserve Fund and is not entitled to any of the benefits or security of the Indenture. For a discussion of certain provisions relating to the issuance of Subordinated Indebtedness, see APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Subordinated Indebtedness."

The Board is also permitted under the Indenture to issue Tax Anticipation Notes (as defined in APPENDIX A) in anticipation of the collection of Capital Improvement Taxes to be collected in the current Tax Collection Year (as defined herein) or the next ensuing Tax Collection Year. Tax Anticipation Notes issued in anticipation of the collection of Capital Improvement Taxes shall be junior and subordinate in all respects to any and all Bonds issued and outstanding under the Indenture, are not payable from the Debt Service Fund or the Consolidated Debt Service Reserve Fund, and are not entitled to any of the benefits or security of the Indenture. No such Tax Anticipation Notes are outstanding. For a discussion of provisions relating to the issuance of Tax Anticipation Notes issued in anticipation of the collection of Capital Improvement Taxes, see APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Tax Anticipation Notes."

Limited Obligations

The 2023 Bonds are limited obligations of the Board payable solely from the Capital Improvement Taxes and the other moneys pledged for their payment in accordance with the Indenture. The 2023 Bonds are not general obligations of the Board and neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of principal of or interest on the 2023 Bonds.

Bondholders' Risks and Suitability of Investment

INVESTMENT IN THE 2023 BONDS INVOLVES CERTAIN RISKS, AND PROSPECTIVE PURCHASERS SHOULD READ THE INFORMATION UNDER THE HEADING "BONDHOLDERS' RISKS" FOR A DISCUSSION OF SOME, BUT NOT NECESSARILY ALL, OF THE POSSIBLE RISKS THAT SHOULD BE CAREFULLY EVALUATED PRIOR TO PURCHASING ANY 2023 BONDS. THE 2023 BONDS ARE NOT SUITABLE INVESTMENTS FOR ALL PERSONS, AND PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS AND SHOULD BE ABLE TO BEAR THE RISK OF LOSS OF THEIR INVESTMENT IN THE 2023 BONDS BEFORE CONSIDERING A PURCHASE OF THE 2023 BONDS. SEE "BONDHOLDERS' RISKS" AND "RATINGS."

Certain References

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" or, if not defined therein, in the Indenture.

The references in this Official Statement to the locations of certain information on various websites are noted as of the date of this Official Statement and are included herein solely for general background purposes and for the convenience of owners of the 2023 Bonds (the "Bondholders"). There is no assurance that such information will be maintained or updated on such websites in the future. None of the information on such websites is incorporated by reference into this Official Statement and neither the Board nor the Underwriters (as defined herein) take responsibility for the information contained therein nor have they attempted to verify the accuracy of such information.

CAPITAL IMPROVEMENT TAX

Statutory Authority and City Council and Board Approval

The CIT Act took effect in 2002 and authorized the imposition of the Capital Improvement Tax, subject to a one-time approval by the City Council of the City of Chicago (the "City Council") that was granted in calendar year 2015. The Board authorized the initial levy of the Capital Improvement Tax in calendar year 2015 for collection in calendar year 2016. The City Council approval included a requirement for periodic reporting regarding planned expenditures by the Board to the City Council, which reporting requirement is reflected in a covenant of the Board in the Indenture. The Board is in compliance with such reporting requirement. Other than this periodic reporting, no current or future action of the City Council is required to permit the Board to exercise the rights granted to the Board under the CIT Act to impose and extend, and collect the revenues produced by, the levy of the Capital Improvement Tax. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Capital Improvements

The CIT Act authorizes the imposition of the Capital Improvement Tax for the limited purpose of providing a source of revenue for Permitted Projects or as security for the payment of bonds (including the Bonds) issued to fund Permitted Projects in accordance with the Debt Reform Act. The Permitted Projects to be funded under the CIT Act include the construction and equipping of new school buildings, additions to existing school buildings, the purchase of school grounds on which any new school building or an addition to an existing school building is to be constructed or located, and the rehabilitation, renovation, and equipping of existing school buildings.

CIT Act Authorized Amount of Levy

While the one-time approval of City Council was not obtained until calendar year 2015 and the Capital Improvement Tax was not levied by the Board until Tax Levy Year 2015, the CIT Act set out maximum authorized amounts of Capital Improvement Tax (the "Statutory Cap") that can be levied in each Tax Levy Year as follows:

(a) In Tax Levy Year 2003, a Capital Improvement Tax to produce, when extended, an amount not to exceed the product attained by multiplying (1) the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor for the 12 months ending 2 months prior to the month in which the levy is adopted ("CPI") by (2) $142,500,000.

(b) In each Tax Levy Year from 2004 through 2030, a Capital Improvement Tax to produce, when extended, an amount not to exceed the sum of (1) the maximum amount that could have been levied by the Board in the preceding Tax Levy Year pursuant to the CIT Act and (2) the product obtained by multiplying (A) the sum of (i) the maximum amount that could have been levied by the Board in the preceding Tax Levy Year pursuant to the CIT Act and (ii) $142,500,000 by (B) the percentage increase, if any, in CPI for the 12 months ending 2 months prior to the month in which the levy is adopted.

(c) In Tax Levy Year 2031, a Capital Improvement Tax to produce, when extended, an amount not to exceed the sum of (1) the maximum amount that could have been levied by the Board in Tax Levy Year 2030 pursuant to the CIT Act, (2) $142,500,000, and (3) the product obtained by multiplying (A) the sum of (i) the maximum amount that could have been levied by the Board in Tax Levy Year 2030 pursuant to the CIT Act and (ii) $142,500,000 by (B) the percentage increase, if any, in CPI for the 12 months ending 2 months prior to the month in which the levy is adopted.

(d) In Tax Levy Year 2032 and each Tax Levy Year thereafter, a Capital Improvement Tax to produce, when extended, an amount not to exceed the sum of (1) the maximum amount that could have been levied by the Board in the preceding Tax Levy Year pursuant to the CIT Act and (2) the product obtained by multiplying (A) the maximum amount that could have been levied by the Board in the preceding Tax Levy Year pursuant to the CIT Act by (B) the percentage increase, if any, in CPI for the 12 months ending 2 months prior to the month in which the levy is adopted.

Capital Improvement Tax Not Limited by PTELL

The Board is subject to PTELL, which limits the ability of the Board to increase property taxes for operations. PTELL specifically limits the annual growth in property tax extensions for the Board to the lesser of 5% or the percentage increase in CPI during the calendar year preceding the relevant Tax Levy Year. Generally, extensions can be increased beyond this limitation only due to increases in the Equalized Assessed Valuation attributable to new construction or with voter approval. PTELL requires the Cook County Clerk, in extending taxes for the Board, to use the Equalized Assessed Valuation of all property within the School District for the levy year prior to the levy year for which taxes are then being extended. PTELL does not limit the rate or amount of the Capital Improvement Tax levy. See APPENDIX C – "THE REAL PROPERTY TAX SYSTEM."

The Annual Coverage CIT Tax Levy and the Annual Additional CIT Tax Levy are subject to the Illinois Truth in Taxation Law. For a description of the Illinois Truth in Taxation Law, see APPENDIX C – "THE REAL PROPERTY TAX SYSTEM – Real Property Assessment, Tax Levy and Collection Procedures – Tax Levy."

Capital Improvement Tax Levy Components

The 2023 Bonds are issued under the CIT Act and the Debt Reform Act. The Board adopted the Bond Resolution that authorizes the issuance of the 2023 Bonds payable from, and secured by, the Capital Improvement Taxes. The Bond Resolution pledges the Capital Improvement Taxes to the payment of debt service on the 2023 Bonds on a parity with the Outstanding Parity Bonds and any Additional Bonds and Refunding Bonds issued pursuant to the Indenture. The Indenture provides for the direct deposit of the Capital Improvement Tax in the Escrow Fund (as defined herein) held by the Trustee under the Indenture. See "–Direct Deposit of Capital Improvement Taxes with the Trustee."

Pursuant to the Bond Resolution, the Board has levied the Bond Resolution Series Levy of the Capital Improvement Tax for the 2023 Bonds in the amount of the Annual Debt Service Requirement on the 2023 Bonds for each year that the 2023 Bonds are outstanding. In addition, the Board has levied the Bond Resolution Series Levy of the Capital Improvement Tax for each Series of the Outstanding Parity Bonds in the amount of the Annual Debt Service Requirement on the Bonds of such Series for each year that the Bonds of such Series are outstanding.

Pursuant to the Indenture, the Board has covenanted to annually impose the Annual Coverage CIT Tax Levy. See "SECURITY FOR THE 2023 BONDS – Levy of the Capital Improvement Tax" and "BONDHOLDERS' RISKS – Adverse Change in Laws." All collections of the Annual Coverage CIT Tax Levy will be collected, deposited and applied in the same manner as all other Capital Improvement Taxes.

Pursuant to the CIT Act, the Board is authorized to and may impose the Annual Additional CIT Tax Levy. The Board is not obligated under the Indenture or otherwise to impose the Annual Additional CIT Tax Levy. If it is imposed, all collections of the Annual Additional CIT Tax Levy will be collected, deposited and applied in the same manner as all other Capital Improvement Taxes.

For any Tax Levy Year, the sum of the Bond Resolution Tax Levies, the Annual Coverage CIT Tax Levy and the Annual Additional CIT Tax Levy may not exceed the Statutory Cap for such Tax Levy Year.

Illinois Real Property Tax System Overview and Tax Collection

The levy, extension and collection of *ad valorem* property taxes throughout Illinois, including the School District, are governed by the Illinois Property Tax Code (35 Illinois Compiled Statutes 200) (the "Property Tax Code"). A general summary of the current procedures for real property assessment, tax levy and tax collection in Cook County (the "County") that are applicable to the Board is included in APPENDIX C – "THE REAL PROPERTY TAX SYSTEM."

Property taxes are collected by the County Collectors, who remit to each unit of government its share of the collections. As described under the subheading "– Direct Deposit of Capital Improvement Taxes with the Trustee" the CIT Tax Revenues will be remitted directly to the Trustee pursuant to the Deposit Directions (as defined herein). In Illinois, property taxes levied for a calendar year (the "Tax Levy Year") are extended by the County for collection and are billed to property owners in the following calendar year (the "Tax Collection Year"). Currently, property taxes are due and payable by property owners in two installments. The first is typically due on March 1 and is an estimated bill calculated at 55% of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, assessed value and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment. Historically the second installment was due on the later of August 1 or 30 days after the mailing of the tax bills.

Moreover, as a result of the onset of the COVID-19 pandemic at the beginning of calendar year 2020, the tax penalty dates for the second installment of Tax Levy Year 2019, the first installment of Tax Levy Year 2020 and the second installment of Tax Levy Year 2020 property taxes levied in the County were extended to October 1, 2020, May 3, 2021 and October 1, 2021, respectively. The due dates for the second installment for Tax Levy Year 2021 and the first installment for Tax Levy Year 2022 were extended to December 30, 2022 and April 3, 2023, respectively, primarily because of the implementation of a new computer system by the County, which implementation remains ongoing with an expectation of completion by the end of calendar year 2023.

The following table sets forth the second installment penalty date for the Tax Levy Years 2012 through 2021. Except for the first installment penalty date for Tax Levy Year 2020 of May 3, 2021, and the first installment penalty date for Tax Levy Year 2022 of April 3, 2023, the first installment penalty date has been March 1, 2 or 3 for all years.

Second Installment Penalty Date

Tax Levy Year	Penalty Date
2021	December 30, 2022
2020	October 1, 2021
2019	October 1, 2020
2018	August 1, 2019
2017	August 1, 2018
2016	August 1, 2017
2015	August 1, 2016
2014	August 3, 2015
2013	August 1, 2014
2012	August 1, 2013

The County may provide for tax bills to be payable in four installments instead of two. Currently, the County does not require payment of tax bills in four installments.

At the end of each Tax Collection Year, the County Collector presents the Warrant Books (as defined herein) to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the **"Annual Tax Sale"**). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue interest at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus an additional penalty fee calculated from the penalty bid at sale times a certain multiplier based on each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.

A scavenger sale (the **"Scavenger Sale"**), like the Annual Tax Sale, is a sale of unpaid taxes. A Scavenger Sale must be held, at a minimum, every two years on all property on which taxes are delinquent for two or more years. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

The annual appropriation ordinance of the Board has a provision for an allowance for uncollectible taxes for debt service, including those related to the Capital Improvement Tax. The Board reviews this provision annually to determine whether adjustments are appropriate. For Tax Levy Year 2022 collected in Tax Collection Year 2023, the allowance for uncollectible taxes is approximately three percent of the estimated gross tax levy. For financial reporting purposes, uncollected taxes are written off by the Board after four years, but are fully reserved after one year.

The Property Tax Code is subject to change, from time to time, by the Illinois General Assembly. Any such change could impact the levy and collection of the Capital Improvement Tax. See "BONDHOLDERS' RISKS – Adverse Change in Laws."

For a discussion of the historical and current *ad valorem* property tax rates, levies and collections of the Board and the Overlapping Taxing Districts (as defined herein) see "DEBT STRUCTURE – Overlapping Taxing Districts and Overlapping Debt" and "FINANCIAL INFORMATION – Property Tax Revenues. For a discussion of certain risks related to the Capital Improvement Taxes, see "BONDHOLDERS' RISKS – Availability of Capital Improvement Taxes" and "– Adverse Change in Laws."

Overview of Timing of Capital Improvement Tax Levy, Collection and Payment of Debt Service

Pursuant to the Indenture, Capital Improvement Taxes collected in a Tax Collection Year will be applied to pay principal of and interest on the Bonds in the Bond Year commencing on April 2 of the Tax Collection Year. An overview of this three-year cycle consisting of the Tax Levy Year, Tax Collection Year and Bond Year is described below.

Year 1 – Tax Levy Year: The Capital Improvement Tax is levied by the Board and is filed with the County for collection.

Year 2 – Tax Collection Year: The County extends the taxes levied for a Tax Levy Year for collection in the following calendar year, referred to as the Tax Collection Year. Property taxes, including the Capital Improvement Tax, are currently due and payable by property owners in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the second installment tax bills in each Tax Collection Year. The first installment is an estimated bill calculated at 55% of the prior year's tax extension and the second installment is for the balance of the current year's tax extension. The Capital Improvement Tax revenues collected will be deposited directly by the County Collectors with the

Trustee pursuant to the Deposit Directions and the Trustee will deposit such funds in the Escrow Fund under the Indenture as described under the heading "SECURITY FOR THE 2023 BONDS – Escrow Fund."

Year 3 – Bond Year: The revenues from the Capital Improvement Tax held by the Trustee will be applied to payment of debt service due and payable on the Bonds on October 1 of the Tax Collection Year and April 1 of the next calendar year.

As of January 27, 2023, the Capital Improvement Tax revenues collected and deposited by the County Collectors with the Trustee and deposited by the Trustee in the Escrow Fund under the Indenture are sufficient to pay the debt service coming due on April 1, 2023 for the Outstanding Bonds in accordance with the provisions of the Indenture.

Capital Improvement Tax Historical Levy and Collections

The following table provides the tax levies and tax collections of the Capital Improvement Tax extended for collection in Cook County. The table reflects the Tax Collection Year in which such taxes are levied and such taxes are extended for collection in the following calendar year and applied to pay debt service on the Bonds for the annual period commencing on April 2 of the Tax Collection Year and ending on April 1 of the next year (the "Bond Year"). Column (A) in the table includes the Bond Resolution Series Levies. Column (B) shows the Annual Additional CIT Tax Levy providing the 1.10 coverage required under the Indenture and the Annual Additional CIT Tax Levy that the Board elected to impose on a combined basis. Column (C) shows the Total Levy. Columns (D) and (E) show the amount of collections (D) and the percentage of the total levy (E) collected within the Tax Collection Year. Columns (F) and (G) show the amount of collections (F) and the percentage of the total levy (G) collected as of February 28, 2023.

Board of Education of City of Chicago Capital Improvement Tax Levy and Collections

(Dollars in Thousands)

			(A)	(B)	(C)	(D)	(E)	(F)	(G)
Tax Levy Year	Tax Collection Year Ending 12/31	Bond Year Ending 4/1	Bond Resolution Series Levies	Annual Coverage CIT Tax Levy +Annual Additional CIT Tax Levy[1]	Total Levy[2]	Collections within Tax Collection Year[3]	Percentage of Total Levy Collected within Tax Collection Year	Total Collections to Date[3][4]	Percentage of Total Levy Collected to Date[4]
2015	2016	2017	No Levy	$44,996	$44,996	$43,773	97%	$44,065	98%
2016	2017	2018	No Levy	47,893	47,893	47,064	98%	46,924	98%
2017	2018	2019	$43,539	9,785	53,324	50,161	94%	52,059	98%
2018	2019	2020	46,784	11,490	58,274	58,191	100%	58,112	100%
2019	2020	2021	51,084	11,568	62,652	59,413	95%	60,297	96%
2020	2021	2022	51,084	11,816	62,900	59,432	94%	60,850	97%
2021[3]	2022	2023	51,084	22,328	73,412	70,319	96%	70,769	96%
2022[5]	2023	2024	51,084	36,589	87,673	N.A.	N.A.	N.A.	N.A.

Source: Chicago Public Schools and Cook County Treasurer. Only Capital Improvement Tax extensions and collections are included in the figures shown above. Excludes all other property tax levies of the Board.
[1] There was no Annual Coverage CIT Tax Levy for Tax Levy Years 2015 and 2016.
[2] Reflects Cook County only. Excludes DuPage County.
[3] All collections are net of refunds. First year collections for Levy Year 2021 are shown through January 27, 2023 due to the Cook County property tax collections delay.
[4] Collections shown through February 28, 2023.
[5] Requested levy amounts. Total levies not yet finalized by Cook County.

Direct Deposit of Capital Improvement Taxes with the Trustee

All Capital Improvement Taxes received by the Trustee shall be deposited promptly upon receipt into the Escrow Fund established under the Indenture. The Board has directed the County Treasurers of Cook County and DuPage County, each being a county in which the School District is located, acting as the collectors of property taxes in such counties (the "County Collectors" and each a "County Collector") to segregate from each distribution of property tax collections to the Board the amount of total tax collections attributable to the Capital Improvement Tax extended and collected and to directly deposit the amount so segregated with the Trustee under the Indenture (each a "Deposit Direction"). See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants Regarding Pledged Capital Improvement Taxes." The forms of Deposit Directions executed by the Board and delivered to the County Collectors are attached hereto as APPENDIX F.

Pursuant to the Indenture, the Board covenants that as long as any of the Bonds remain Outstanding, the Board will not agree, and will not attempt to, and will not amend, modify, terminate or revoke any Deposit Direction, except for such modifications or amendments as may be (i) necessitated by changes in State law and applicable rules or regulations thereunder or (ii) necessary in connection with the issuance of Additional Bonds or Refunding Bonds; provided that no such modification or amendment shall provide for the deposit with the Trustee of less than all of the Capital Improvement Taxes to be paid to the Board during any Tax Collection Year. A violation of this covenant constitutes an Event of Default under the Indenture, for which there is no cure period, although the Board has the right to remedy such a violation and to be restored to the former position. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants Regarding Pledged Capital Improvement Taxes" and "– Events of Default."

DEBT SERVICE SCHEDULE AND COVERAGE

Bond Debt Service Schedule and Coverage

The following table sets forth the debt service requirements on the Bonds and the debt service coverage provided by the existing Bond Resolution Series Levies for the Outstanding Parity Bonds and the 2023 Bonds and the Annual Coverage CIT Tax Levy (when imposed) of the Capital Improvement Tax. The table does not reflect debt service on the Bonds consisting of interest payable from funds deposited in the Capitalized Interest Account. The Board has imposed Bond Resolution Series Levies in the aggregate amount of the Annual Debt Service Requirement on the Outstanding Parity Bonds and the 2023 Bonds for each year that the Bonds are outstanding. Pursuant to the Indenture, the Board has covenanted to annually impose the Annual Coverage CIT Tax Levy for collection in each year that the Bonds are outstanding. See "SECURITY FOR THE 2023 BONDS – Indenture Covenants and Representations – Annual Levy Amount," "BONDHOLDERS' RISKS – Availability of Capital Improvement Taxes," "– Adverse Change in Laws," and "– Collection of Capital Improvement Tax."

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Debt Service Schedule, Bond Resolution Series Levies, Annual Coverage CIT Tax Levy and Resultant Debt Service Coverage

Tax Levy Year Ending 12/31	Tax Collection Year Ending 12/31	Bond Year Ending 4/1	Annual Debt Service on the Outstanding Parity Bonds	Annual Debt Service on the 2023 Bonds[1]	Total Debt Service on Parity and 2023 Bonds[1][2]	Maximum Capital Improvement Tax Levy Assuming 0% Annual CPI Growth	Debt Service Coverage (x)
2022	2023	2024	$51,083,890	-	$51,083,890	$87,672,900[2]	1.72
2023	2024	2025	51,083,890	$28,618,638	79,702,528	89,509,095	1.12
2024	2025	2026	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2025	2026	2027	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2026	2027	2028	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2027	2028	2029	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2028	2029	2030	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2029	2030	2031	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2030	2031	2032	51,083,890	28,618,638	79,702,528	89,509,095	1.12
2031	2032	2033	93,698,890	42,218,638	135,917,528	232,009,095	1.71
2032	2033	2034	93,691,278	42,224,638	135,915,916	232,009,095	1.71
2033	2034	2035	93,699,378	42,217,838	135,917,216	232,009,095	1.71
2034	2035	2036	93,699,790	42,216,925	135,916,715	232,009,095	1.71
2035	2036	2037	93,700,350	42,214,538	135,914,888	232,009,095	1.71
2036	2037	2038	93,693,750	42,223,575	135,917,325	232,009,095	1.71
2037	2038	2039	93,696,400	42,220,075	135,916,475	232,009,095	1.71
2038	2039	2040	93,697,200	42,221,713	135,918,913	232,009,095	1.71
2039	2040	2041	93,699,950	42,217,425	135,917,375	232,009,095	1.71
2040	2041	2042	93,692,650	42,225,925	135,918,575	232,009,095	1.71
2041	2042	2043	93,693,150	42,225,625	135,918,775	232,009,095	1.71
2042	2043	2044	93,697,750	42,220,425	135,918,175	232,009,095	1.71
2043	2044	2045	93,692,050	42,226,425	135,918,475	232,009,095	1.71
2044	2045	2046	93,696,600	42,217,425	135,914,025	232,009,095	1.71
2045	2046	2047	-	135,918,738	135,918,738	232,009,095	1.71
2046	2047	2048	-	135,915,188	135,915,188	232,009,095	1.71

[1]Net of capitalized interest.

[2]In Levy Year 2022 the Board levied $87,672,900 which was less than the maximum allowable Capital Improvement Tax levy as calculated under the CIT Act of $89,509,095. In addition, a loss collection factor allowance of approximately 3.6% which has typically been extended by Cook County to the levy requested by the Board was excluded from these figures and would be in addition to the requested levy.

Statutory Cap on Capital Improvement Tax Levy

Pursuant to the CIT Act the Board is authorized to and may impose the Annual Additional CIT Tax Levy. The Board is not obligated under the Indenture or otherwise to impose the Annual Additional CIT Tax Levy and imposition of such levy is subject to the annual authorization by the Board. The maximum amount of the Capital Improvement Tax levy that can be imposed is dependent on the Statutory Cap. See "CAPITAL IMPROVEMENT TAX – CIT Act Authorized Amount of Levy" and "– Capital Improvement Tax Levy Components."

The table below shows the actual Statutory Cap for Tax Levy Year 2022 and two pro forma scenarios for calculation of the Statutory Cap on the Capital Improvement Tax that is authorized to be imposed under the CIT Act for Tax Levy Years beginning in 2023 and thereafter, as follows: (1) collections assuming the annual levy and collection of the Capital Improvement Tax in each year based on the Statutory Cap for Tax Levy Year 2022 assuming no increase in CPI, and (2) collections assuming the maximum annual levy and collection of the Capital Improvement Tax assuming an annual growth in CPI based on the 10-year average growth of 2.732% calculated from the monthly CPI-All Urban Consumers Data, January 2012 to December 2022, published by the Bureau of Labor Statistics. The table below and the scenarios presented are for illustrative purposes only as described herein and the information presented in such table is not a projection by the Board of the future growth in CPI, the amount of the Statutory Cap on the Capital Improvement Tax, or the amount of the Annual Additional CIT Tax Levy that the Board will impose in any Tax Levy Year.

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Actual and Pro Forma Statutory Cap on Amount of Capital Improvement Tax

Tax Levy Year (12/31)	Tax Collection Year (12/31)	Bond Year (4/1)	Statutory Cap on Capital Improvement Tax Levy Assuming 0% Annual CPI Growth	Statutory Cap on Capital Improvement Tax Levy Assuming 2.732% Annual CPI Growth**
2022*	2023	2024	$89,509,095	$89,509,095
2023	2024	2025	89,509,095	91,954,799
2024	2025	2026	89,509,095	94,467,328
2025	2026	2027	89,509,095	97,048,508
2026	2027	2028	89,509,095	99,700,215
2027	2028	2029	89,509,095	102,424,376
2028	2029	2030	89,509,095	105,222,971
2029	2030	2031	89,509,095	108,098,033
2030	2031	2032	89,509,095	111,051,652
2031	2032	2033	232,009,095	256,585,974
2032	2033	2034	232,009,095	263,596,806
2033	2034	2035	232,009,095	270,799,199
2034	2035	2036	232,009,095	278,198,387
2035	2036	2037	232,009,095	285,799,747
2036	2037	2038	232,009,095	293,608,803
2037	2038	2039	232,009,095	301,631,229
2038	2039	2040	232,009,095	309,872,857
2039	2040	2041	232,009,095	318,339,674
2040	2041	2042	232,009,095	327,037,835
2041	2042	2043	232,009,095	335,973,661
2042	2043	2044	232,009,095	345,153,644
2043	2044	2045	232,009,095	354,584,458
2044	2045	2046	232,009,095	364,272,954
2045	2046	2047	232,009,095	374,226,174
2046	2047	2048	232,009,095	384,451,351

* The Statutory Cap amount for Tax Levy Year 2022 is actual, not projected. In Levy Year 2022 the Board levied $87,672,900 which was less than the maximum allowable Capital Improvement Tax levy as calculated under the CIT Act of $89,509,095. The Annual CPI Growth Projection is based upon growth from the Tax Levy Year 2022 actual Statutory Cap.
** CPI 10-year average growth of 2.732% calculated from monthly CPI-All Urban Consumers Data, January 2012 to December 2022, published by the Bureau of Labor Statistics.

SECURITY FOR THE 2023 BONDS

Limited Obligations

The 2023 Bonds are limited obligations of the Board payable solely from the Capital Improvement Taxes and the other moneys pledged for their payment in accordance with the Indenture. The 2023 Bonds are not general obligations of the Board and neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of principal of or interest on the 2023 Bonds.

Sources of Payment for the 2023 Bonds

The 2023 Bonds are payable from, and secured under, the Indenture by a pledge of, lien on, and security interest in the Trust Estate, including the Capital Improvement Taxes to be levied and collected, on a parity with the Outstanding Parity Bonds and any Additional Bonds and Refunding Bonds issued under the Indenture. See "– Levy of the Capital Improvement Tax" and "INTRODUCTION – Authorization" and "– Security for the 2023 Bonds." The 2023 Bonds are also payable from amounts on deposit in the Consolidated Debt Service Reserve Fund on a parity with the Outstanding Parity Bonds and any Additional Bonds and Refunding Bonds issued under the Indenture as Consolidated Reserve Fund Bonds (as defined in the Indenture). See "– Consolidated Debt Service Reserve Fund" and APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE– Consolidated Debt Service Reserve Fund." The 2023 Bonds are also payable from all Funds, Sub-Funds, Accounts and Sub-Accounts pledged as security for the payment of the 2023 Bonds under the Indenture. See "– Flow of Capital Improvement Taxes Under the Indenture." For a discussion of the debt structure of the Board and property tax rates and levies of the Board and the Overlapping Taxing Districts (as defined herein), see "DEBT STRUCTURE" and "FINANCIAL INFORMATION – Property Tax Revenues." For a discussion of certain risks related to the Capital Improvement Taxes, see "BONDHOLDERS' RISKS – Limited Source of Payment and Security," "– Availability of Capital Improvement Taxes," "– Adverse Change in Laws," and "– Collection of Capital Improvement Tax."

Levy of the Capital Improvement Tax

Pursuant to the Bond Resolution, the Board has levied the Bond Resolution Series Levy for each year that the 2023 Bonds are outstanding, in amounts equal to the amount of the Annual Debt Service Requirement on the 2023 Bonds for the applicable Bond Year. Since the Bond Resolution Series Levy has been levied in the Bond Resolution, no further action of the Board is required to implement the extension and collection of the Bond Resolution Series Levy to pay debt service on the 2023 Bonds in any year.

In addition, the Board has covenanted in the Indenture, to the fullest extent permitted by applicable law, to annually impose the Annual Coverage CIT Tax Levy to provide an additional 0.10 times debt service coverage on the Bonds for collection in each year that the Bonds are outstanding.

In addition, the Board may, but is not required to, annually impose the Annual Additional CIT Tax Levy in an amount up to the remaining amount that would increase the aggregate tax levy of the Capital Improvement Tax to the Statutory Cap for such Tax Levy Year.

The Capital Improvement Tax is an *ad valorem* tax levied against all of the taxable property in the School District and is not subject to the limitations of PTELL.

Escrow Fund

The Escrow Fund is established with the Trustee pursuant to the provisions of the Property Tax Code, the School Code, and the Indenture, as an account separate and segregated from all other funds and accounts of the Board. The Escrow Fund is established for the purpose of providing the funds required to pay the principal of, and interest on, the Bonds, including the 2023 Bonds, when due and for the payment of Capital Expenditures that are Permitted Expenditures as defined and provided in the Indenture.

Pursuant to the Indenture, all of the Capital Improvement Taxes, including collections of the Bond Resolution Series Levies, the Annual Coverage CIT Tax Levy and the Annual Additional CIT Tax Levy, are required to be paid to the Trustee for immediate deposit in the Escrow Fund. The Board has covenanted to do all acts and things necessary to cause the Capital Improvement Taxes to be deposited in the Escrow Fund and not to any other account of the Board or any other person, including without limiting the foregoing, filing Deposit Directions with the County Collectors to deposit all Capital Improvement Taxes directly in the Escrow Fund.

Pursuant to the Debt Reform Act, the Capital Improvement Taxes deposited or to be deposited into the Escrow Fund are pledged as security for the payment of the principal of, and interest on, the Bonds, including the 2023 Bonds, and such Capital Improvement Taxes and the moneys held in the Escrow Fund shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board irrespective of whether such parties have notice thereof. Pursuant to the Indenture, the Board has granted to the Trustee for the benefit of the Bondholders of the 2023 Bonds a first lien on, and security interest in, the Capital Improvement Taxes and the monies, securities and funds held from time to time in the Escrow Fund, on a parity basis with the Outstanding Parity Bonds, and any Additional Bonds or Refunding Bonds issued pursuant to the Indenture.

Operation of the Escrow Fund

The Indenture provides that on each Business Day, the Trustee shall first allocate all of the moneys in the Escrow Fund to the payment of debt service on the Bonds. The Indenture provides for the operation of the Escrow Fund as follows:

(A) On each Business Day the Trustee shall allocate the moneys in the Escrow Fund in the following order of priority and if the moneys deposited into the Escrow Fund are insufficient to make any required deposit, the deposit shall be made up on the next Business Day after required deposits having a higher priority shall have been made in full:

First: to each applicable Series Sub-Fund in the Debt Service Fund (as defined below), the Pro Rata Share for that Series until there is held in each such Series Sub-Fund an amount sufficient for the payment of the unpaid Series Debt Service for that Series payable on each Payment Date on or prior to April 1 of the then Applicable Bond Year.

Second: to the Consolidated Debt Service Reserve Fund, the amount, if any, required to increase the sum then held in the Consolidated Debt Service Reserve Fund, to the Consolidated Reserve Requirement.

Third: to the Debt Service Fund, to fund any other deposits required under the terms of any Supplemental Indenture.

Fourth: on any Business Day that is not a Default Day, at the direction of the Board expressed in a Certificate filed with the Trustee, the amount specified in such Certificate for the payment of Tax Anticipation Notes issued in accordance with the Indenture.

Fifth: on any Business Day that is not a Default Day, at the direction of the Board expressed in a Certificate filed with the Trustee, the amount specified in such Certificate for the payment of Subordinated Indebtedness issued in accordance with the Indenture.

Sixth: to the Permitted Expenditures Account of the Escrow Fund for disbursement in accordance with the Indenture as described in Paragraph (B) below.

(B) Amounts held in the Permitted Expenditures Account may be paid to the Board from time to time, on any Business Day that is not a Default Day, for the payment or reimbursement of Permitted Expenditures that are Capital Expenditures, but only upon the filing by the Board with the Trustee of the following items:

(1) its requisition therefor, stating in respect of each payment to be made: (a) the name of the person, firm or corporation to whom payment is due, (b) the amount to be paid, and (c) in reasonable detail the purpose for which the obligation was incurred; and

(2) its Certificate attached to the requisitions certifying: (a) that obligations in the stated amounts have been incurred by the Board, and that each item thereof (i) is a proper charge against the Permitted Expenditures Account; (ii) is a proper Capital Expenditure; (iii) is a proper Permitted Expenditure and (iv) has not been paid or previously reimbursed pursuant to the Indenture as described in Paragraph (C) below or from Bond proceeds; (b) that there has not been filed with or served upon the Board notice of any

lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any such lien, attachment or claim has been filed or served upon the Board, that such lien, attachment or claim has been released or discharged, and (c) that such requisition contains no item representing payment on account of any retained percentages which the Board is at the date of such Certificate entitled to retain.

Upon receipt of each such requisition and accompanying Certificate the Trustee shall transfer from the Permitted Expenditures Account to the credit of a special Sub-Account in the Permitted Expenditures Account in the name of the Board, an amount equal to the total of the amounts to be paid as set forth in such requisition, the amounts in such special Sub-Account to be held solely for the payment of the obligations set forth in such requisition. In making such transfer, the Trustee may rely upon such requisition and accompanying Certificate. Each such obligation shall be paid by check or wire transfer drawn on such special Sub-Account to the order of the Person named in and in accordance with the requisition. Moneys deposited to the credit of such special Sub-Account shall be deemed to be a part of the Permitted Expenditures Account until paid out as above provided.

(C) The Trustee shall pay from the Permitted Expenditures Account to the Board, upon its requisitions therefor, at one time or from time to time, on any Business Day that is not a Default Day, a sum or sums aggregating not more than $5,000,000, exclusive of and in addition to reimbursements paid pursuant to the Indenture as described in Paragraph (B) above, such sums and such reimbursements to be used by the Board as a revolving fund for the payment of Capital Expenditures that are Permitted Expenditures that cannot conveniently be paid as otherwise provided in the Indenture as described in Paragraph (B) above. Such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the Permitted Expenditures Account upon requisitions of the Board accompanied by its Certificate specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an expense constituting a Capital Expenditure and a Permitted Expenditure and that such expense could not conveniently be paid except from such revolving fund. The revolving fund maintained by the Board shall be held separate and apart from all other funds and accounts of the Board and the amounts held in the revolving fund may only be used for payments to vendors for Capital Expenditures that are Permitted Expenditures or for the reimbursement of the Board for prior payments to vendors of Capital Expenditures that are Permitted Expenditures. Each transfer to the revolving fund maintained by the Board may not exceed the aggregate amount of the vendor invoices to be paid or reimbursed with respect to the revolving fund, and may only be made after a careful review by the Board to confirm that all transfers to the revolving fund match invoiced amounts for Capital Expenditures that are Permitted Expenditures.

(D) The Board may direct the withdrawal of moneys from the Permitted Expenditures Account for the payment on any Payment Date of principal of (including any Sinking Fund Installment) or interest on any Bonds due and payable on such Payment Date.

See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Escrow Fund."

Debt Service Fund and Series 2023 Dedicated Sub-Fund

The Indenture also establishes with the Trustee a debt service fund for deposit of funds to provide for payment of the Bonds, including the 2023 Bonds (the "Debt Service Fund") and a separate, segregated and dedicated sub-fund within the Debt Service Fund for the 2023 Bonds (the "Series 2023 Dedicated Sub-Fund"). The Indenture provides for the establishment of separate dedicated sub-funds for any Series of Bonds issued under the Indenture, and in each case for the deposit of Capital Improvement Taxes for the payment of debt service on the applicable Series of Bonds.

Moneys on deposit in the Series 2023 Dedicated Sub-Fund, and in each Account established therein, shall be held in trust by the Trustee for the sole and exclusive benefit of the Owners of the 2023 Bonds and shall not be used or available for the payment of any other Bonds, except as expressly provided in the Indenture.

Further, the Indenture establishes with the Trustee separate Accounts within the Series 2023 Dedicated Sub-Fund, designated as follows: (a) 2023 Capitalized Interest Account, (b) 2023 Project Account, (c) 2023 Principal Account, and (d) 2023 Interest Account.

The Indenture provides that on each Business Day, commencing on February 1, 2024 (each such date referred to herein as the "Deposit Date") there shall be withdrawn from the Debt Service Fund and deposited into the Series 2023 Dedicated Sub-Fund, until there shall have been deposited into the various Accounts in the Series 2023 Dedicated Sub-Fund an amount equal to the aggregate of the amounts set forth below (such aggregate amount with respect to any Deposit Date being referred to herein as the "Series 2023 Deposit Requirement"). On each Deposit Date that moneys are available for deposit into the Series 2023 Dedicated Sub-Fund, the Trustee shall make the following deposits in the following order of priority and if the moneys deposited into the Series 2023 Dedicated Sub-Fund are insufficient to make any required deposit, the deposit shall be made up on the next Deposit Date after required deposits having a higher priority shall have been made in full:

First: for deposit into the 2023 Interest Account, an amount equal to the amount required so that the sum held in the 2023 Interest Account, when added to the interest payable from the 2023 Capitalized Interest Account on the applicable Interest Payment Dates, will equal the sum of the unpaid interest due on the 2023 Bonds on the next ensuing Interest Payment Dates to and including the first day of April of the next calendar year; and

Second: commencing on February 1, 2032, for deposit into the 2023 Principal Account, the amount required so that the sum then held in the 2023 Principal Account will equal the sum of the unpaid Principal due on the 2023 Bonds on the first day of April of the next calendar year.

2023 Capitalized Interest Account

Interest due on the 2023 Bonds on the October 1, 2023 and April 1, 2024 Interest Payment Dates is fully capitalized from the proceeds of the 2023 Bonds and will be deposited in the 2023 Capitalized Interest Account.

2023 Project Account

The Indenture provides for disbursements of moneys in the 2023 Project Account as described below.

(A) The Trustee shall make payment of the Costs of Construction of the 2023 Project that are both Capital Expenditures and Permitted Expenditures from the 2023 Project Account. Before any such payment shall be made, the Board shall file with the Trustee:

(1) its requisition therefor, stating in respect of each payment to be made: (a) the name of the person, firm or corporation to whom payment is due, (b) the amount to be paid, and (c) in reasonable detail the purpose for which the obligation was incurred; and

(2) its Certificate attached to the requisitions certifying: (a) that obligations in the stated amounts have been incurred by the Board in or about the construction of the 2023 Project, and that each item thereof (i) is a proper charge against the 2023 Project Account, (ii) is a proper Cost of Construction, (iii) is a proper Capital Expenditure; (iv) is a proper Permitted Expenditure and (v) has not been paid or previously

reimbursed from moneys in the 2023 Project Account or from the Permitted Expenditures Account, (b) that there has not been filed with or served upon the Board notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any such lien, attachment or claim has been filed or served upon the Board, that such lien, attachment or claim has been released or discharged, and (c) that such requisition contains no item representing payment on account of any retained percentages which the Board is at the date of such Certificate entitled to retain.

Upon receipt of each such requisition and accompanying Certificates the Trustee shall transfer from the 2023 Project Account to the credit of a special account in the name of the Board, an amount equal to the total of the amounts to be paid as set forth in such requisition, the amounts in such special account to be held solely for the payment of the obligations set forth in such requisition. In making such transfer, the Trustee may rely upon such requisition and accompanying certificates. If for any reason the Board should decide prior to the payment of any item in a requisition to stop payment of such item, an Authorized Officer shall give notice of such decision to the Trustee and thereupon the Trustee shall transfer the amount of such item from such special account to the 2023 Project Account.

The Trustee shall withdraw from the 2023 Project Account and pay to the Board any balance in the 2023 Project Account on filing by the Board with the Trustee the Board's Certificate certifying: (1) that the 2023 Project has been completed or substantially completed, and (2) that a sum stated in the Certificate is sufficient to pay, and is required to be reserved in such 2023 Project Account to pay, all Costs of Construction then remaining unpaid, including the estimated amount of any such items the amount of which is not finally determined and all claims against the Board arising out of the construction thereof. Upon receipt of such requisition and accompanying Certificates, the Trustee shall withdraw from the 2023 Project Account and pay to, or upon the order of, the Board the amount stated in such requisition, provided that no such withdrawal shall be made if it would reduce the amount in the 2023 Project Account below the amount stated in the respective Certificate of the Board as required to be reserved in the 2023 Project Account. Moneys so withdrawn from the 2023 Project Account (i) may be applied for the payment, purchase or redemption of 2023 Bonds or (ii) may be reappropriated by the Board if such appropriation is for a purpose permitted by the CIT Act and will not adversely affect the exclusion from gross income under the Code of interest on the 2023 Bonds.

(B) The Trustee shall, during construction of the 2023 Project, pay from the 2023 Project Account to the Board, upon its requisitions therefor, at one time or from time to time, a sum or sums aggregating not more than $5,000,000, exclusive of and in addition to reimbursements as described in Paragraph (A), such sums and such reimbursements to be used by the Board as a revolving fund for the payment of Costs of Construction that are both Capital Expenditures and Permitted Expenditures and that cannot conveniently be paid as otherwise described in Paragraph (A) above. Such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the 2023 Project Account upon requisitions of the Board accompanied by its Certificate specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an expense constituting a Cost of Construction that was both a Capital Expenditure and a Permitted Expenditure and that such expense could not conveniently be paid except from such revolving fund. The revolving fund maintained by the Board shall be held separate and apart from all other funds and accounts of the Board and the amounts held in the revolving fund may only be used for payments to vendors for Capital Expenditures that are Permitted Expenditures or for the reimbursement of the Board for prior payments to vendors of Capital Expenditures that are Permitted Expenditures. Each transfer to the revolving fund maintained by the Board may not exceed the aggregate amount of the vendor invoices to be paid or reimbursed with respect to the revolving fund, and may only be made after a careful review by the Board to confirm that all transfers to the revolving fund match invoiced amounts for Capital Expenditures that are Permitted Expenditures.

Consolidated Debt Service Reserve Fund

The Indenture establishes a Consolidated Debt Service Reserve Fund, which secures the payment of debt service on all Bonds issued pursuant to the Indenture which are designated as "Consolidated Reserve Fund Bonds" thereunder. The Outstanding Parity Bonds and 2023 Bonds are Consolidated Reserve Fund Bonds. Under the Indenture, the Consolidated Debt Service Reserve Fund is required to be funded in an amount equal to fourteen percent (14%) of the largest Annual Debt Service Requirement on all Outstanding Consolidated Reserve Fund Bonds in the then current or any future Bond Year (the "Consolidated Reserve Requirement"). Upon the issuance of the 2023 Bonds, the amount held in the Consolidated Debt Service Reserve Fund will be not less than the Consolidated Reserve Requirement as of such issuance. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Consolidated Debt Service Reserve Fund."

Direct Deposit with Trustee

Pursuant to the Indenture, the Board has executed and delivered a written direction to each of the County Collectors to deposit all collections of the Capital Improvement Taxes in each year directly with the Trustee for application in accordance with the provisions of the Indenture (each a "Deposit Direction"). See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants Regarding Pledged Capital Improvement Taxes." The forms of Deposit Directions executed by the Board and delivered to the County Collectors are attached hereto as APPENDIX F. The Board has covenanted that as long as any of the 2023 Bonds remain Outstanding, the Board will not agree, and will not attempt to, and will not amend, modify, terminate or revoke any Deposit Direction, except for such modifications or amendments as may be (i) necessitated by changes in State law and applicable rules or regulations thereunder or (ii) necessary in connection with the issuance of Additional Bonds or Refunding Bonds; provided, that no such modification or amendment shall provide for the deposit with the Trustee of less than all of the Capital Improvement Taxes to be paid to the Board during any Tax Collection Year.

Indenture Covenants and Representations

Pursuant to the Indenture, the Board has made certain covenants and representations as described below.

Authority for Indenture. The Indenture is executed and delivered by the Board by virtue of and pursuant to the CIT Act, the Debt Reform Act and the Bond Resolution. The Board has ascertained, determined and declared that the execution and delivery of the Indenture is necessary to meet the public purposes and obligations of the Board, that each and every act, matter, thing or course of conduct as to which provision is made in the Indenture is necessary or convenient in order to carry out and effectuate such purposes of the Board and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement contained in the Indenture and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the Board.

Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Indenture and any Supplemental Indenture (as defined in the Indenture) shall be a part of the contract of the Board with the owners of Bonds and shall be deemed to be and shall constitute a contract between the Board, the Trustee, and the Owners from time to time of the Bonds. The Board covenants and agrees with the Owners of Bonds and the Trustee that it will faithfully perform all of the covenants and agreements contained in the Indenture and in the Bonds.

Punctual Payment of Bonds. Subject always to the condition that any obligation of the Board under the Indenture shall only be payable from the Trust Estate, the Board shall duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Extension of Payment of Bonds. If the maturity of any Bond or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Bond or installment of interest shall not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to payment out of the Trust Estate or Funds, Sub-Funds, Accounts and Sub-Accounts established by the Indenture or moneys held by Fiduciaries or Depositaries (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in the Indenture shall be deemed to limit the right of the Board to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Annual Levy Amount. As authorized by Section 8 of the Debt Reform Act, the Board shall, to the fullest extent permitted by applicable law, provide for the annual levy of the Capital Improvement Tax such that the Annual Levy Amount for each year, and the amount of Capital Improvement Tax extended for collection in the corresponding Tax Collection Year, will each be in an amount not less than 110% of the Annual Debt Service Requirement for the Applicable Bond Year.

Further Assurance. At any and all times the Board shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming, all and singular, the Trust Estate and the rights pledged or assigned by the Indenture, or which the Board may become bound to pledge or assign. The Board and the Trustee shall take such actions as shall be necessary from time to time to preserve the priority of the Trust Estate under law of the State of Illinois.

Power to Issue Bonds and Pledge Trust Estate. The Board is duly authorized under all applicable laws to issue the Bonds and to execute and deliver the Indenture and to pledge the Trust Estate pledged by the Indenture and to grant the lien granted by the Indenture thereon in the manner and to the extent provided in the Indenture. The Trust Estate, so pledged and subject to the lien of the Indenture, is and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created by the Indenture, and all action on the part of the Board to that end has been and will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Board in accordance with their terms and the terms of the Indenture, except to the extent enforceability may be limited by bankruptcy, insolvency and other laws affecting conditions, rights or remedies and the availability of equitable remedies generally. The Board covenants that upon the date of issuance of any Series of the Bonds, all conditions, acts and things required by the Constitution and laws of the State and the Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such Series of the Bonds shall exist, have happened and have been performed. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and lien on the Trust Estate pledged under the Indenture, the rights of the Board to levy the Capital Improvement Tax and to apply the Capital Improvement Taxes in accordance with the Indenture and all the rights of the Owners under the Indenture against all claims and demands. The Board will not seek or support State legislation which, if enacted into law, could reasonably be expected to materially impair the security for the payment of the Bonds or the Board’s authority to pay the Bonds from the Trust Estate.

Indebtedness and Liens. Except for Additional Bonds and Refunding Bonds as permitted under the Indenture, the Board shall not issue any bonds or other evidences of indebtedness or incur any indebtedness, other than Subordinated Indebtedness and Tax Anticipation Notes, which are secured by a pledge of or lien on the Capital Improvement Taxes or the moneys, securities or funds held or set aside under the Indenture, and shall not, except as expressly authorized in the Indenture, create or cause to be created any lien or charge on the Capital Improvement Taxes or such moneys, securities or funds; provided, however, that nothing contained in the Indenture shall prevent the Board from issuing or incurring evidences of indebtedness (a) payable from or secured by amounts that may be withdrawn free from the lien of the Indenture pursuant to the Indenture or (b) payable from, or secured by the pledge of, Capital Improvement Taxes to be derived on and after such date as the pledge of the Trust Estate provided in the Indenture shall be discharged and satisfied as provided in the Indenture.

Covenants Regarding Capital Improvement Taxes. (A) The Board has executed and delivered a Deposit Direction to each of the County Collectors to deposit all collections of the Capital Improvement Taxes in each year, directly with the Trustee. So long as any of the Bonds remain Outstanding, the Board will not agree, and will not attempt to, and will not amend, modify, terminate or revoke any Deposit Direction, except for such modifications or amendments as may be (i) necessitated by changes in State law and applicable rules or regulations thereunder or (ii) necessary in connection with the issuance of Additional Bonds or Refunding Bonds; provided, that no such modification or amendment shall provide for the deposit with the Trustee of less than all of the Capital Improvement Taxes to be paid to the Board during any Tax Collection Year.

(B) The Board will take all actions necessary (i) to confirm, if needed, the annual levy and extension of the Capital Improvement Tax for collection on a timely basis in an annual amount not less than the amount required to satisfy the covenant described above under the subheading "– Annual Levy Amount" and (ii) to cause Capital Improvement Taxes, when collected, to be deposited directly with the Trustee for application in accordance with the Indenture. The Board and its officers will comply with all present and future applicable laws in order to assure that the Capital Improvement Tax is levied annually and that the Capital Improvement Taxes are collected and paid to the Trustee for application in accordance with the Indenture.

(C) Prior to the issuance of each Series of Bonds, the Board shall file with the County Clerks a certified copy of the resolution of the Board authorizing such Series of Bonds together with such other orders and directions as needed to provide for the annual levy and extension of the Bond Resolution Series Levy for each Series.

Accounts and Reports. The Board shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Capital Improvement Taxes and the Funds, Sub-Funds, Accounts and Sub-Accounts established by the Indenture, and which, together with all other books and financial records of the Board, shall at all reasonable times be available for the inspection of the Trustee and the Owners of not less than twenty five percent in aggregate principal amount of Outstanding Bonds or their representatives duly authorized in writing.

Reports to City Council. The Board covenants that suitable representatives of the Board will provide to the City Council of the City of Chicago periodic reports regarding expenditures planned using the Capital Improvement Taxes.

Equality of Security and of Bonds. All Bonds, regardless of Series, date of issuance or incurrence and date of sale, shall be secured by the pledge contained in the Indenture; and the security so pledged shall not be used for any other purpose except as expressly permitted by the terms of the Indenture. All Bonds issued under the Indenture shall be on a parity and rank equally without preference, priority or distinction over any other as to security, regardless of the time or times of their issue, and the provisions, covenants and agreements set forth in the Indenture to be performed by and on behalf of the Board shall be for the equal benefit, protection and security of the Owners of any and all Bonds except as expressly provided under the Indenture.

Pledge and Lien Under the Debt Reform Act

The Bonds are entitled to the benefits and security of the Debt Reform Act. Pursuant to the Debt Reform Act, the Capital Improvement Taxes deposited or to be deposited into the Escrow Fund are pledged as security for the payment of the principal of, and interest on, the Bonds and such Capital Improvement Taxes and the moneys held in the Escrow Fund shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board irrespective of whether such parties have notice thereof. Pursuant to the Indenture, the Board has granted to the Trustee for the benefit of the Bondholders of the 2023 Bonds a first lien on, and security interest in, the Capital Improvement Taxes and the moneys, securities and funds held from time to time in the Escrow Fund, on a parity basis with the Outstanding Parity Bonds, and any Additional Bonds or Refunding Bonds issued pursuant to the Indenture.

Flow of Capital Improvement Taxes Under the Indenture

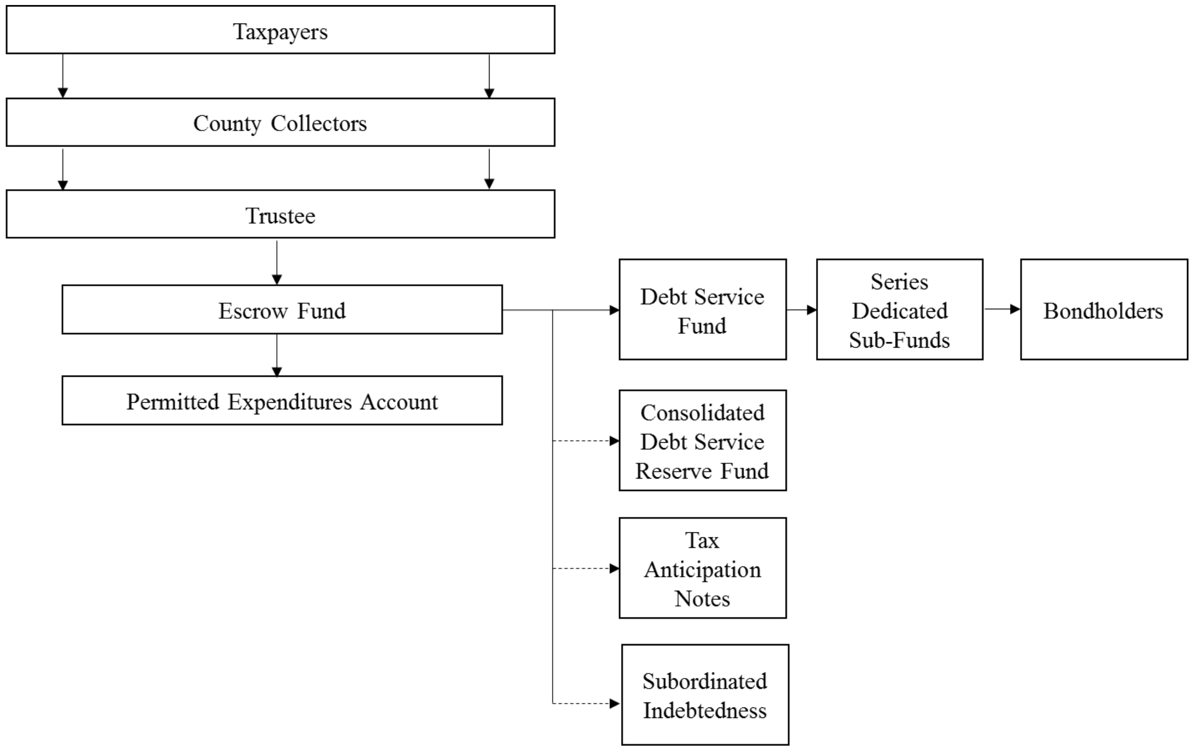
Indenture Debt Service Funds and Accounts. As described under the headings "SECURITY FOR THE 2023 BONDS – Escrow Fund" and "CAPITAL IMPROVEMENT TAX – Direct Deposit of Capital Improvement Taxes with the Trustee," Capital Improvement Taxes as collected will be deposited directly with the Trustee in the Escrow Fund pursuant to the Indenture and the Deposit Directions. Pursuant to the Indenture, Capital Improvement Taxes on deposit in the Escrow Fund will be transferred to the Debt Service Fund (as defined and described below) for application as described below. See "CAPITAL IMPROVEMENT TAX" and APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Required Deposit of Capital Improvement Tax Receipts," "– Allocation of Escrow Fund," and "– Deposits into Series 2023 Dedicated Sub-Fund and Accounts."

The Indenture establishes the Debt Service Fund for deposit of funds to provide for payment of the Bonds, including the 2023 Bonds, and provides for the establishment of separate dedicated sub-funds for each Series of Bonds issued under the Indenture, and in each case for the deposit of Capital Improvement Taxes for the payment of debt service on the applicable Series of Bonds. The Series 2023 Dedicated Sub-Fund is established under the Fourth Supplemental Indenture.

Moneys in the Debt Service Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided: (1) on any date required by the provisions of the Indenture, the Trustee shall segregate within the Debt Service Fund and credit to the Series 2023 Dedicated Sub-Fund therein such amounts as may be required to be so credited under the provisions of the Indenture to pay the principal of and interest on the 2023 Bonds; and (2) on any date required by the provisions of the Indenture for any other purpose, the Trustee shall segregate within the Debt Service Fund and credit to such Sub-Funds, Accounts and Sub-Accounts therein as are specified in such the Indenture the amounts required so to be withdrawn and deposited by the provisions of the Indenture.

Application of Capital Improvement Taxes and Flow of Funds Diagram. The Capital Improvement Taxes received by the Trustee from the Board will be applied to the payment of debt service on the Bonds, including the 2023 Bonds, in accordance with the procedures set forth in the Indenture. The diagram below describes the collection, deposit and application of Capital Improvement Taxes under the Indenture:

Flow of Capital Improvement Taxes Under the Indenture



1. Deposit Directions with the County Collectors cause all Capital Improvement Taxes to be paid to the Trustee for immediate deposit into the Escrow Fund.
2. Beginning on February 1, on each Business Day, the Trustee shall allocate moneys in the Escrow Fund to each applicable Series Dedicated Sub-Fund in the Debt Service Fund its Pro Rata Share until the amount is sufficient to pay debt service through the bond year ending April 1 of the following calendar year.
3. Once the amounts in each Series Dedicated Sub-Fund are sufficient, the Trustee will deposit the amount, if any, required to increase the sum then held in the Consolidated Debt Service Reserve Fund to the Consolidated Reserve Requirement.
4. Once the deposits to the Debt Service Fund and the Consolidated Debt Service Fund have been made, the Trustee will provide payment for (1) Tax Anticipation Notes and (2) Subordinated Debt.
5. Once the above deposits are made, the Trustee will allocate the moneys in the Escrow Fund to the Permitted Expenditure Account.

Additional Bonds and Refunding Bonds Payable from Capital Improvement Taxes

Pursuant to the Indenture, the Board may issue from time to time Additional Bonds for the purpose of financing the costs of Permitted Projects and Refunding Bonds for the purpose of refunding Outstanding Bonds payable on a parity basis with the Outstanding Parity Bonds and the 2023 Bonds from all or any portion of the Capital Improvement Taxes.

Prior to the issuance of any Additional Bonds under the Indenture, the Board is required to file with the Trustee a Certificate of an Authorized Officer of the Board to the effect that, for each Tax Collection Year that the Capital Improvement Tax will be required to be collected to produce Capital Improvement Taxes to satisfy the Annual Debt Service Requirements for all Bond Years with respect to which Bonds will be Outstanding as of the time immediately following the issuance of the Series of Bonds proposed to be issued;

(i) the amount of Capital Improvement Taxes projected to be collected in each such Tax Collection Year and (ii) the Annual Debt Service Requirement in each Applicable Bond Year and (iii) demonstrating that the amount of Capital Improvement Taxes projected to be collected in each such Tax Collection Year will not be less than 110% of the Annual Debt Service Requirement for the Applicable Bond Year.

Prior to the issuance of any Series of Refunding Bonds under the Indenture the Board is required to file with the Trustee either (i) the Certificate of an Authorized Officer of the Board required in connection with the issuance of Additional Bonds set forth above or (ii) a Certificate of an Authorized Officer of the Board evidencing that for the then current and each future Bond Year, the Annual Debt Service Requirements for each such Bond Year on account of all Bonds Outstanding as of the time immediately after the issuance of such Refunding Bonds does not exceed the Annual Debt Service Requirements for the corresponding Bond Year on account of all the Bonds Outstanding as of the time immediately prior to the issuance of such Refunding Bonds.

For a more detailed description of the requirements of the Indenture regarding the issuance of Additional Bonds and Refunding Bonds, see APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Bankruptcy

General. Units of local government, such as the Board, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit the Board to be a debtor in a bankruptcy proceeding. However, from time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois units of local government to be a debtor in bankruptcy under the U.S. Bankruptcy Code. The Board cannot predict whether any such legislation will be enacted that would permit units of local government, such as the Board, to be a debtor in bankruptcy.

Notwithstanding the foregoing, if the Board were authorized by State law to become a debtor in bankruptcy and were to become a debtor in a proceeding under Chapter 9 of the U.S. Bankruptcy Code, it is possible that the application of the Capital Improvement Taxes to pay the 2023 Bonds could be stayed during the proceeding, and that the terms of the 2023 Bonds, the Bond Resolution, or the Indenture (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with requirements of the U.S. Bankruptcy Code.

Various of the legal opinions delivered in connection with the issuance of the 2023 Bonds are qualified as to bankruptcy and similar events and as to the application of equitable principles.

See "BONDHOLDERS' RISKS – Bankruptcy of the Board" and "No Acceleration and Uncertainty of Enforcement Remedies."

Counsel Opinion Regarding Certain Bankruptcy-Related Matters. Katten Muchin Rosenman LLP ("Katten"), as special bankruptcy counsel to the Board, has prepared an opinion letter for the 2023 Bonds (the "Special Revenues Opinion"), which sets forth the bases of Katten's opinion that, in a hypothetical Chapter 9 bankruptcy case filed by the Board, a federal bankruptcy court, acting reasonably and after full consideration of all relevant factors, in a properly briefed, argued and presented case, and correctly applying applicable, currently reported decisional and statutory law, would determine that the Capital Improvement Taxes securing the 2023 Bonds are "special revenues" as that term is defined in Section 902(2)(E) of the U.S. Bankruptcy Code. Consequently, (i) application of the Capital Improvement Taxes by the Trustee to the payment of the 2023 Bonds would not be automatically stayed as a result of the commencement of such a bankruptcy case by the Board, and (ii) Capital Improvement Taxes collected on behalf of the Board after the commencement of such a bankruptcy case would remain subject to the lien granted in favor of the Trustee under the Indenture.

At the request of the Board and with Katten's consent, a copy of the Special Revenues Opinion is attached hereto as APPENDIX H of this Official Statement, subject to the following: (i) the Special Revenues Opinion is being issued to and may be relied upon solely by the Board and may not be relied upon, published, circulated or otherwise referred to by any other party, including Bondholders, for any purpose without Katten's express prior written consent; (ii) the opinions expressed in the Special Revenues Opinion are subject to all assumptions and qualifications set forth therein; (iii) currently, there is no State law authorizing the Board to file for protection under Chapter 9 of the U.S. Bankruptcy Code, and it is not possible to predict the impact that such a state law, if enacted, might have in connection with any Chapter 9 proceeding filed by the Board; (iv) there are no judicial decisions that would be binding precedents in a Chapter 9 case filed by the Board concerning the opinions expressed in the Special Revenues Opinion; and (v) the opinions expressed in the Special Revenues Opinion are not predictions or guaranties as to what a court would actually hold in a given case but rather are opinions as to the decision a court would reach if the issues were properly presented to it and the court, acting reasonably and after full consideration of all relevant factors, followed existing legal precedents applicable to the subject matter of the opinions.

Board Intent. Although the Board can provide no assurances, and there is no binding judicial precedent dealing with facts similar to those supporting the Board's position, the Board believes that the Capital Improvement Taxes currently pledged by the Board under the Indenture constitute *"special revenues,"* as defined in Section 902(2)(E) of the U.S. Bankruptcy Code, and, as a consequence, (i) pursuant to Section 928(a) of the U.S. Bankruptcy Code, any and all of such Capital Improvement Taxes currently pledged by the Board under the Indenture collected on behalf of the Board after the commencement of a case by the Board under Chapter 9 of the U.S. Bankruptcy Code would remain subject to the lien of the Indenture and could not lawfully be used by the Board without providing the bondholders "adequate protection" (as that term is defined in Section 361 of the U.S. Bankruptcy Code) for any diminution in value of the bondholders' interest in the Capital Improvement Taxes resulting from the bankruptcy case and (ii) under Section 922(d) of the U.S. Bankruptcy Code, the application by the Trustee of the Capital Improvement Taxes under the terms of the Indenture would not be subject to stay after the commencement by the Board of a case under Chapter 9 of the U.S. Bankruptcy Code. The Board intends that the Capital Improvement Taxes be treated as *special revenues*. Note, however, that notwithstanding the foregoing, courts have found that Section 928 of the U.S. Bankruptcy Code does not mandate the turnover of special revenues or require that special revenues be paid to bondholders during the pendency of a Chapter 9 case.

BONDHOLDERS' RISKS

Investment in the 2023 Bonds involves certain risks. In evaluating an investment in the 2023 Bonds, prospective purchasers should carefully consider the risk factors set forth under this heading "BONDHOLDERS' RISKS" regarding a purchase of the 2023 Bonds, as well as all other information contained in or incorporated by reference into this Official Statement, including the appendices hereto and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein. For the definitions of certain words and terms, see APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and definitions set forth elsewhere in this Official Statement.

There follows under this heading a discussion, in no particular order of importance or priority, of some, but not necessarily all, of the possible risks and investment considerations that should be carefully evaluated prior to purchasing any of the 2023 Bonds. There may be other risk factors and investment considerations that may be material or may become material in the future to a prospective purchaser's investment decision regarding purchasing or holding any 2023 Bonds, or that may materially and adversely affect the financial condition of the Board and its ability to repay the 2023 Bonds. Moreover, any one or more of the factors discussed under this heading, and other factors not described under this heading, could lead to a decrease in the market value and the liquidity of the 2023 Bonds. The 2023 Bonds are not suitable investments for all persons. Prospective purchasers should confer with their own legal and financial advisors and should be able to bear the risks associated with the potential limited liquidity and price volatility, as well as the loss of their investment, in the 2023 Bonds before considering a purchase of the 2023 Bonds.

Limited Source of Payment and Security

The 2023 Bonds are secured on parity with the Outstanding Parity Bonds and any Additional Bonds or Refunding Bonds that may be issued in the future. All Bonds, including the 2023 Bonds, are limited obligations of the Board, payable solely from, and secured solely by, the Capital Improvement Taxes, the Consolidated Debt Service Reserve Fund and the other Funds, Sub-Funds, Accounts and Sub-Accounts established pursuant to the Indenture. No other source of security is pledged to, or otherwise available for, the payment of the Bonds and no other funds of the Board, the City or the State are pledged for the payment of the Bonds other than the Capital Improvement Taxes, the Consolidated Debt Service Reserve Fund and the funds and accounts established pursuant to the Indenture. The Bonds are not general obligations of the Board and neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of the Bonds.

Availability of Capital Improvement Taxes

The availability of the Capital Improvement Taxes in amounts sufficient to pay the annual debt service on the Bonds is dependent on the tax base of real property within the School District and the ability of this tax base to support the tax burden imposed in any year by the Board and the Overlapping Taxing Districts (as defined herein) for all purposes. The availability of *ad valorem* property tax revenues, including the Capital Improvement Taxes, is also dependent on the administration of the assessment, levy and tax collection procedures by the County Collectors, the Assessor (defined herein) and the Board of Review (defined herein). See APPENDIX C – "THE REAL PROPERTY TAX SYSTEM." See "DEBT STRUCTURE – Board's Borrowing Authority and Legal Debt Margin."

There are six major units of local government located in whole or in part within the boundaries of the School District (the "Overlapping Taxing Districts"). See "DEBT STRUCTURE – Overlapping Taxing Districts and Overlapping Debt" and "FINANCIAL INFORMATION –Property Tax Revenues – *Tax Rates of the Board and Overlapping Taxing Districts – Application of PTELL to Overlapping Taxing Districts and the Board; Certain Property Tax Increases of the City and the Board*." The Overlapping Taxing Districts share, to varying degrees, a common property tax base and have the power to impose and increase property taxes on the same property tax base as the Board. Reasons for such tax increases include, but are not limited to, increased costs of operation, increased debt service requirements on new or outstanding indebtedness, increased pension funding requirements, and other increased costs. The Board does not control the amount or timing of the taxes levied by these Overlapping Taxing Districts.

In addition, the Board and certain of the Overlapping Taxing Districts have levied, and are likely to continue levying, taxes to pay debt service on certain other bonds, including, but not limited to, "alternate bonds" issued under and in accordance with the Debt Reform Act ("Alternate Revenue Bonds"), as a backstop in the event of a shortfall in the availability of other sources of funds from which such bonds are intended to be paid. Such tax levies are not anticipated to be extended for collection and are not and, unless and until extended, will not be, reflected in the current tax rates of the Board and the Overlapping Taxing Districts. Such debt service taxes could be extended in the future resulting in an increase in the tax burden of property owners within the boundaries of the School District. The Board has never had to extend *ad valorem* property taxes for collection to provide sufficient revenues for payment of its Alternate Revenue Bonds. See "DEBT STRUCTURE – Board's Borrowing Authority and Legal Debt Margin." Such increased burden could potentially be harmful to the local economy and may impact the value of property in the region and lead to population migration, delayed payments of taxes, lower tax collection rates and other factors that may result in a decrease in the rate and amount of tax collections received by the Board. As described above and in "SECURITY FOR THE 2023 BONDS – Levy of the Capital Improvement Tax," several factors impact whether Capital Improvement Taxes will be collected in amounts sufficient to make timely debt service payments on the Bonds.

Adverse Change in Laws

There are a variety of State and federal laws, regulations and constitutional provisions that apply to the Board, including the Board's ability to raise taxes and other revenues, fund its pension obligations or to reorganize its debts. There is no assurance that there will not be any change in, change in the interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, change in interpretation, or addition may have a material adverse effect, either directly or indirectly, on the Board or the taxing authority of the Board, which could materially adversely affect the Board's operations or financial condition. In addition, since there is no contractual relationship between any Bondholder and the State and there is no contractual promise from the State not to alter the Debt Reform Act, the Property Tax Code and/or the School Code including without limitation the CIT Act in ways that may be adverse to the interests of the Bondholders, the State may amend the Debt Reform Act, the Property Tax Code and/or the School Code including without limitation the CIT Act at any time and such action may have a material adverse effect on the Bondholders. See "SECURITY FOR THE 2023 Bonds – Levy of the Capital Improvement Tax."

Changes in law relating to the Capital Improvement Tax, including the authorized amount of the levy of the Capital Improvement Tax, collection and authorized uses of such tax; changes in the Debt Reform Act, including without limitation changes in the authorization of additional coverage or the amount thereof; changes or repeal of the ad valorem property tax system of the State generally, including the levy and collection of such taxes, could impact the amount of the Capital Improvement Tax levy, the amount and timing of the receipt of Capital Improvement Taxes, and the collection of Capital Improvement Taxes in each year that the 2023 Bonds are Outstanding in amounts sufficient to pay debt service on the 2023 Bonds when due.

Collection of Capital Improvement Tax

As a result of non-payment or delays in payments by taxpayers, the amount of the Capital Improvement Tax collected may significantly decline from historical collection levels and the Capital Improvement Taxes collected may be insufficient to pay the principal of and interest due on the Bonds. Notwithstanding the foregoing, the 2023 Bonds also have the benefit of the amounts in the Consolidated Debt Service Reserve Fund. However, if there is a material decline in the amount of the Capital Improvement Tax collected, the amounts in the Consolidated Debt Service Reserve Fund may be insufficient to pay the principal of and interest due on the Bonds secured by the Consolidated Debt Service Reserve Fund.

No Acceleration and Uncertainty of Enforcement Remedies

The maturity of the 2023 Bonds cannot be accelerated in the event that the Board defaults in the payment of any installment of principal of or interest due on the Bonds, or otherwise fails to comply with any covenant set forth in the Bonds, the Indenture or any other agreement.

The opinions of Bond Counsel and the Board's General Counsel as to the enforceability of the Board's obligations pursuant to the Indenture and to make payments on the 2023 Bonds are qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Board. See "SECURITY FOR THE 2023 Bonds – Bankruptcy," and "BONDHOLDERS' RISKS – Bankruptcy of the Board."

The remedies available to Bondholders under the Indenture may be dependent upon discretionary judicial actions. See APPENDIX A — "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default."

Credit Ratings of 2023 Bonds, Investment Illiquidity and Market Prices

As discussed herein, the 2023 Bonds are limited obligations of the Board secured by the Capital Improvement Taxes and certain funds held under the Indenture. Kroll Bond Rating Agency, Inc. and Fitch Ratings have each provided ratings with respect to the 2023 Bonds. For a description of such ratings, see "RATINGS" herein.

Neither rating of the 2023 Bonds constitutes a recommendation to purchase, hold or sell the 2023 Bonds and such rating does not address the marketability of the 2023 Bonds, any market price or suitability for a particular investor. There is no assurance that any such rating will remain for any given period of time or that any such rating will not be downgraded, suspended or withdrawn entirely by the respective rating Agency if, in such rating agency's judgment, circumstances so warrant based on factors prevailing at the time. Any such downgrade, suspension or withdrawal of any such rating, if it were to occur, could adversely affect the existence of a market or the market price of the 2023 Bonds. Numerous factors may impact the liquidity of the 2023 Bonds, including any loss of value of the 2023 Bonds as a result of downgrades to the credit ratings of the 2023 Bonds.

The secondary market for the 2023 Bonds may be limited and the market prices of the 2023 Bonds will be determined by factors including relative supply of, and demand for, the 2023 Bonds and other factors beyond the Board's control. Such market price risk may increase as a result of downgrades to the credit ratings of the 2023 Bonds.

COVID-19 Pandemic

The COVID-19 pandemic has had certain economic impacts on governmental entities, including the Board, and may continue to do so into the foreseeable future. With respect to the payment of the principal of and interest on the 2023 Bonds, these impacts may affect the level and timing of property tax collections, including the Capital Improvement Tax. See "FINANCIAL INFORMATION – Property Tax Revenues." With respect to the impact of the COVID-19 pandemic on the general financial condition, liquidity and budgeting process of the Board, including the timing, receipt and application of federal relief grants and revenues relating to the COVID-19 pandemic, see "FINANCIAL INFORMATION – Federal Revenues."

Cybersecurity Risks

In the last few years, the increase in reported customer or data breaches and other fraudulent activities/attacks, have heightened awareness of data security. Like many organizations, the Board relies on digital technologies to conduct customary operations, therefore the Board could be the target of cyber-attacks. Additionally, outside parties may attempt to fraudulently induce the Board's employees, customers, business partners, service providers and other users of its services to disclose information in order to gain access to sensitive data and the Board's systems. The Board maintains a network security system environment, along with several employee and student policies, that aim to provide best practice enhancements against cyber-attacks by third parties and to minimize any adverse impact on the Board's operations. However, the techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. Such incidents are likely to continue and the Board is unable to predict the direct or indirect impact of these future attacks and activities on the Board.

Bankruptcy of the Board

As described herein, the 2023 Bonds are secured by a dedicated *ad valorem* property tax, the Capital Improvement Tax. Units of local government, such as the Board, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit the Board to be a debtor in a bankruptcy proceeding. Notwithstanding the foregoing, if the Board were authorized by State law to become a debtor in bankruptcy and were to become a debtor in a proceeding under Chapter 9 of the U.S. Bankruptcy Code, it is possible that the application of the Capital Improvement Taxes to pay the 2023 Bonds could be stayed during the proceeding, and that the terms of the 2023 Bonds, the Bond Resolution, or the Indenture (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the requirements of the U.S. Bankruptcy Code. While the Special Revenues Opinion sets forth reasoned opinions that, in a hypothetical Chapter 9 bankruptcy case filed by the Board, a federal bankruptcy court, acting reasonably and after full consideration of all relevant factors, in a properly briefed, argued and presented case, and correctly applying applicable, currently reported decisional and statutory law, would determine that the Capital Improvement Taxes securing the 2023 Bonds are "special revenues" as that term is defined in the U.S. Bankruptcy Code and, consequently, (i) application of the Capital Improvement Taxes by the Trustee to the payment of the 2023 Bonds would not be automatically stayed as a result of the commencement of such a bankruptcy case by the Board, and (ii) Capital Improvement Taxes collected on behalf of the Board after the commencement of such a bankruptcy case would remain subject to the lien granted in favor of the Trustee under the Indenture, there are no judicial decisions that would be binding precedents in a Chapter 9 case filed by the Board concerning the opinions expressed in the Special Revenues Opinion and the opinions expressed in the Special Revenues Opinion are not predictions or guaranties as to what a court would actually hold in a given case but rather are opinions as to the decision a court would reach if the issues were properly presented to it and the court, acting reasonably and after full consideration of all relevant factors, followed existing legal precedents applicable to the subject matter of the opinions. See "SECURITY FOR THE 2023 Bonds --Bankruptcy."

The paragraphs that follow provide, in no particular order of importance or priority, some, but not necessarily all, of the possible factors that may impact the Board's financial condition and could lead to a bankruptcy of the Board. See also APPENDIX E – "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS," and "CASH FLOW AND LIQUIDITY."

Ongoing Budgetary Pressures. Certain factors that control a substantial portion of the revenues of the Board are largely outside the Board's control. The Board's authority to increase its property tax revenues for operations is restricted by PTELL, with the exception of the Pledged Taxes, the Board's Capital Improvement Taxes and Pension Property Taxes. The Board's revenues from property taxes, PPRT Revenues, Intergovernmental Agreement Revenues and State and federal funding are limited by State and federal laws, and legislation would be required to provide new or increased revenues. Certain State and Federal Revenues (as defined herein) are allocated based on statutory formulas and limited by State and federal appropriations and thus are dependent in part on the competing demands for funding at the State and federal level.

In addition, certain factors that affect a substantial portion of the operating expenses of the Board, such as its required Pension Fund contributions, are largely outside the Board's control, limiting the Board's ability to adjust such expenses in relation to the Board's operating revenues.

The Board's largest source of expenditures is salaries and wages. A majority of Board employees have salaries, wages and benefits governed by contractual agreements with the Board's various collective bargaining units. In Fiscal Year 2022, the Board's annual salaries, wages and benefits totaled $4.9 billion and constituted approximately 67% of the Board's annual operating expenses. See "CHICAGO PUBLIC SCHOOLS – Chicago Teachers Union and Other Employee Groups." The Board has also entered into labor agreements with other employee groups that have increased costs. Other agreements will expire in future Fiscal Years, and the Board cannot predict cost increases or savings associated with labor contracts that may be entered into in the future.

Debt service costs on the Board's outstanding long-term general obligation debt in Fiscal Year 2022 was approximately $714 million. See "DEBT STRUCTURE". Future financings may increase the Board's outstanding long-term general obligation debt and debt service costs. The Board has, from time to time, issued bonds to refund and restructure outstanding bonds to extend maturities to obtain budgetary relief which has the effect of extending and increasing the Board's overall debt levels. See "FINANCIAL INFORMATION."

Cash Flow, Liquidity and Future Borrowings. For Fiscal Year 2022, the Board reported General Operating Fund revenues of approximately $7.66 billion and expenses of approximately $7.40 billion, resulting in an operating surplus of approximately $263.3 million. The General Operating Fund balance increased by $275.9 million while the Capital Project Fund balance decreased by $25.1 million. The Debt Service Fund increased by $35.4 million. Total Fiscal Year 2022 General Operating Revenues of $7.66 billion were $915.1 million, or 13.6% higher than the prior year amount of $6.74 billion. Total Fiscal Year 2022 General Operating Fund expenses of approximately $7.40 billion represent an increase of $888.5 million or 13.7% from the prior year.

The Board's authority to borrow is dependent on statutory authorization and historically the Board has relied on Alternate Revenue Bonds that require the availability of a source of Pledged Revenues to cover debt service and an additional coverage factor (10% or 25% dependent on the source of revenue) as its primary source of borrowing for long–term capital needs. The Board's general obligation debt is subject to a legal debt margin imposed by State law. Each Series of Alternate Revenue Bonds is not included in the debt restricted by such margin so long as the Pledged Taxes are not extended to pay such Alternate Revenue Bonds. If the Pledged Revenues pledged to pay the Board's outstanding Alternate Revenue Bonds are not available to pay such Alternate Revenue Bonds and the Pledged Taxes are extended for payment of debt service, such series of Alternate Revenue Bonds would be included as outstanding debt and limit the borrowing capacity of the Board under the legal debt margin.

The Board has regularly relied on short-term borrowing to fund liquidity. The Board has levied in calendar year 2022 for collection in calendar year 2023, approximately $3.06 billion of ad valorem property taxes for educational purposes (the "2022 Tax Levy") and has authorized the issuance of up to $1.25 billion of tax anticipation notes in anticipation of the collection of the 2022 Tax Levy (the "2022 TANs"). As of February 15, 2023, the Board has issued $950 million of 2022 TANs, with an aggregate principal amount of draws totaling $950 million outstanding. See "DEBT STRUCTURE – Tax Anticipation Notes" and "CASH FLOW AND LIQUIDITY." Although the Board's short-term borrowing program is in place with lending facilities available through the expected period of Tax Year 2022 collections, there can be no assurance as to the terms on which the Board will continue to be able to borrow or whether the Board's existing statutory borrowing authority will provide sufficient borrowing capacity.

Unfunded Pensions and Required Statutory Contributions. Pension payments have been and are expected to continue to be a significant budget pressure for the Board. As of June 30, 2022, the Funded Ratio of the Pension Fund was 46.8% and the Unfunded Actuarial Accrued Liability was approximately $13.8 billion. Although the funded ratio increased over the prior year, to the extent that the funded ratio of the Pension Fund declines in the future, this would contribute to increased required Statutory Contributions by the Board and put further pressure on the Board's annual operating budgets. The Board's required Statutory Contributions to the Pension Fund are projected to increase annually through 2059 (the actuarial projection period). In addition, the Pension Fund's actuaries, from time to time, may change the assumptions that are the basis of their actuarial valuations, including mortality rates and investment returns, and such changes may result in increased required Statutory Contributions of the Board. See "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS." and APPENDIX E – "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS."

Local, City and State Economy. The financial health of the Board is in part dependent on the strength of the City and local economies, which in turn are components of the State economy. Many factors affect both the City and local economies, including rates of employment and economic growth and the level of residential and commercial development. Actions of the City, other local governments and the State may also have an economic impact to the extent such actions foster or impede economic growth and development. In addition, financial difficulties experienced by the State and by the Overlapping Taxing Districts may place stress on the same sources of revenue from which the Board derives the funds for its operations and debt service. It is not possible to predict whether any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur or to quantify what impact such changes would have on the finances of the Board. See APPENDIX D – "ECONOMIC AND DEMOGRAPHIC INFORMATION."

Forward-Looking Statements

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are *"forward-looking statements"* within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as *"may," "believe," "will," "project," "plan," "expect," "estimate," "budget," "intend," "anticipate," "continue"* or other similar words (such statements are referred to herein as "Forward-Looking Statements").

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT

FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (I) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (II) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (III) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, USERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, IT IS LIKELY THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE INACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE ON THE DATE HEREOF, AND THE BOARD ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE UNDERTAKING."

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PLAN OF FINANCE

Overview

The proceeds of the 2023 Bonds will be used for the purposes described below and in the table entitled "Sources and Uses of Funds." A portion of the proceeds will be used to pay for Permitted Projects in accordance with the provisions of the Bond Resolution and the CIT Act. In addition, the proceeds of the 2023 Bonds will also be used to make a deposit to the Consolidated Debt Service Reserve Fund in the amount required to increase the amount held in the Consolidated Debt Service Reserve Fund to the Consolidated Reserve Requirement of $19,028,647.75, to make a deposit to the 2023 Capitalized Interest Account, and to pay costs of issuance of the 2023 Bonds.

Sources and Uses of Funds

The following table shows the sources and uses of funds in connection with the issuance of the 2023 Bonds:

SOURCES:	
Principal Amount	$520,835,000.00
Net Original Issue Premium	15,055,177.85
Total Sources of Funds	$535,890,177.85
USES:	
Deposit to 2023 Project Account	$496,080,266.95
Deposit to Consolidated Debt Service Reserve Fund	5,657,175.70
Deposit to 2023 Capitalized Interest Account	30,367,554.24
Pay Costs of Issuance[1]	3,785,180.96
Total Uses of Funds	$535,890,177.85

(1) Includes Underwriters' discount.

The 2023 Project

As provided in the Bond Resolution, the 2023 Project includes the following categories of authorized uses, all of which are related to the construction and equipping of new school buildings, additions to existing school buildings, the purchase of school grounds on which any new school building or an addition to an existing school building is to be constructed or located, and the rehabilitation, renovation, and equipping of existing school buildings: ADA Improvements, Annexes, Overcrowding Relief & Expansion Accommodations, Environmental Remediation, General Construction, Renovations & Improvements, Interior Renovation (Gymnasiums, Furniture, Science Labs, Pre-K, Etc.), Mechanical (Electrical, Plumbing, Fire Alarms, Security, Etc.) and Structural Renovation & Other Improvements (Roofs, Envelope, Masonry, Chimney, Etc.). In accordance with the Bond Resolution, the foregoing described categories may be revised by the Board from time to time to conform to the Capital Improvement Program of the Board. See "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

Fiscal Year 2023 and Future Financings

In Fiscal Year 2023, the Board expects to issue approximately $600 million of its Unlimited Tax General Obligation Bonds (Dedicated Revenues) as Alternate Revenue Bonds (the "2023 Alternate Revenue Bonds"). The proceeds of the 2023 Alternate Revenue Bonds will be used for any of the following (i) provide funds for the continued implementation of the Board's Capital Improvement Program (as defined herein), (ii) fund capitalized interest on the 2023 Alternate Revenue Bonds, (iii) if applicable, pay the bond insurance premium with regard to certain of the 2023 Alternate Revenue Bonds, and (iv) pay costs of issuance in connection with the issuance of the 2023 Alternate Revenue Bonds. The Board expects to continue to review its capital needs and the use of additional bond financings in the future. See "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

The Board has regularly relied on short-term borrowing to fund liquidity. The Board has authorized the issuance of up to $1.25 billion in 2022 TANs. As of February 28, 2023, the Board has issued $950 million in 2022 TANS, with an aggregate principal amount of draws totaling $950 million outstanding. See "DEBT STRUCTURE – Tax Anticipation Notes" and "CASH FLOW AND LIQUIDITY."

THE 2023 BONDS

General

The 2023 Bonds initially are registered through a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Details of payments of the 2023 Bonds and the book-entry only system are described in APPENDIX I – "BOOK-ENTRY ONLY SYSTEM." Except as described APPENDIX I – "BOOK-ENTRY ONLY SYSTEM," beneficial owners of the 2023 Bonds will not receive or have the right to receive physical delivery of the 2023 Bonds, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC "*Participant*" (as defined in APPENDIX I), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal, redemption price of, premium, if any, and interest on the 2023 Bonds, and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner's Participant, to evidence its beneficial ownership of the 2023 Bonds. So long as DTC or its nominee is the registered owner of the 2023 Bonds, references herein to Bondholders or registered owners of such Bonds mean DTC or its nominee and do not mean the beneficial owners of such Bonds.

The 2023 Bonds shall be issued only in fully registered form without coupons and shall be dated the date of issuance. The 2023 Bonds shall mature on the dates and in the principal amounts shown on the inside cover page hereof. The 2023 Bonds shall be issued in the denomination of $5,000 and any integral multiple thereof (the "Authorized Denominations"), but no single Bond shall represent principal maturing on more than one date. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Interest on the 2023 Bonds

The 2023 Bonds shall bear interest at the respective rates shown on the inside cover page hereof. Each 2023 Bond shall bear interest from the Interest Payment Date to which interest has been paid or as of the date on which it is authenticated prior to the first date on which interest is to be paid. Interest on the 2023 Bonds shall be payable on April 1 and October 1 of each year, commencing October 1, 2023. Interest on each Bond will be payable on each Interest Payment Date to the person in whose name the Bond is registered at the close of business on the fifteenth day of the calendar month next preceding each Interest

Payment Date. Interest on the 2023 Bonds is computed on the basis of a 360-day year consisting of 12 months of 30 days each.

Redemption Provisions

Optional Redemption. The 2023 Bonds maturing on or after April 1, 2034 are subject to redemption prior to maturity at the option of the Board, as a whole, or in part (and if in part, in an Authorized Denomination), in such principal amounts and from such maturities as the Board shall determine, on April 1, 2033 and on any date thereafter, at a redemption price equal to the principal amount of the 2023 Bonds to be redeemed, plus accrued interest on the 2023 Bonds being redeemed to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2023 Bonds maturing on April 1, 2045 and April 1, 2048 (the "Term Bonds"), are term bonds subject to mandatory redemption prior to maturity, in part and selected as described below under "–Redemption Provisions – Redemption Procedures – *Selection of Bonds for Redemption*," at a redemption price equal to the principal amount thereof, plus accrued interest, on April 1 of the years and in the aggregate principal amounts set forth in the following tables:

Term Bonds
Maturing April 1, 2045

Redemption Dates (April 1)	Principal Amount
2044	$23,880,000
2045*	25,080,000

*Final Maturity

Term Bonds
Maturing April 1, 2048

Redemption Dates (April 1)	Principal Amount
2046	$ 26,325,000
2047	121,540,000
2048*	128,525,000

*Final Maturity

Purchase of 2023 Bonds In Lieu of Mandatory Sinking Fund Redemption. Amounts deposited to the credit of the 2023 Principal Account to be used in satisfaction of any Sinking Fund Installment may, and if so directed by the Board shall, be applied by the Trustee, on or prior to the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, to the purchase of Outstanding Term Bonds of the maturity for which such Sinking Fund Installment was established. That portion of the purchase price attributable to accrued interest shall be paid from the 2023 Interest Account. All such purchases of Outstanding Term Bonds shall be made at prices not exceeding the applicable sinking fund redemption price of such Term Bonds plus accrued interest, and such purchases shall be made in such manner as the Board shall determine. The principal amount of any Term Bonds so purchased shall be deemed to constitute part of the 2023 Principal Account until the Principal Payment Date on which such Sinking Fund Installment is due, for the purpose of calculating the amount on deposit in such Account.

If the principal amount of Outstanding Term Bonds retired through application of amounts in satisfaction of any Sinking Fund Installment shall exceed such Sinking Fund Installment, or in the event of the purchase from moneys other than from the 2023 Principal Account of Outstanding Term Bonds for which Sinking Fund Installments have been established, such excess or the principal amount of Outstanding Term Bonds so purchased shall be credited toward future scheduled Sinking Fund Installments either (i) in the order of their due dates or (ii) in such order as the Board establishes in a Certificate signed by an Authorized Officer and delivered to the Trustee not more than 45 days after the payment in excess of such Sinking Fund Installment.

Reduction of Mandatory Redemption Amounts. In the event of the optional redemption by the Board of less than all of the Term Bonds of the same maturity, the principal amount so redeemed shall be credited against the unsatisfied balance of future Sinking Fund Installments and the final maturity amount established with respect to such Term Bonds as shall be determined by the Board in a Certificate of an Authorized Officer filed with the Trustee or, in the absence of such determination, shall be credited pro-rata against the applicable Sinking Fund Installments and final maturity amount.

Redemption Procedures.

General. In the case of any redemption of 2023 Bonds at the election or direction of the Board, the Board shall give written notice to the Trustee of its election or direction so to redeem, of the date fixed for redemption, and of the principal amounts and interest rates of the 2023 Bonds of each maturity to be redeemed. Such notice shall be given at least 35 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in the Indenture, there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Government Obligations maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the 2023 Bonds to be redeemed on the specified redemption date at their redemption price plus interest accrued and unpaid to the date fixed for redemption. Such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the 2023 Bonds so called for redemption.

Whenever by the terms of the Indenture the Trustee is required or authorized to redeem 2023 Bonds otherwise than at the election or direction of the Board, the Trustee shall select the 2023 Bonds to be redeemed in accordance with the Indenture, give the notice of redemption and pay the redemption price thereof, plus interest accrued and unpaid to the date fixed for redemption, in accordance with the terms of the Indenture, without further direction from the Board.

Selection of Bonds for Redemption. If less than all the 2023 Bonds of the same maturity are called for redemption, the particular 2023 Bonds or portion of 2023 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any 2023 Bond of a denomination of more than the minimum Authorized Denomination to be redeemed shall be in the principal amount of an Authorized Denomination and that, in selecting portions of such 2023 Bonds for redemption, the Trustee shall treat each such 2023 Bond as representing that number of 2023 Bonds of the minimum Authorized Denomination which is obtained by dividing the principal amount of such 2023 Bond to be redeemed in part by said minimum Authorized Denomination. If all 2023 Bonds are held in book-entry only form, the particular 2023 Bonds or portions thereof to be redeemed shall be selected by DTC in such manner as DTC shall determine, provided, however, that in no event shall any redemption result in unrefunded 2023 Bonds of a denomination less than $5,000.

Notice of Redemption. For a description of the giving of notices while the 2023 Bonds are in the book-entry only system, see APPENDIX I – "BOOK-ENTRY ONLY SYSTEM." When the Trustee shall receive notice from the Board of its election or direction to redeem 2023 Bonds pursuant to the Indenture, and when redemption of 2023 Bonds is authorized or required pursuant to the Indenture, the Trustee shall give notice, in the name of the Board, of the redemption of such 2023 Bonds, which notice shall specify the maturities and interest rates of the 2023 Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if less than all of the 2023 Bonds of any like maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such 2023 Bonds so to be redeemed, and, in the case of 2023 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable the redemption price of each 2023 Bond to be redeemed, or the redemption price of the specified portions of the principal thereof in the case of 2023 Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice by first-class mail, postage prepaid, not more than 60 days nor less than 30 days before the date fixed for redemption, to the Owners of the 2023 Bonds to be redeemed at their addresses as shown on the registration books of the Board maintained by the Registrar; *provided*, that if all Bonds are held in book-entry only form, such notice may be given pursuant to the then-existing agreement with the securities depository for the 2023 Bonds. If the Trustee mails notices of redemption as provided in the Indenture, notice shall be conclusively presumed to have been given to all Owners.

With respect to an optional redemption of any 2023 Bonds, unless moneys sufficient to pay the redemption price of, and interest on the 2023 Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of the Board, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Board shall not redeem such 2023 Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such 2023 Bonds will not be redeemed.

Bond Registration and Transfers

For a description of the procedure to transfer ownership of a Bond of either Series while in the book-entry only system, see APPENDIX I – "BOOK-ENTRY ONLY SYSTEM." Subject to the limitations described below, the 2023 Bonds are transferable upon the registration books of the Board, which shall be kept for that purpose by the Registrar, by the Owner in person or by its attorney duly authorized in writing, upon surrender thereof with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney. Subject to the limitations described below, any Bond may be exchanged upon surrender at the corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of fully registered Bonds of the same Series, maturity, and interest rate and tenor of any other Authorized Denominations. The Trustee and the Board may charge a fee sufficient to cover any tax, fee or other governmental charge in connection with any exchange or transfer of any Bond.

Defeasance

The 2023 Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of the Indenture and the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Board thereunder shall be discharged and satisfied with respect to such 2023 Bonds if the Board shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said 2023 Bonds in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (ii) irrevocable instructions to publish or mail the required notice of redemption of any 2023 Bonds so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or redemption price, if applicable, and interest due and to become due on said 2023 Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, (iv) if any of said 2023 Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said 2023 Bonds a notice that such deposit has been made with the Trustee and that said 2023 Bonds are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal or redemption price, if applicable, of said 2023 Bonds, (v) if any of said 2023 Bonds are not to be paid within the next succeeding 60 days, a report of a certified public accountant or a firm of certified public accountants verifying the sufficiency of such Defeasance Obligations and moneys to pay when due the principal or redemption price, if applicable, and interest due and to become due on said 2023 Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (vi) a Counsel's Opinion to the effect that said 2023 Bonds are no longer Outstanding under the Indenture. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."

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BOARD OF EDUCATION OF THE CITY OF CHICAGO

General

The Board is a body politic and corporate of the State. The Board is established under and governed by the School Code and is a non-home rule unit of government. The Board maintains a system of public schools within the School District for pre-kindergarten through grade twelve and is the third largest school district in the nation.

The School District has boundaries coterminous with the boundaries of the City. The City has a population of approximately 2.7 million. The City, located on the shores of Lake Michigan in the Midwestern United States, has a large and diverse economy that contributed to a gross regional product of approximately $700 billion in 2020. Trade, transportation and utilities, government, education and health service and professional and business services are among the Chicago region's largest industry sectors. The City's Chicago O'Hare International Airport has been consistently among the top-ranked airports in every metric, including total passengers, both internationally and domestically, since its opening. Chicago's transportation and distribution network offers access to air, rail, and water, with two ports capable of handling ocean-going ships and barges, and an airport system that moves 1.97 million tons of freight, mail, and goods annually. See APPENDIX D – "ECONOMIC AND DEMOGRAPHIC INFORMATION."

Governing Body

The seven-member Board currently serves as the governing body of the School District. The members serve terms up to four years and are appointed by the Mayor of the City. The appointments do not require approval of the City Council. In addition to its Board, elected local school councils, composed of parents, teachers, principals and community representatives, exercise certain powers relating to the operation of individual schools in the public school system, including selection of principals. Under the School Code, the Board is responsible for approving the annual budget, approving contracts (including collective bargaining agreements), levying real property taxes and establishing general policies of the Board. See "BOARD OF EDUCATION OF THE CITY OF CHICAGO – Legislation Regarding Elected School Board."

Mayor Lori Lightfoot took office on May 20, 2019 and subsequently appointed new members to the Board. The current members of the Board appointed by Mayor Lightfoot and the dates on which their respective terms are currently scheduled to expire are as follows:

Member	Term Expires
Miguel del Valle, President	June 30, 2023
Joyce Chapman	June 30, 2023
Sulema Medrano Novak	June 30, 2026
Paige Ponder	June 30, 2026
Michael Scott Jr.	June 30, 2026
Elizabeth Todd-Breland	June 30, 2023

There is one vacancy on the Board.

Currently, at the expiration of the term of each member, the Mayor of the City will appoint a successor for a four-year term from July 1 of the year in which the term commences, and any vacancy will be filled by appointment of the Mayor of the City for the unexpired term (which unexpired term may be less than the balance of a four-year term following the commencement of the transition to a hybrid Board and all elected Board, with the initial hybrid Board scheduled to assume the responsibilities of the Board on January 15, 2025). See "BOARD OF EDUCATION OF THE CITY OF CHICAGO – Legislation Regarding Elected School Board." Currently, the Board elects annually from its members a president and vice-president in such manner as the Board determines. With respect to recent legislative changes regarding the appointment, election and terms of members of the Board, including the two-step transition from the current mayoral-appointed Board to a hybrid Board comprised of 10 mayoral-appointed and 10 elected members to be implemented in January of 2025 and then to an all elected 21-member Board to be implemented in January of 2027, see "BOARD OF EDUCATION OF THE CITY OF CHICAGO – Legislation Regarding Elected School Board."

Biographical information regarding each member of the Board is set forth below:

Miguel del Valle was elected President of the Board on June 26, 2019. Mr. del Valle is a retired elected official who has served on an extensive list of several committees, boards, and commissions, including Illinois Student Assistance Commission (ISAC) (Vice Chairman), Advance Illinois (Founding Board member), Illinois Federation for Community Schools (Board member), Illinois Pathways Advisory Council (Council Member), Illinois Complete Count Commission, Judicial Candidate Screening Committee and Illinois P-20 Council.

In 2006, Mr. del Valle was appointed by Mayor Richard M. Daley as City Clerk of Chicago, and subsequently won a citywide election to the post in 2007, becoming the first Latino elected to the office of City Clerk.

In 1986, Mr. del Valle was elected the first Latino Senator in the Illinois General Assembly where he served for 20 years. He became an Assistant Majority Leader, and served as Chairman of the Senate Education Committee, Consumer Affairs Committee, and Senate Select Committee on Education Funding Reform. He served as Vice Chairman of the Higher Education Committee, and member of the Revenue, Appropriations, Labor, and Executive Committees. He also was the co-founder of the Illinois Legislative Latino Caucus and a member of the Illinois Legislative Black Caucus.

Before running for public office, Mr. del Valle worked with several community-based agencies, organizing and providing direct services and institution building. He was Unit Director for the Union League Foundation for Boys and Girls Clubs, and Executive Director of Association House, a human services agency in Chicago. He also did work for the Pilsen Little Village Community Mental Health Center and the Center for Neighborhood Technology.

Mr. del Valle is a graduate of Chicago Public Schools and holds a M.A. in Guidance and Counseling from Northeastern Illinois University. He is married to Lupe del Valle and has four children and four grandchildren. Three of his children attended Jose de Diego Community Academy, and one graduated from Lane Tech. All four of his grandchildren have attended or are currently attending Chicago Public Schools.

Joyce Chapman was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 1, 2022.

Joyce is a community organizer, a visionary, a true leader, an empowered woman, and lifelong learner who is committed to ensuring that all children and families receive quality education, have productive public safety, adequate housing and provide support to all positive community initiatives. She has been an active member of the Far South Community Action Council (FSCAC) of CPS since its inception in 2011 and served as Chairwoman until June 14, 2022. With over 20 years of community engagement and social service experience, Joyce's professional experience of working with Wards of the State and DOC Juvenile parolees has enhanced her abilities to assist the underserved population in her community and around the greater Chicagoland area.

Joyce served as the CAPS Beat 512 Facilitator for the 5th District – Chicago Police Department from 1999 – 2009, and subsequently, became the District Advisory Council President for the 5th District – Chicago Police Department. She works tirelessly with community residents and has been instrumental in helping deter crime in various Chicagoland communities. She is a firm believer that it is important to work with local police districts to ensure safety and enhance quality of life in the community. As of 2016, Joyce was appointed to serve on the Chicago Police Community Policing Advisory Panel (CPAP).

Joyce has served on the Gately Park Advisory Council (GPAC) for the past 10 years as President. Under her leadership, GPAC has developed and implemented seven annual Men Grill-Offs, seven Holiday Food giveaways and Secret Santa giveaways, and six annual community field trips to Brookfield Zoo, which hosted over 400 children and families for a fun-filled day. Joyce also served on the Neighborhood Housing Services (NHS) Advisory Board and was the Vice President for 6 years.

Joyce continues to be an advocate and representative of her community in the following roles:

- Founded Woman Empowered Civic Engagement (WECE) in May 2016, which challenges and champions women's involvement in city, county, state and federal legislation.
- Organizer and developer of a Quality of Life Plan of LISC Chicago for the Far Southside of Chicago in January 2019. Joyce currently serves as President of the Far South Chicago Coalition as of 2020.
- Current Vice President for the National Community Based Organization Network (NCBON), which focuses on involving, engaging and empowering community organizations.

Joyce was born in Tokyo, Japan, went to school on military bases, and had the distinct opportunity to travel extensively – all of which allows her to be culturally aware and sensitive to all. She has lived in the historic Pullman community for over 50 years and has always felt compelled to engage the community. In May 2002, Joyce embarked on the mission to start Pullman Community Development Corporation, with a focus on revitalizing North Pullman.

Joyce is honored to be a mother to her lovely and intelligent daughters, who are her 3 Pillars: Ashanti, Umi and Amina. Additionally, she has a host of grandchildren who make her "beam."

Sulema Medrano Novak was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on July 13, 2022.

Sulema Medrano is an accomplished and award-winning trial lawyer with extensive experience leading trial teams to verdict, particularly in cases related to commercial disputes and insurance claims. Sulema honed her courtroom skills as an Illinois state prosecutor and is known for defending corporate clients in complex contract and consumer disputes. In addition to representing clients in commercial litigation, she is an active advocate for women and diverse lawyers, and a dynamic community leader with responsibilities at several nonprofit organizations both at the national level and across Illinois.

Notably, Sulema recently served as the Chair of the Hispanic National Bar Association (HNBA)'s Commission on Women, which develops programs and strategies for Latina lawyers and students to overcome barriers to entry and advancement into the profession. As Chair of the Commission, Sulema organized and facilitated national pipeline and educational programs focused on the recruitment, retention and advancement of women of color in the law, and served as an advocate for the policies and priorities affecting female attorneys. Sulema also helped design an executive leadership program for women lawyers with over ten years of experience to help women lawyers continue to break glass ceilings within their sector of the legal profession.

Sulema is also the former Regional President for the HNBA and former Board of Director for the Hispanic Lawyers Association of Illinois, a nonprofit organization that promotes legal education and civil rights among Hispanic attorneys and the Illinois community. Sulema has also combined her passion for her community with her legal knowledge to represent the Chicago Human Resource Board as Commissioner.

Sulema is currently a member of the Board of Directors for Mujeres Latinas en Acción, an agency that empowers Latinas by providing services such as domestic violence advocacy, substance abuse and parenting counseling, job placement and other educational services. She is also a member of the board of trustees of Cristo Rey St. Martin, a Catholic learning community based in Waukegan, Ill., that offers educational and employment opportunities to students of limited economic means.

Sulema's community involvement continues as an executive board member of the Latino Leadership Council; a member of the American Bar Association's Committee on Gun Violence; and a member of Latin School of Chicago's Risk Management Committee.

Beyond her organizational leadership responsibilities, Sulema annually volunteers to raise money and donations for underprivileged children and families in the Chicagoland area during the winter and holiday months.

Sulema also contributes significant time to the community through pro bono work and her dedication to women's rights and inclusion in the Chicago community. She has volunteered her time toward pro bono legal work, including the ACLU COVID Detainee Project and representing victims of domestic violence in civil proceedings.

Honors - In her legal practice, Sulema has been recognized as a top lawyer under 40 by the Chicago Law Bulletin and the Hispanic National Bar Association. She has also been recognized as Chicago Kent College of Law's Young Alumna of the Year 2019; one of the Lawyers of Color's Nation's Best for 2019; a Rising Star by Illinois Super Lawyers; and Who's Who in Hispanic Chicago by Negocios Now. Sulema received the 2018 Latina Lawyer of the Year Award from the Hispanic Lawyers of Illinois.

Education - Chicago-Kent College of Law, J.D.; Michigan State University, B.A., cum laude
Bar Admissions - Illinois

Court Admissions - U.S. District Court for the Central District of Illinois; U.S. District Court for the Northern District of Illinois; U.S. District Court for the Southern District of Illinois; U.S. District Court for the Southern District of Indiana; U.S. District Court for the Eastern District of Wisconsin; U.S. District Court of Wyoming

Paige Ponder was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on July 27, 2022.

Paige is an innovator and change-maker experienced in designing and scaling impactful programs and organizations and building strong partnerships based on trust and shared goals. Deeply committed to inclusive employment, developing and promoting diverse talent, and connecting those from historically marginalized communities to opportunity, Paige collaborates with a wide range of stakeholders and practitioners who are working to eliminate racial disparities and income inequality by developing equitable education, training, hiring, and talent development practices across institutions and employers.

Paige currently serves as Senior Advisor to the Pritzker Tech Talent Labs at Discovery Partners Institute (DPI), part of the University of Illinois System. DPI's vision is to make Chicago and Illinois the most equitable technology hub in the country and to bring dramatically more women and people of color into high-growth, highly paid careers in tech.

As CEO of One Million Degrees (OMD) from 2012-2021, Paige led a nonprofit organization that accelerates low-income community college students' progress on career pathways to economic mobility. She led the organization through a period of dramatic growth, increasing the number of scholars served by 10x, building partnerships with 10 regional community colleges, and quintupling the budget and staff size. In 2016, OMD partnered with the University of Chicago Inclusive Economy Lab to conduct a randomized controlled trial of the model, which has shown a significant impact on improving enrollment, retention, and graduation among OMD Scholars compared to a control group.

Prior to entering higher education, Paige designed and led initiatives at Chicago Public Schools to systematically drive up the number of freshmen on track to graduate by developing early warning indicators and disseminating promising practices for high schools to better support freshmen during this "make or break" year.

Paige served on the Illinois Community College Board from 2018 to 2022. She is a member of the Steering Committee for the Consortium on School Research at the University of Chicago and a 2019 Leadership Greater Chicago Fellow. Paige graduated from Princeton University with a degree from the Princeton School of Public and International Affairs. She earned an MBA from the Kellogg School of Management at Northwestern University. She lives in Andersonville with her husband, their three teenage boys, and Wally and George, the dogs.

Michael Scott Jr. was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on July 13, 2022.

A native of the North Lawndale neighborhood, Scott has focused his life's work on creating strong resilient communities and specifically on the West Side of Chicago. Scott resides in North Lawndale with his wife, Natashee and three children, Morgan, Nicholas and Michael III.

Scott graduated from Whitney M. Young Magnet High School in 1994 and earned a Bachelor of Arts degree in Political Science from Morehouse College in 1998.

Through his parents, the late Michael, Sr. and Millicent Scott, both prominent leaders in the city of Chicago, Scott was raised into a legacy of family service and building successful communities. Bringing resources and developmental programming to the underserved, Scott, Jr. has proven to be a results-driven leader in the public and private sectors.

Upon taking office as 4th ward Alderman, Scott resigned from the Chicago Park District after 12 years of service. Throughout his tenure with the Chicago Park District, Scott worked as a Park Supervisor at the Douglas Park Cultural and Community Center and most recently the Area Manager for the Central Region where he managed 35 staffed and unstaffed facilities.

Scott served two terms on the Chicago City Council, as the 24th ward Alderman. Scott was committed to working side by side with the people and organizations that have built a solid foundation for the 24th Ward. During his tenure, Scott created an economic engine for his ward, beautified the ward, devoted over 300 million dollars to capital and human infrastructure, and developed job training for residents. In 2019 Scott was appointed as the Chairman of the Committee on Education and Child Welfares and served in that appointed roll until he retired as Alderman in 2022.

Scott currently works at Cinespace Studios Chicago, in the position of Director of Industry and Community Relations. In this role, Scott provides strategic management for industry and community relations and developing local philanthropic and early education programs for Chicago. He oversees Cinespace's successful job training program providing residents on the west and south side hands-on experience in below-the-line departments including Electric, Prop, Costumes, Locations, and Sound for productions filming at the studio. The program is part of CineCares, a division of the studio dedicated to building initiatives that promote equity and inclusion in the film and tv industry in communities where the platform operates.

Elizabeth Todd-Breland is an Associate Professor of History at the University of Illinois at Chicago. Her research and teaching focus on U.S. urban history, African American history, and the history of education. Her work also explores interdisciplinary issues related to racial and economic inequality, urban public policy, neighborhood transformation, education policy, and civic engagement. Her book, *A Political Education: Black Politics and Education Reform in Chicago Since the 1960s*, analyzes transformations in Black politics, shifts in modes of education organizing, and the racial politics of education reform from the 1960s to the present. Professor Todd-Breland's writing has appeared in scholarly journals and edited volumes. She has also contributed to popular outlets, including *NPR*, *ESPN*, the *Washington Post*, and local radio, television, print, and online media.

Professor Todd-Breland coordinates professional development workshops, curricula, and courses for teachers and gives public talks on African American history, urban education, and racial equity. Todd-Breland is a CPS parent, served as a community member on a Local School Council, and worked with Chicago high school students as a social studies instructor and college counselor.

Professor Todd-Breland's research has been supported by grants and fellowships from the National Academy of Education, Spencer Foundation, Andrew W. Mellon Foundation, American Council of Learned Societies, Social Science Research Council, Ford Foundation, and UIC Institute for Research on Race and Public Policy. She earned her PhD in History from the University of Chicago.

Legislation Regarding Elected School Board

The School Code currently provides for the Board, as the governing body of the School District, to be appointed by the Mayor and with no required approval by the City Council. In July 2021, Illinois Governor JB Pritzker signed legislation (P.A. 102-0177) (the "Elected School Board Legislation"), which amends the School Code to provide for a two-step transition from the current mayoral-appointed Board, first in January of 2025 to a hybrid Board comprised of 10 mayoral-appointed and 10 elected members and a President appointed by the Mayor, and then in January of 2027 to an all elected 21-member Board (20 members elected from single-member districts and a President elected City-wide), in accordance with specified procedures. The Elected School Board Legislation does not affect any of the Board's current powers to levy taxes (including the CIT), issue debt obligations or adopt an annual budget and does not otherwise change or modify the administrative, operational or financial structure or systems of the Board, including, without limitation, State funding for the Board as described under "FINANCIAL INFORMATION – STATE AID REVENUES" herein. However, the Elected School Board Legislation does institute a moratorium on school closings, consolidations, or phase-outs until the members of the hybrid Board are seated in January of 2025.

In December 2021, Governor Pritzker signed "Trailer Bill" legislation (P.A. 102-0691) which required the Board to commission for completion by October 2022 an independent financial review to assess its finances and its "entanglements with the City of Chicago." The Board has completed and delivered the independent review to the Illinois State Board of Education ("ISBE"). Pursuant to P.A. 102-0691, ISBE is required to assess the financial review and make recommendations to the General Assembly on the Board's "ability to operate with the financial resources available to it as an independent unit of local government." Pursuant to P.A. 102-0691, ISBE is required to deliver such assessment by July 1, 2023. Although ISBE's assessment and recommendations have not yet been delivered to the General Assembly, the Board does not expect that the acceptance by the Board of any of the recommendations in ISBE's assessment will have any material adverse impact on the Board, its operations or financial condition, the security for 2023 Bonds or the ability of the Board to pay the debt service on the 2023 Bonds.

CHICAGO PUBLIC SCHOOLS

Central Administration

As authorized under the School Code, the Board has established the following offices and appointed the following individuals to serve in the capacities indicated.

Chief Executive Officer	Pedro Martinez
Chief Financial Officer	Miroslava Mejia Krug
Treasurer and Deputy Chief Financial Officer	Walter M. Stock

Chief Executive Officer. **Pedro Martinez** who has more than 20 years of experience in the private, nonprofit, and public education sectors, began serving as CEO of Chicago Public Schools on September 29, 2021. Born in Aguascalientes, Mexico, Mr. Martinez came to Chicago with his family at the age of 5 in search of a better life. The oldest of 12 children, his CPS journey began as a student on Chicago's west side, and he credits the education he received in our district's schools with changing the trajectory of his life. A proud graduate of Benito Juarez in the Pilsen community, CEO Martinez was the first in his family to graduate from high school and college, and he chose to dedicate his life to education, eventually returning to the school system of his youth as CPS' Chief Financial Officer from 2003 - 2009.

Prior to rejoining CPS in September of 2021, CEO Martinez served as the Superintendent of the San Antonio Independent School District (SAISD), where he was focused on academic excellence, talent recruitment, culture shift, stakeholder engagement, and strong fiscal management - five priorities that are closely aligned to the CPS 5-year vision. Prior to his time at SAISD, Mr. Martinez served as Superintendent in Residence for the Nevada Department of Education, where he was responsible for advising the Governor's office and the State Superintendent of Instruction on education policy decisions. And before that, he served as superintendent for the Washoe County School District in Reno, Nevada. As a data-driven leader with in-depth knowledge of academic reform strategies, he firmly believes that with the right supports, students can and will rise to any challenge, and that by setting the bar high, many more young people will demonstrate the aptitude and aspiration to perform at higher levels and be well-prepared for success in college, career, and civic life. CEO Martinez earned his M.B.A. from DePaul University in Chicago and his Bachelor of Science in Accounting from the University of Illinois. He is also a graduate of the Broad Superintendent Academy.

Chief Financial Officer. **Miroslava Mejia Krug** was appointed Chief Financial Officer by the Board effective January 14, 2020. As Chief Financial Officer, she is responsible for fulfilling CPS' commitment to financial stability through effective budget planning, maximizing available funds, and ensuring an equitable distribution of resources across the district. Ms. Krug is responsible for the administration and oversight of all financial activities within the Finance Office including Treasury & Risk Management, Budget & Grants Managements, and the Controller.

Prior to joining the District, Ms. Krug worked at Benedictine University, most recently as Vice President for Administration and Finance. Prior to Benedictine University, she was Senior Vice President for Finance and Administration and Chief Financial Officer at Roosevelt University, overseeing finances, human resources, facilities management and information technology. Before working in education, Ms. Krug was Chief Financial Officer of the Chicago Housing Authority during the largest and most ambitious public housing redevelopment effort in the country and spent ten years with United Airlines in multiple international finance roles. Additionally, she was named a Business Leader of Color by Chicago United in 2013. Ms. Krug earned a Master of Business Administration from Universidad Latinoamericana de Ciencia y Tecnología and a bachelor's degree in accounting from Universidad de Panama.

Treasurer and Deputy Chief Financial Officer. **Walter M. Stock** is the Treasurer and Deputy Chief Financial Officer of the Board and has oversight over treasury management and risk management. He was appointed to his current positions as Treasurer and Deputy Chief Financial Officer on July 24, 2019, with a retroactive effective date of June 23, 2019. Mr. Stock has been with the Board since January 2014. His responsibilities have included cash operations and forecasting, debt management and new issuance, investments, risk management, and management of all CPS banking accounts, including those of the local schools. Previous to his tenure at CPS, Mr. Stock was a Managing Director at PNC Capital Markets. Preceding PNC Capital Markets, he was a Managing Director at Mesirow Financial. Prior to that he was a Vice President at Bernardi Securities. In total, Mr. Stock has over 26 years of municipal finance experience and has structured and executed in excess of $13 billion of financings for the Board and municipal issuers across the Midwest. He holds a Bachelor's Degree in Economics from the University of Illinois at Chicago.

General Counsel. **Joseph T. Moriarty** is currently serving as the General Counsel of the Board and was appointed as General Counsel on February 28, 2018. Mr. Moriarty has advised the Board of his intention to resign from the position of General Counsel effective March 3, 2023. On February 22, 2023, the Board appointed Ruchi Verma to serve in the position of General Counsel effective March 4, 2023.

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School System and Enrollment

The following table presents the number of schools and the enrollment for the Board for Fiscal Years 2018 through 2023. Enrollment has declined over the period shown, based on numerous factors including a decades-long decline in the number of children born in the City, migration of students to private schools and suburban school districts, and impacts of the COVID-19 pandemic. The Board's Fall 2022 (occurring in Fiscal Year 2023) school enrollment was 322,106 students and reflects a 8,305 student decrease (approximately a 2.6% decline) from the Fall 2021 enrollment.

Chicago Board of Education
Number of Schools and School Enrollment

Number of Schools	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Elementary [(1)]	422	422	422	422	422	425
High School	108	107	106	106	106	101
Charter Schools	131	130	127	127	126	122
Total Schools	661	659	655	655	654	648
School Enrollment [(2)]						
Elementary [(1)]	230,718	222,955	220,539	206,314	197,429	190,702
High School	80,699	78,762	76,340	77,062	77,548	75,361
Charter Schools	59,965	59,597	58,277	57,282	55,434	56,043
Total School Enrollment	371,382	361,314	355,156	340,658	330,411	322,106

Source: Chicago Public Schools. Number of Schools Includes Alternative Learning Opportunities Programs (ALOPs).
(1) Elementary schools include the traditional classification of middle schools.
(2) Includes the number of students in each type of school regardless of the students' grades.

Summary and Status of School Actions

A State–mandated process governs the annual timing for school action proposals, including co-locations, reassignment boundary changes, consolidations and closures ("School Actions"). Pursuant to this process, by October 1st each year the Board creates and releases any updated Guidelines for School Actions ("Guidelines") that outline the academic and non–academic criteria for a school action. All proposed School Actions to be taken at the close of a current academic year must be consistent with the Guidelines and must be announced by the following December 1st. These proposals are also subject to requirements of notice, two community meetings, and one public hearing prior to being put to a vote by the Board. Proposed school actions are typically voted on by the Board in the February–May timeframe.

Over the last several years, the Board's School Actions have reduced overall school count from 661 in Fiscal Year 2018 to 648 in Fiscal Year 2023. This reduction is the net result of lower enrollment figures, consolidating several Board–operated schools that were located in the same building as other Board–operated schools, and closing of other Board–operated schools and charter schools. The Elected School Board Legislation institutes a moratorium on school closings, consolidations, or phase-outs until the elected members of the Board are seated in January of 2025. See "BOARD OF EDUCATION OF THE CITY OF CHICAGO – Legislation Regarding Elected School Board."

Capital Improvement Program

The Board has an ongoing "Capital Improvement Program" that includes a capital budget assembled as part of the Board's Five-Year Capital Plan and Ten-Year Master Education Facility Plan pursuant to State law.

The Board's Fiscal Year 2023 budget includes a capital budget (the "Fiscal Year 2023 Capital Budget") totaling $645 million that focuses on the funding of a capital plan (the "Fiscal Year 2023 Capital Plan") that includes priority facilities needs at neighborhood schools; mechanical systems which control the indoor environment and air-quality of our schools; ADA accessibility; restroom modernizations; student recreation and athletic improvements; site improvements and continued expansion of technology upgrades and other academic priorities. The Fiscal Year 2023 Capital Plan also includes, among other projects: (i) $369 million for facility needs, including roof, mechanical and masonry projects and fire alarm system replacement; (ii) $30.5 million to increase Americans with Disabilities Act accessibility in 28 schools as part of a multi-year program to ensure all CPS buildings have first-floor accessibility; (iii) $20 million to renovate existing student recreation and athletic resources such as stadiums, athletic fields and natatoriums; (iv) $65.2 million to design and build new playgrounds, playlots, and school yards at over 50 schools across the city so that students can benefit from a well-rounded education that promotes healthy and active development; and (v) $20 million to upgrade school network infrastructure to address equitable connectivity, replace aging hardware at schools, and upgrade our data warehouse and data backups. Funding of the Fiscal Year 2023 Capital Plan derives from the proceeds of future bond issuances and other confirmed and potential outside resources as they become identified.

The Board released the 2018 Educational Facilities Master Plan (the "EFMP") as of October 1, 2018. The Board first adopted such a plan in 2013 and it is required to be updated periodically pursuant to the requirements of State Law. The EFMP combines data and feedback from internal and external sources to provide a holistic picture of the Board's short and long-term facility needs. The planning process is part of a continuous effort to provide safe, healthy, and supportive learning environments. It also provides for sufficient space for the number of students in the building, equitable access to advanced technology, playgrounds, air-conditioned classrooms, programmatic upgrades, and ADA accessibility. The 2023 Capital Plan aligns with the priorities outlined in the EFMP. Additionally, the Board conducts biannual facility assessments for each facility owned, leased, or operated by the district. The latest facility condition assessments were completed at each Board-operated school building between June 2019 and December 2021.

ISBE Public Inquiry on the Board's Special Education Services

In December 2017, the ISBE launched a "Public Inquiry" to examine the special education budget allocation processes and procedures and the provision of special education services in Chicago Public Schools. The Public Inquiry process is established by State law and is designed to facilitate fair and transparent fact-finding on a matter of public concern. The Office of the General Counsel at ISBE leads the Public Inquiry team that includes a special education law expert and a representative from the special education advocacy community. The Public Inquiry team held a series of public hearings involving both written and oral testimony and has issued a report presented to the ISBE Board. The report noted problems in the 2016-17 and 2017-18 school years that delayed or hindered the provision of special education services to students and the ability of educators and families to advocate for the services students needed. In response to the ISBE report, in August 2021, the Board developed and released procedural changes to those items identified in the report. Additionally, the ISBE directed the Board to identify students who were impacted by the policies that led to the problematic provision of services, and provide these students with remedies to help them make up for any lost progress. After identifying a group of potentially impacted students, the Board offered these students either 1) a Universal Enrichment Remedy ("UER"), or 2) a Student Specific Corrective Action ("SSCA") Meeting. The UER originally consisted mainly of a menu of service options that families could choose from in order to help their child make up for any lack of expected progress. The UER, with feedback from stakeholders, later transitioned to a system of monetary remedies as opposed to service options for those students who were identified as being affected. The changes were made to streamline the SSCA so that families will have greater flexibility in accessing services for their students who may have been impacted. If a student has been identified for a UER and their parent/guardian completes certain requested documentation, a monetary remedy of up to $4,000 per school year may then also be available. The distribution of remedies began in April 2022 and, as of the date of this Official Statement, have been completed by the Board. The total aggregate amount of the monetary remedies distributed by the Board has had no material adverse impact on the Board's financial condition, its operations or the security for the 2023 Bonds. With the Board's response being fully implemented, other than a final close-out review by the ISBE, no further actions are expected to be required by the ISBE. The Board is prepared, however, to respond to any further concerns of the ISBE on this matter should they arise.

Annual Regional Analysis

In Fiscal Year 2022, the Board provided an Annual Regional Analysis (the "ARA") which provides a consistent set of information regarding school quality, enrollment patterns, school choice, and program offering by region. The goal of the ARA is to ensure every student in Chicago has reasonable access to quality public schools and a variety of schools and programs and it promotes communication, collaboration and transparency. The ARA is organized into 16 geographic regions aligned with Chicago neighborhoods and includes information by region relating to the quality of schools, enrollment and available seats, the number of students that attend schools within and outside their region, and the variety of programs including fine and performing arts, world language, and STEM. One of the key findings of the ARA is that there are approximately 141,000 more seats than students enrolled in the School District. The purpose of the ARA is to discuss issues related to school quality, quantity, choice and variety and to begin a dialogue with the community around a common set of facts related to schools in each community. In an effort to begin this dialogue, the Board conducted facilitated workshops in each of the 16 planning groups across the City.

Educational Highlights

The following is a description of certain recent educational highlights related to the Board.

Record-High Graduation Rate. The graduation rate for CPS students reached an all-time high with 84 percent earning a diploma in 2022, including strong gains from African American students. The graduation rate has steadily risen over the past seven years, growing more than 24 percent since 2012, when just over half of CPS students earned a high school diploma. This year marks the highest 5-year graduation rate on record, with 21,205 graduates, an increase from last year's 20,722 graduates.

Lowest One-Year Dropout Rate. The 2021-2022 one-year dropout rate hit a low of 5.7 percent. The decrease was largest for African American students and also decreased for Latinx students, White students, Asian students, diverse learners, and English learners. The dropout rate has steadily declined in recent years from a rate of 7.1 percent in the 2016-2017 school year to a rate of 5.7 percent in the 2021-2022 school year.

Learn.Plan.Succeed. 97.2 percent of CPS seniors at district high schools submitted a concrete post-secondary plan as part of Learn.Plan.Succeed. (LPS), which ensures CPS students develop plans for life after graduation with the support of dedicated staff. Launched in 2017, the Class of 2020 was the first group of students who were required to submit a post-secondary plan in 12th grade as part of a graduation requirement. 84.4 percent of the CPS Class of 2022 graduated with plans to attend college.

College and Career Readiness. In 2022, 45.5 percent of graduates left CPS having earned at least one early college and career credential (ECCC) through courses such as Advanced Placement (AP), International Baccalaureate (IB), Career and Technical Education (CTE), dual enrollment, dual credit, and more. Students with early college and career credentials have increased by over 14 percent, in comparison to 2014. The District continues to increase access to college-level coursework in high schools, which helps prepare students for post-secondary opportunities and helps make college more accessible and affordable.

Scholarship Dollars Earned. The class of 2021 earned more than $1.5 billion in scholarship offers, nearly four times more than 2013 when CPS students earned $399 million in scholarship dollars. The increase is consistent with the Board's strategic expansion of post-secondary initiatives and college-level programming such as IB, STEM, AP, dual credit and dual enrollment in schools across the city.

CPS School Rankings. Several Board high schools are locally and nationally ranked by U.S. News and World Report, recognizing academic performance on state assessments and student preparation for college as measured by advanced placement tests. In 2022, out of more than 24,000 high schools nationally surveyed, five CPS schools were ranked among the top 10 high schools in Illinois, and the Board's Walter Payton College Prep, Northside College Prep, Jones College Prep, Whitney M. Young Magnet High School, and Lane Technical College Prep High School were ranked among the "top 100" schools nationally.

Strong Progress from English Learners. In 2019, groundbreaking research from the University of Chicago Consortium on School Research showed that students who began CPS as English Learners ("EL") in kindergarten and reached proficiency by eighth grade are matching or exceeding the academic performance of their peers who were never classified as ELs. Students who have been identified as an English Learner at some point encompass nearly 32 percent of the district's overall enrollment. According to the report's findings, nearly four out of every five CPS English Learners (80 percent) developed English proficiency by eighth grade, with the majority of these students reaching proficiency by fifth grade (77 percent).

U.S. Department of Education's 2021 National Blue Ribbon Award. Three CPS schools—Disney II Magnet High School, Prosser Career Academy, and Walter Payton College Prep—were named 2021 National Blue Ribbon Schools, a prestigious national recognition from the U.S. Department of Education. Two schools were recognized for their work in closing student achievement gaps and the other for its high academic performance.

Educational Initiatives

The Board has implemented a series of recent educational initiatives to support student learning, including the following:

<u>Administrative Initiatives</u>

Annual School Assessment. The Board has developed a policy for evaluating school performance that establishes the indicators of school performance and growth and the benchmarks against which a school's success will be evaluated on an annual basis (the "Annual School Assessment"). The Board compiles this information in its Annual Regional Analysis that serves the following purposes: (i) communicates to parents and community members about the academic success of individual schools and the Board as a whole; (ii) recognizes high achieving and high growth schools and identifying best practices; (iii) provides a framework for goal-setting for schools; (iv) identifies schools in need of targeted or intensive support; and (v) provides guidance for the Board's decision-making processes around school actions and turnarounds. The Annual School Assessment provides valuable information to students and parents considering enrollment in CPS and selecting among school options that fit their needs.

Creation of the Office of Equity. In September 2018, CPS created its first Office of Equity in an effort to narrow the gaps in test scores and academic achievement between African-American and Latinx students and their White and Asian peers. Priorities for the Chief Equity Officer include diversifying the Board's workforce, ensuring resources are distributed equitably across the District, and supporting efforts to award more contracts to minority- and women-owned businesses.

GoCPS. The Board has adopted a single streamlined online application process for high school, elementary and pre-K students to evaluate available options and to be matched to the school that fits their needs. GoCPS provides a one-stop source of information on available options, including selective and Options Schools, as well as housing the application system to Chicago schools. It has improved equity for disadvantaged students and expanded access to school options across the district, including both neighborhood and charter school students. It allows families to learn, research, explore, and apply to nearly every CPS school and program through one online platform.

Safe Passage. CPS continues to operate and add schools to its Safe Passage program to help ensure that more than 76,000 CPS students from 175 schools are able to travel safely to and from school every day. The City-wide Safe Passage program is delivered through 21 community-based vendors that will hire up to 1,350 safe passage workers each school year. The Chicago Police Department announced that crime along Safe Passage routes has fallen by nearly one third since the 2012-13 school year. The program provides students with the enhanced confidence in the ability to travel to and from school safely and has improved attendance at the schools served. CPS will invest $22 million in the program in Fiscal Year 2023, including $1.5 million to engage Safe Passage staffers to support CPS Summer Programs and Chicago Park District programming so students can continue to have safe access to activities while out of school.

"Back to Our Future" Initiative. With a new investment of $18 million (including a $16.2 million award from the Illinois Department of Human Services) CPS is piloting a new high touch intervention model to 1,000 youth who have been disconnected from school for at least 12-18 months. CPS is partnering with community-based organizations and the University of Chicago Crime and Education Labs to conduct extensive outreach to engage these hardest-to-reach students and provide comprehensive behavioral health services, mentoring and employment opportunities, and other wrap-around supports in order to build the skills needed to safely reconnect with their school communities.

Supportive Schools Certification. Based on a study done in CPS schools, funded by the Bill and Melinda Gates Foundation, educational scholars learned that teachers, rather than technology, are the most important factor in creating sustainable personalized learning models. Given these results, CPS has improved its social and emotional learning programming, training and initiatives in recent years to better support the needs of its students. As part of these efforts, CPS created the supportive schools certification to recognize schools that have prioritized supportive school environments. In addition, the Student Code of Conduct was revised to build on the Board's restorative approach to discipline, promote equitable practices, and ensure all students have access to safe and supportive learning environments.

Recognizing Top Performers. The Board is refining its recognition platform for top performers in school leadership and teacher quality, tying rewards and recognition to performance. One example of this program is the Chicago Principal Partnership. The partnership will build an online resource hub for principals, which includes programming and professional development opportunities that reflect principal best practices.

Children First Fund. In 2019, CPS re-launched the Children First Fund: the Board's foundation. For years, Chicago's business, philanthropic, higher education, health and cultural institutions have invested in CPS schools and enriching experiences for its students. In the next five years, CPS will reciprocate the generosity for these partners by establishing the Children's First Fund to be a singular liaison for partners, streamlining processes, maximizing partners' impact and increasing student access to real-world learning experiences.

Chicago Connected. Chicago Connected is a program that provides no-cost, high-speed internet service to CPS students in their households. According to Census data, an estimated 100,000 students lack access to high-speed internet in Chicago. In order to narrow the digital divide for CPS families, Chicago Connected offers up to four years of high-speed internet for CPS families who are most in need. Since its launch in June 2020, more than 64,000 students have enrolled in the program. Chicago Connected eligibility has expanded to more than 228,000 student households, creating the foundation for a permanent publicly supported system for families in the city.

Lead With CPS. In 2020, CPS launched Lead With CPS in order to promote continuous learning and supplement existing programs for all staff. Lead With CPS is part of the Board's commitments to increase transparency and equity around career pathways, invest in the development of employees and create talent pipelines.

CPS: Success Starts Here. In 2019, the Board released a strategic five-year vision: *Success Starts Here*. This vision details the Board's commitment to academic progress, financial stability and integrity and outlines its goals between 2019 and 2024.

CPS' Three-Year Blueprint. Building on the important work outlined in the five-year strategic plan developed in 2019, the Three-Year Blueprint aims to ensure a strong recovery for CPS students and seize the opportunity to create a better, more equitable school district.

<u>District Wide Education Initiatives</u>

Skyline Curriculum. In 2021, the District made a $165 million investment to ensure every school has access to a series of research-based resources. Skyline is a universal curriculum, which provides staff with professional development and essential resources, including book sets, math manipulatives, and science kits.

Virtual Academy. In response to the COVID-19 pandemic, CPS launched the Virtual Academy for the 2021-2022 school year. Virtual Academy offers a fully remote learning option for a limited number of students who qualify based on medical need.

Healing-Centered Framework. In 2021, CPS announced a $24 million investment over the next three years that will promote wellness, safety, and support for CPS students—in a long-term effort to transform CPS into a district that focuses on healing and wellness. The Healing-Centered Framework is centered around comprehensive and holistic healing to address trauma that not only focuses on the wellness of students but the adults that support them such as school staff, families, and caregivers.

<u>Early Childhood Education Initiatives</u>

Full Day Kindergarten. In the 2014-2015 school year, CPS expanded kindergarten from half-day to full day in every public school. CPS has added seats for full day Pre-K to better prepare students for kindergarten. The City of Chicago and CPS are working towards offering enough seats for every four-year-old child in the city to attend full-day Pre-K at no charge by 2024.

Pre-K Application. The Office of Early Childhood Education ("OECE"), in collaboration with the City and Department of Family Support Services ("DFSS"), started a new universal online application process for preschool parents to apply for the 2016-2017 school year. During the first year of implementation, over 11,000 families applied and were placed through the universal application process across school and community-based programs.

High School Initiatives.

Chicago Roadmap. CPS and City Colleges of Chicago ("CCC") have partnered to support the path to college and career for diverse students and learners. The goal of the program is to ensure students receive high-quality, well-aligned instructional practice across CPS and CCC through deeper collaboration in academic readiness and success, access to high-quality programs, student advising and supports, and career exploration and preparedness. Through this partnership high school students can take courses for both high school graduation credit and college credit, free of charge.

STEM. CPS has continued investing in STEM programs with specialists to provide targeted, job-embedded professional development in STEM-focused instructional practices, expanding opportunities for the Early College STEM model in high-demand industries, and launching of STEM certification for STEM Initiative schools. In addition, three new Early College STEM Schools ("ECSS") began programming in the 2018-19 school year, including the first health sciences focused ECSS. Each new ECSS high school is working with a lead industry partner to support enrichment and work-based learning. Industry partners include Rush University Medical Center, Verizon, the City of Chicago Department of Innovation and Technology and Salesforce.

Computer Science Graduation Requirement. CPS has offered continued support of computer science, which became a graduation requirement starting with the class of 2020. The program will be enhanced with teacher supports such as teaching assistants and a teacher credentialing program. Additionally, the program will increase the number of elementary schools participating in the program, which will provide a pipeline of better-prepared students for high school success.

Chicago Builds. CPS has launched the second cohort for Chicago Builds, a citywide career and technical education ("CTE") program focused on the trades: electricity, advanced carpentry, HVAC, welding, and general construction. Enrolled students participate in a two-year program geared towards exposing them to various trades, preparing them for apprenticeship opportunities and engaging in certification and work-based learning opportunities.

IB Program. CPS has the nation's largest International Baccalaureate ("IB") network with 56 schools (23 high schools and 33 elementary) currently serving over 39,000 students. The high school programs provide students with more opportunities to earn college-level credits before graduation. The elementary feeder schools prepare students for IB coursework in high school.

Advanced Placement. Chicago Public Schools has one of the largest Advanced Placement ("AP") programs in the nation and is the only district of any size to be named the AP District of the Year more than one time for its achievements in expanding access and improving outcomes. The district is increasing equitable access to AP for African-American and Latinx students. This will be accomplished in part by expanding the AP Capstone Program, a two-year diploma program that guides students to complete an original, college-level research paper and oral defense. As part of the High School Strategy, CPS will increase the number of AP Capstone campuses from the 12 campuses that were in place in 2017-18 to 30 campuses by the 2023-24 school year, with an intentional focus on neighborhood high school campuses.

College Readiness. In addition to implementing Common Core state standards, the Board has implemented reforms designed to make students college-ready including: (i) expanding dual enrollment programs that give high school juniors and seniors exposure to college-level courses; (ii) expanding high school options that have a strong track record of college readiness and persistence; (iii) establishing the award of a State Seal of Biliteracy to graduating seniors who demonstrate proficiency in English and in a secondary language; (iv) partnering with leaders in higher education to form the Chicago Higher Education Compact, a collaboration dedicated to developing solutions to increase college enrollment and success; and (v) expanding student awareness of the Chicago Star Scholarship program, which provides eligible CPS students with a free education at City Colleges of Chicago.

Dual Language Program. CPS dual language programs are currently offered in select neighborhood schools, charter schools, and magnet schools. The dual language program provides students with comprehensive programming to develop language and cultural literacy skills and fluency in both English and Spanish.

Selective Enrollment Schools. In 2020, the Board launched a new initiative to provide additional resources and support to significantly increase the number of diverse learners who attend selective enrollment high schools. In the 2022-23 school year, approximately 8.3 percent of students enrolled in selective enrollment high schools were diverse learners compared to 15.3 percent of CPS students. Since the launch of the initiative, as of school year 2021, CPS has nearly doubled its selective enrollment offers to diverse learners, which is proportionate to the 15.3 percent of district students who have special education needs. CPS has provided $1.2 million in additional funding for selective enrollment high schools in its Fiscal Year 2023 Budget.

Promoting Equity and Expanding Access to Advanced Math. In 2020 the Board launched the first Early High School Algebra courses, providing remote algebra instruction for more than 500 students from 80 elementary schools that do not currently offer algebra. The year-long classes, which are led by certified CPS teachers, were launched at the beginning of this school year and predominantly serve African-American (62 percent) and Latinx (33 percent) students. By 2023-24, CPS will offer at least one algebra course to every elementary school to ensure all students who qualify for algebra in elementary school can enter high school having taken the course. Through the Early High School Math Initiative, CPS will increase the number of 8th graders successfully completing high school algebra to 6,000 students in 2023-24 from the 3,800 8th graders who successfully completed high school algebra in the first year of the Board's five-year vision.

High School Strategy. In alignment with the Board's five-year plan, CPS launched its high school strategy in 2020. This strategy is an equity-focused plan to support high school students. The plan includes a commitment by the Board to invest $5 million in the following primary areas over a four-year period: strengthening instruction, leading ongoing development, enhancing school organization, and building postsecondary pathways.

Chicago Teachers Union and Other Employee Groups

Overview. The Board currently employs approximately 41,574 persons. Approximately 92% of the Board's employees are represented by five unions that engage in collective bargaining with the Board. As of January 25, 2023, approximately 63% of the Board's employees were represented by the CTU and approximately 28.9% were represented by other unions. The unions, number of employees represented and effective dates of the Board's most recent collective bargaining agreements are as follows:

Labor Organization	Number of Covered Employees	Agreement Start Date	Agreement End Date
CTU	26,206	July 1, 2019	June 30, 2024
SEIU Local 73	9,731	July 1, 2018	June 30, 2023
UNITE-HERE Local 1	1,825	July 1, 2021	June 30, 2025
SEIU Local 1	446	July 1, 2021	June 30, 2025
IB of T Local 700	24	July 1, 2017	June 30, 2022

CTU. The Board's current collective bargaining agreement with CTU became effective as of July 1, 2019. The agreement covers the terms and conditions of employment for teachers, school clerks, teacher assistants and other paraprofessionals and provides for wage increases of 16% over five years, specifically 3% in Fiscal Years 2020, 2021 and 2022 and 3.5% in Fiscal Years 2023 and 2024. Increased staffing requirements for clinicians, and $35 million allocated to address class size issues were among other negotiated terms.

SEIU Local 73. The Board's current collective bargaining agreement with SEIU Local 73 became effective as of July 1, 2018. The agreement covers custodians, security officers, special education classroom assistants, and bus aides. The agreement calls for wage increases of 16% over five years, specifically 3% in Fiscal Years 2019, 2020, and 2021, and 3.5% in Fiscal Years 2022 and 2023.

UNITE HERE Local 1 and SEIU Local 1. The Board's current collective bargaining agreements with UNITE HERE Local 1 and SEIU Local 1 became effective as of July 1, 2021. The agreement with UNITE HERE covers lunchroom attendants, cashiers, porters, and cooks and the agreement with SEIU Local 1 covers lunchroom managers. The UNITE HERE agreement calls for initial increases in hourly rates, depending on position, from 10-12% in Fiscal Year 2022, and wage increases thereafter will consist of 1.5% for Fiscal Year 2023 and 1.75% for Fiscal Year 2024. In Fiscal Year 2025, UNITE HERE wage increases will primarily consist of 2.0% for workers with the exception of lunchroom attendants who will receive a 2.15% wage increase. The SEIU Local 1 agreement calls for wage increases of 3.5% for Fiscal Year 2022, 3.5% in Fiscal Year 2023, 2.5% in Fiscal Year 2024, and 1.5% for Fiscal Year 2025, for an increase of 11% across the four-year agreement. The labor costs associated with the agreements are paid from grant funds generated from the U.S. Department of Agriculture's nutrition grant and supplemented by CPS as needed.

IB of T Local 700. The Board's current collective bargaining agreement with IB of T Local 700 became effective July 1, 2017. The employees covered by this agreement are motor truck drivers and covered by prevailing wage statutes. The most recently expired agreement had incorporated the benefit structure previously agreed to by CTU, SEIU Local 73 and IUOE Local 143B. Discussions regarding a new agreement have been ongoing and are currently continuing.

Recent Legislative Action: HB2275. On January 11, 2021, the Illinois General Assembly voted to approve H.B. 2275 ("HB2275"). On April 2, 2021, the Governor signed the HB2275 legislation into law as Public Act 101-664. The Act took effect on that day repealing Section 4.5 and related provisions of Section 12 of the Illinois Educational Labor Relations Act. The effect of the repeal of those provisions is to expand the scope of bargaining rights of the exclusive bargaining representatives of CPS employees. Nevertheless, the Board cannot predict what future actions, if any, that the CTU will pursue in light of the repeal of those provisions, but if any such actions are pursued by CTU the Board expects that the effect of such actions will not impact the validity of the Board's current collective bargaining agreement with CTU (which expires June 30, 2024), will be temporary in nature and will not have a material adverse effect on the financial or operational condition of the Board or the security for the Bonds.

Recent Legislative Action: HB5107. On January 6, 2023, the Illinois General Assembly voted to approve H.B. 5107 ("HB5107") which repeals provisions concerning employee exemptions from bargaining unit membership. The HB5107 reclassifies non-union employees of the Board as "educational employees" unless the employee has a significant role in the negotiation of collection bargaining agreements or who formulates and determines employer-wide management policies and practices. HB5107 provides educational employees the ability to form or join a union. HB5107 prohibits those employees who have an administrative license from engaging in a strike. On February 10, 2023, the Governor signed HB5107 into law as Public Act 102-1138.

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PENSION AND OTHER POST–EMPLOYMENT OBLIGATIONS

Overview

Employees of the Board participate in one of two defined benefit retirement funds (the "Retirement Funds") which provide benefits upon retirement, death or disability to Board employees and their beneficiaries. The Retirement Funds are established, administered and financed under the Illinois Pension Code (the "Pension Code") as separate legal entities and for the benefit of the members of the Retirement Funds. The Pension Code requires certain statutorily mandated contributions by the Board to the Retirement Funds for each Fiscal Year, as well as required contributions by employees and the State. The Board has historically paid its Statutory Contribution on the last day of its Fiscal Year ending June 30. The two Retirement Funds are: (i) the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund"), which covers teachers, educational, administrative, professional and other certified individuals employed by the Board, and (ii) the Municipal Employees' Annuity and Benefit Fund of Chicago (the "Annuity Fund"), which covers non–teacher employees of the Board and most civil service employees of the City.

The benefits paid under the Retirement Funds, contributions to the Retirement Funds and investments by the Retirement Funds are governed by the Pension Code. As defined benefit pension plans, the Retirement Funds pay periodic benefits to beneficiaries, which generally consist of retired or disabled employees, their dependents and their survivors, in a fixed amount (subject to certain scheduled increases) for life. The amount of the benefit is determined at the time of retirement based, among other things, on the length of time worked and the salary earned. To fund benefits, employees, the Board, the City, the State and, in certain instances, approved City charter schools make contributions to the Retirement Funds (the "Statutory Contributions").

The Retirement Funds invest Statutory Contributions with the goal of achieving projected investment returns over time and increasing the assets of the Retirement Funds. Information, as reported by the Board, pertaining to the Retirement Funds and the Board's Statutory Contributions is contained in APPENDIX B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022." The Retirement Funds' actuaries perform separate actuarial valuations of each of the Retirement Funds on an annual basis. These actuarial valuations calculate, among other things, the employer contributions, assets and liabilities of the Retirement Funds. In the actuarial valuations, the actuaries make a variety of assumptions and employ actuarial methods to calculate such contributions, assets and liabilities. The assumptions and methods used by the actuary have a significant impact on the measures of financial position of the Retirement Funds and may change from time to time.

The discussion under this heading is a summary of certain aspects of the Board's Pension Fund, Annuity Fund and other post-employment obligations. Additional information regarding the Board's employee retirement funds and plans, including specifically the Board's Pension Fund, Annuity Fund and other post–employment obligations, and the Board's required contributions is included in APPENDIX E – "PENSION AND OTHER POST–EMPLOYMENT OBLIGATIONS." For a discussion of certain risks related to the Board's pension and other post–employment obligations see "BONDHOLDERS' RISKS – Unfunded Pensions and Required Statutory Contributions." For a discussion of the timing of pension contributions and the availability of certain revenue sources therefor, see "CASH FLOW AND LIQUIDITY – Timing of Expenditures – Pension Contributions." For a discussion of changes to State funding of the Pension Fund see "STATE AID REVENUES – Overview – Public Act 100-465."

The Pension Fund

As of June 30, 2022, the Pension Fund included 65,760 members (the majority of which are Board employees) consisting of 27,638 retirees and beneficiaries currently receiving benefits, 6,861 vested terminated members entitled to benefits but not yet receiving them, 16,302 total active vested current members and 14,959 nonvested current members. An additional 26,630 non-vested, former members are eligible for refunds of contributions.

The Pension Fund's active contributors make bi-weekly contributions to the Pension Fund from their salaries which contributions are currently set at 9% of covered payroll. Historically, as part of its collective bargaining agreement with the CTU, the Board paid a substantial portion of the employee contribution in an amount equal to 7% of covered payroll. However, new CTU Pension Fund members hired after January 1, 2017 make their entire 9% employee contribution.

The Pension Fund is presently underfunded and the funded status of the Pension Fund has deteriorated steadily over time. The decrease in the Pension Fund's funding levels is due to a number of contributing factors, including but not limited to adverse economic factors, inadequacy of legislatively mandated employee, employer and other contributions, automatic annual increases and changes in benefit levels, changes in actuarial assumptions and the changed demographics of both the workforce and retirees of the Funds. The required Statutory Contributions under the Pension Code have been lower than those which would have been necessary to fund the Pension Fund on an actuarial basis in recent years. The most recent Pension Fund Actuarial Valuation projection required Board Pension Fund contributions to annually increase through Fiscal Year 2059 (the end of the projection period), reflecting a 90% funded percentage. See APPENDIX E — "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS — PENSION FUND CONTRIBUTIONS – Table 4."

Dedicated Revenues to Fund Required Board Statutory Contributions to the Pension Fund

Overview. The State's authorization of the Pension Property Tax Levy and the increase in the authorized rate cap for such tax, combined with the required State Statutory Contribution to the Pension Fund, have established dedicated sources of revenue that are intercepted and directly deposited with the Pension Fund and credited to the Board's required Statutory Contribution to the Pension Fund.

Required State Contribution to the Pension Fund. P.A. 100-465 provided for an increase in the required annual State contribution to the Board's Pension Fund to cover the "normal pension costs" of Board teachers and other covered employees and the Board's annual required retiree health care contribution, similar to State funding that has historically been provided to other school districts in the State for teachers' pensions. The State required contribution is expected to increase annually based on the Pension Fund's certification of the projected normal cost contribution and any required health care contributions which have historically been capped at $65 million. The required State Statutory Contribution to the Pension Fund was approximately $277 million in Fiscal Year 2022 and will be approximately $309 million in Fiscal Year 2023. Such State funding is subject to a continuing appropriation and a statutory amendment would be required to discontinue such appropriation.

Pension Property Tax Levy. Public Act 099–0521 became effective in 2016 and authorized the Board to annually levy a property tax on all real property within the boundaries of the School District at a rate not to exceed 0.383% to be paid directly to the Pension Fund to be credited to the Board's annual required contribution (the "Pension Property Tax" or the "Pension Property Tax Levy"). This tax is not subject to PTELL. The Board authorized the levy of this additional tax for Tax Year 2016. P.A. 100-465 authorized the Board to increase the annual Pension Property Tax Levy to a rate not to exceed 0.567%. In Tax Year 2017, the Board increased the Pension Property Tax Levy to the maximum rate of 0.567% and has continued to levy this amount in subsequent fiscal years. The Board anticipates that it will continue to levy this amount in future years.

Change in Pension Fund Actuarial Assumptions and Board Funding of Pension Contributions

In 2021, the Pension Fund's actuary reduced the investment rate of return assumptions for the Pension Fund from 6.75% to 6.50%, which resulted in an approximately $728 million increase in the unfunded actuarial accrued liability of the Pension Fund. The Pension Fund's actuary had previously reduced the assumed rate of return four times from a rate of 8.00% in Fiscal Year 2013. The expected rate of return on investments is a key assumption in estimating the value of pension obligations and is used to estimate the present value of future benefit payments. Reducing the rate increases the estimated present value because more money must be set aside now to pay future benefits. This present value, known as the actuarial liability, is compared with the value of pension assets to determine the funded status of pension plans and therefore how much must be contributed by the Board to the Pension Fund. However, it is the actual rate of return on Pension Fund investments that determines the value of pension assets and actual rates of return that exceed the assumed rate will decrease the required Statutory Contribution to the Pension Fund by the Board.

The Pension Fund commissioned an "experience study" to evaluate certain actuarial assumptions used by the actuaries in preparing the annual actuarial valuation, which was presented to the Pension Fund at its September 2018 meeting whereupon the Pension Fund board adopted certain recommendations in the experience study related to actuarial assumptions and certain related recommendations made by the Board to the Pension Fund. Among the revisions to the actuarial assumptions and assumption changes due to the experience study were a lower assumed investment rate of return, updated mortality tables, retirement rates and new entrant profile assumptions. The lower assumed investment rate of return, together with the other revised assumptions from the experience study, increased the unfunded actuarial accrued liability of the Pension Fund, but also increases the likelihood that the assumed rate of return will be realized in future years.

The Annuity Fund

Employees of the Board that are not members of the Pension Fund participate in the Annuity Fund which is considered a cost-sharing defined benefit, multiple employer plan. See APPENDIX - B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022" – Note 12. As of December 31, 2021, the Annuity Fund had 79,912 total members including 25,683 retirees and beneficiaries, 21,304 inactive members entitled to benefits and 32,925 active members (of which 13,198 were vested and 19,727 were non-vested). As of December 31, 2021, Board employees comprised approximately 61% of the Annuity Fund's active participants.

The Annuity Fund receives its income from three primary sources: a City of Chicago tax levy; income from investments; and deductions from participating employees' salaries. See APPENDIX E — "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS — Pensions for Other Board Personnel."

Other Post-Employment Benefits and Other Board Liabilities

Health care benefits for certified teachers and administrators are provided under a cost sharing multiple-employer plan administered by the Pension Fund (the "Health Insurance Program"). Certain recipients of a retirement pension, survivor pension, or disability pension may be eligible to participate in the Health Insurance Program and premium rebate sponsored by the Pension Fund. Although the Board does not contribute directly to retirees' health care premiums, the funding of such premiums by the Pension Fund increases the Board's required contributions to such fund. See APPENDIX E — "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS — Other Post-Employment Benefits and Other Board Liabilities."

In addition, as of June 30, 2022, the Board had $287.8 million in accrued sick pay benefits. The Board provides sick pay benefits for substantially all of its employees. See APPENDIX B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022" – Note 11.

Illinois Constitution Pension Protection Clause

Illinois's state constitution contains a pension protection clause (Illinois Constitution, Article XIII, Section 5) that provides "membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." This constitutional provision and related judicial decisions have impacted, and in the future may impact, any State pension reform efforts.

Overlapping Taxing Districts

Certain of the Overlapping Taxing Districts and the State maintain their own defined benefit pension plans (collectively, all such other plans are referred to herein as the "Other Retirement Funds"), many of which are also significantly underfunded. The underfunding of the Other Retirement Funds places a substantial additional potential burden on the Board's taxpayers, who bear the burden of funding a portion of the contributions to such plans. Additional information regarding each of the Overlapping Taxing Districts and the State (including with respect to their pension plans) may be obtained on their respective websites. None of the information on such websites is incorporated by reference into this Official Statement and the Board takes no responsibility for the information contained therein nor has the Board attempted to verify the accuracy of such information. See "BONDHOLDERS' RISKS—Availability of Property Tax Revenues."

DEBT STRUCTURE

Overview

The Board's debt structure includes both short and long-term obligations as described under this heading. Short-term debt includes Tax Anticipation Notes payable from a pledge of specified ad valorem property tax. The Board's primary source of debt funding is long-term general obligation bonds secured by the full faith and credit of the Board and consists of Alternate Revenue Bonds secured by a pledge of Pledged Revenues. The Board also has outstanding its long-term Dedicated Capital Improvement Tax Bonds which are not general obligations and are secured by a pledge of revenues from the Board's Capital Improvement Tax.

Board's Dedicated Capital Improvement Tax Bonds

The 2023 Bonds are long-term debt obligations of the Board that are not general obligations. See "SECURITY FOR THE 2023 BONDS." The debt service schedule for the Outstanding Parity Bonds and the 2023 Bonds is set forth under the heading "DEBT SERVICE SCHEDULE AND COVERAGE – Bond Debt Service Schedule and Coverage."

The Board may issue Additional Bonds and Refunding Bonds secured by the Capital Improvement Taxes on a parity basis with the Outstanding Parity Bonds and the 2023 Bonds in accordance with the provisions of the Indenture, the School Code and the Debt Reform Act. See "SECURITY FOR THE 2023 BONDS – Additional Bonds and Refunding Bonds Payable From Capital Improvement Taxes" and APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Bonds."

Long-Term General Obligation Debt

As of February 28, 2023, the Board has approximately $7.6 billion aggregate principal amount of outstanding long–term general obligation debt, all of which is in the form of fixed rate Alternate Revenue Bonds.

Board's Long-Term Debt Service Schedule

The following table sets forth the debt service requirements on the Board's long–term general obligation debt secured by ad valorem property tax levies unlimited as to rate or amount, including outstanding Alternate Revenue Bonds. The table includes debt service on the Board's long–term general obligation debt. Debt service is shown on a calendar year basis (rather than on the basis of the Board's Fiscal Year) to be consistent with the Tax Year used for the levy and collection of the taxes that secure the Board's general obligation bonds. The table does not include any obligations of the Board which are not general obligations and are not secured by the unlimited taxing power of the Board, including any outstanding Tax Anticipation Notes and Dedicated Capital Improvement Tax Bonds.

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Board's Long–Term General Obligation Debt Service Schedule[1]
(Dollars in Thousands)

Deposit Year	Outstanding Alternate Revenue Bonds Debt Service[1]
2023	$708,376
2024	710,190
2025	761,780
2026	732,446
2027	790,393
2028	725,970
2029	733,602
2030	693,132
2031	638,033
2032	497,164
2033	496,785
2034	478,078
2035	473,562
2036	461,704
2037	464,455
2038	463,721
2039	462,023
2040	460,852
2041	456,412
2042	451,782
2043	451,778
2044	451,780
2045	451,780
2046	451,780
2047	67,850

Source: Chicago Public Schools.
(1)Net of capitalized interest.

Additional Alternate Revenue Bonds

From time to time, the Board may issue additional Alternate Revenue Bonds in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of such Alternate Revenue Bonds, including the Board's determination as to the availability of the required coverage of a dedicated source of revenues ("Pledged Revenues") pursuant to the Debt Reform Act. Subject only to compliance with such provisions of the Debt Reform Act, including coverage requirements, there is no limit on the aggregate principal amount of Alternate Revenue Bonds secured by Pledged Revenues that may be issued by the Board. See "PLAN OF FINANCE – Fiscal Year 2023 and Future Financings." For a discussion of the risks associated with the Board's expected increased debt levels, see "BONDHOLDERS' RISKS – Bankruptcy of the Board - Structural Deficit, Cash Flow and Liquidity."

No Variable Rate Bonds

The Board has no outstanding variable rate bonds.

Debt Management Policy

The Board has adopted a Debt Management Policy ("Debt Policy") to provide guidance for debt management and capital planning and to enhance the Board's ability to manage its debt.

Board's Borrowing Authority and Legal Debt Margin

As a non-home rule governmental entity, the Board's authority to borrow is limited to authority granted under State statutes. These legislative authorizations set forth the terms and conditions under which the Board issues its short-term and long-term debt, the security the Board can pledge to the repayment of such debt, and the procedures the Board must follow in exercising its borrowing authority, including, in certain circumstances, a requirement of voter approval for the issuance of general obligation bonds payable from unlimited ad valorem taxes.

Pursuant to Illinois law, the statutory "Debt Limit" for general obligation debt of the Board is 13.80% of the equalized assessed value of real property within the School District. The Board's Alternate Revenue Bonds do not count against the Debt Limit so long as the ad valorem property tax levy to pay debt service on such bonds is abated annually and not extended for collection. In the event the sources of Pledged Revenues securing Alternate Revenue Bonds in any year are not sufficient to pay debt service on such bonds, and as a result the tax levy to pay debt service is extended for collection in the amount of such shortfall, such Alternate Revenue Bonds would count against the Debt Limit. The following table sets forth the calculation of the debt margin of the Board for the last five Fiscal Years.

Legal Debt Margin Information of the Board
Last Five Available Fiscal Years
(Dollars in Thousands)
As of Fiscal Years Ending June 30

	2018	2019	2020	2021	2022
Equalized Assessed Value[1]	$76,768,955	$86,335,882	$87,825,670	$89,524,130	$96,918,460
Debt Limit (13.80% of EAV)	10,594,116	11,914,352	12,119,942	12,354,330	13,374,748
General Obligation Debt[2]	82,734	30,636	-	-	-
Less: Amount set aside for repayment of debt[2]	$ (35,452)	$ (23,173)	-	-	-
Total Net Applicable Debt[2]	$ 47,282	$ 7,463	-	-	-
Legal Debt Margin	$10,549,834	$11,906,889	$12,119,942	$12,354,330	$13,374,748
Total Net Applicable Debt as a percentage of Debt Limit	0.45%	0.06%	0.00%	0.00%	0.00%

Source: Chicago Public Schools.
(1) Includes taxable property within the School District located in Cook County and DuPage County.
(2) Does not include the Board's outstanding Alternate Revenue Bonds or the Bonds. Alternate Revenue Bonds would be included and would reduce the Board's borrowing capacity under the Legal Debt Margin if the Pledged Taxes were extended for collection to pay such bonds as the result of the unavailability of sufficient Alternate Revenues (including State Aid Revenues) to abate such taxes.

Bond Issue Notification Act

The Bond Issue Notification Act (30 ILCS 352) requires a public hearing to be held by any non–home rule governmental unit, including the Board, proposing to sell non-referendum general obligation bonds or limited bonds (other than refunding bonds) subject to backdoor referendum. The public hearing is intended to require the governing body approving the bond issue to explain the reasons for the proposed issuance and allow persons desiring to be heard an opportunity to present written or oral testimony.

Overlapping Taxing Districts and Overlapping Debt

There are six major units of local government located in whole or in part within the boundaries of the School District, each of which (i) is separately incorporated under the laws of the State, (ii) has an independent tax levy, (iii) derives its power and authority under the laws of the State, (iv) maintains its own financial records and accounts, and (v) is authorized to issue debt obligations. Each of the Overlapping Taxing Districts levies taxes upon property located in the School District, and, in some cases, in other parts of Cook County. See APPENDIX E – "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – Overlapping Taxing Districts," "FINANCIAL INFORMATION – Property Tax Revenues" and "BONDHOLDERS' RISKS – Availability of Property Tax Revenues." However, the Overlapping Taxing Districts are all separate legal and financial units, and the financial conditions or circumstances of any one unit do not necessarily imply similar financial conditions or circumstances for the Board. Information about these Overlapping Taxing Districts is set forth below and additional information may be obtained on their respective websites.

The **City of Chicago** is a home rule unit of government under the Illinois Constitution and was incorporated in 1837. The City is governed by a Mayor, elected at-large for a four-year term, and the City Council. The City Council consists of 50 members elected for four–year terms and each representing one of the City's 50 wards.

The **Chicago Park District** (the "Park District") is responsible for the maintenance and operation of parks, boulevards, marinas and certain other public property within the City. The Park District is governed by a seven-member board, appointed by the Mayor with the approval of the City Council.

Community College District Number 508 (the "Community College District") maintains a system of community colleges within the City. The Community College District is governed by a seven-member board, appointed by the Mayor with the approval of the City Council.

The **County of Cook** is a home rule unit of government under the Illinois Constitution, and includes virtually all of the City, plus numerous surrounding suburbs and unincorporated areas. The County is governed by a seventeen-member Board of Commissioners, each elected for four-year terms from one of 17 districts. The voters of the entire County elect a number of County officials, including the President of the Board of Commissioners, the County Sheriff, the County Assessor, the County Clerk, the State's Attorney and the County Treasurer.

The **Forest Preserve District of Cook County** (the "Forest Preserve District") has boundaries coterminous with the County. The Forest Preserve District creates, maintains and operates forest preserves within the County. The Forest Preserve District is governed by a seventeen-member board composed of the members of the County Board of Commissioners.

The **Metropolitan Water Reclamation District of Greater Chicago** (the "Water Reclamation District" or "MWRD") includes virtually all of the City and most of the County. The Water Reclamation District constructs, maintains and operates sewage treatment plants and certain sanitary sewers and constructs and maintains drainage outlets. The Water Reclamation District is governed by a nine-member board elected at-large by the voters of the Water Reclamation District.

In addition to the Overlapping Taxing Districts, there are also other governmental bodies in the geographical boundaries of the School District that are authorized to issue debt obligations, but which are not authorized to levy real property taxes and as such do not share an overlapping tax base with the Board. Among such other public bodies, the Public Building Commission of Chicago (the "PBC") is a municipal corporation authorized to acquire, construct and improve public buildings and facilities for use by one or more of the local governmental units. The PBC issues bonds to finance its various projects and then leases its facilities to certain governmental units, including the Board. See the table "Board's Overlapping Debt Schedule." Other such public bodies include the Chicago Transit Authority (the "CTA"), a municipal corporation which owns, operates and maintains a public mass transportation system in the City and portions of the County; the Regional Transportation Authority (the "RTA"), a municipal corporation which provides planning, funding, coordination and fiscal oversight of separately governed operating entities, including the CTA, which provide public mass transportation services in a six-county area of northeastern Illinois, including Cook County; and the Metropolitan Pier and Exposition Authority (the "MPEA"), a municipal corporation which owns the McCormick Place convention and exposition facilities and Navy Pier, both located in the City.

The following table sets forth the Board's long-term debt secured by ad valorem property taxes of the Board and that of the Overlapping Taxing Districts (as of February 28, 2023), including the Board's outstanding Alternate Revenue Bonds, the Dedicated Capital Improvement Tax Bonds and the Bonds.

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Board's Overlapping Debt Schedule

(Dollars in Thousands)

Direct Debt

The 2023 Bonds	$520,835
Total Outstanding General Obligation Bonds	7,550,116
Dedicated Capital Improvement Tax Bonds	880,480
Total Direct Debt[1]	$8,951,431

Overlapping Debt[1][2]	**Debt Outstanding**	**Estimated Percentage Applicable**	**Estimated Share of Overlapping Debt**
City of Chicago	$5,769,741	100.00%	$ 5,769,741
Community College District[3]	297,130	96.19%	285,503
Chicago Park District[4]	799,495	100.00%	799,495
Cook County[5]	2,936,863	55.24%	1,622,200
Forest Preserve District	98,005	55.24%	54,134
MWRD	2,598,015	56.11%	1,457,629
Total Overlapping Debt			$9,989,002
Total Direct and Overlapping Debt			$18,940,433

Population (2020)	2,746,388[6]
Equalized Assessed Valuation (2021)	$96,918,460[7]
Estimated Fair Market Value (2019)	$335,856,711[8]

	Per Capita[9]	% EAV	% FMV
Direct Debt	$3,259.35	9.24%	2.67%
Total Direct and Overlapping Debt	6,896.49	19.54%	5.64%

Source: Chicago Public Schools. As of February 28, 2023 and assuming the issuance of the 2023 Bonds.

(1) Excludes outstanding tax anticipation notes.
(2) Debt of Overlapping Taxing Districts.
(3) All outstanding general obligation bonds were issued as alternate bonds under the Debt Reform Act for which the alternate revenue source is tuition, fees and State Grant revenues.
(4) Includes $247,390,000 of outstanding general obligation bonds issued as alternate bonds under the Debt Reform Act for which the alternate revenue source is personal property replacement tax revenues, harbor fees and other specific revenues.
(5) Excludes outstanding sales tax-backed bonds.
(6) Source: United States Census Bureau.
(7) Source: Cook County Clerk's Office. Total Equalized Assessed Value is net of exemptions and includes assessment of pollution control facilities. Includes Equalized Assessed Value of property in DuPage County.
(8) Source: The Civic Federation Report May 3, 2022.
(9) Per Capita amounts are not expressed as dollars in thousands.

Tax Anticipation Notes

In recent Fiscal Years, the Board has relied on short-term borrowing to fund operations and liquidity. These short-term borrowings have primarily consisted of the issuance of Tax Anticipation Notes, payable from the collection of real property taxes levied by the Board for a given tax levy year (referred to herein as the Tax Year) and payable in the following calendar year (referred to herein as the Collection Year) (i.e., Tax Anticipation Notes issued during Fiscal Year 2023 and early Fiscal Year 2024 are payable from collection of the real property taxes levied for tax levy year 2022). Real property taxes levied in one year become payable during the following year in two installments. The first installment, an estimated tax bill, is typically expected to be due on March 1 and is equal to 55% of the prior year's tax extension. The second installment is typically expected to be due on the later of August 1 or 30 days after the mailing of the tax bill and is equal to the remaining amount of the current year's tax extension. In Fiscal Year 2021, the Cook County Board of Commissioners approved a 60-day delay to the tax penalty date for taxes due on March 1, 2021. This delay allowed taxpayers to pay property taxes up to 60 days after the bills are due without interest penalties. The property tax due date for the second installment property taxes was delayed by 60 days to October 1, 2021 primarily as a result of the COVID-19 pandemic. The due dates for the second installment for Tax Levy Year 2021 and the first installment for Tax Levy Year 2022 were extended to December 30, 2022 and April 3, 2023, respectively, primarily because of the implementation of a new computer system by the County, which implementation remains ongoing with an expectation of completion by the end of calendar year 2023. See APPENDIX C – "THE REAL PROPERTY TAX SYSTEM."

The Board levied in Tax Year 2021 for collection in Collection Year 2022, approximately $2.70 billion of ad valorem property taxes for educational purposes. The Board is authorized under the School Code and the Debt Reform Act to issue Tax Anticipation Notes in an amount equal to 85% of such tax levy and Resolution 22-1026-RS2 of the Board adopted on October 26, 2022 authorized the issuance of up to $1.25 billion of 2022 TANs in anticipation of the collection of the 2022 Tax Levy.

As of February 15, 2023, the Board has issued $950 million of 2022 TANs structured as drawdown notes, with an aggregate principal amount of draws totaling $950 million outstanding. See "CASH FLOW AND LIQUIDITY—Short-Term Borrowing to Fund Liquidity."

The Board anticipates that it will continue to issue Tax Anticipation Notes to fund operations and liquidity in subsequent Fiscal Years. For further information concerning the Board's issuance of TANs during Fiscal Year 2022 and into early Fiscal Year 2023, see "CASH FLOW AND LIQUIDITY."

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FINANCIAL INFORMATION

Accounting and Financial Statements

The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All Board funds are reported in the governmental funds consisting of the General Operating Fund, Capital Projects Fund, and Debt Service Fund. The General Operating Fund includes the General and Special Revenue Programs.

The Board's fund financial statements provide detailed information about the most significant funds. The Board's governmental funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. All of the Board's services are reported in governmental funds, showing how money flows into and out of funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the Board's operations and the services it provides.

Investment Policy

The Board has adopted an Investment Policy (the "Investment Policy"). The objectives of the Investment Policy are to invest public funds in a manner which is consistent with all State and local statutes governing the investment of public funds and which will provide for the safety of principal, diversification and maximization of the rate of return. The Investment Policy specifically prohibits any purchase of financial futures, any leveraged investment lending securities and any collateralized mortgage obligations. All investments of the moneys on deposit in the funds and accounts established under the Indenture are subject to the provisions of the Investment Policy as in effect from time to time. A copy of the Investment Policy is available on the Board's website. The Investment Policy may be subsequently amended or modified by the Board, without notice to or consent of the registered owners of the Bonds subject, in all respects, to the provisions of the Public Funds Investment Act of the State of Illinois, as amended.

Auditing Procedures

In addition, the Board is required to have an annual independent audit of its financial statements. The Annual Comprehensive Financial Report of the Board for the year ended June 30, 2022, prepared by Baker Tilly US, LLP, the Board's independent auditor, is attached hereto as APPENDIX B. See "FINANCIAL STATEMENTS."

Property Tax Revenues

Overview. Property tax revenue is the Board's largest revenue source. In Fiscal Year 2022, revenues from ad valorem property taxes were approximately $3.3 billion and made up approximately 43% of the General Operating Fund revenues. The Board's educational fund property tax levy has had a compounded annual growth rate of approximately 4% per year. As a part of its Fiscal Year 2023 Budget, the Board increased its educational fund property tax levy to the maximum levy allowable under PTELL. The Fiscal Year 2023 Budget includes revenue from property taxes budgeted to be approximately $3.6 billion and will be approximately 45% of Fiscal Year 2023 budgeted operating revenues. For a discussion of the real property tax system see APPENDIX C – "THE REAL PROPERTY TAX SYSTEM." For an overview of the historic and budgeted property tax revenues, see the tables under the subheadings "– General Operating Fund," and "—Board's Fiscal Year 2023 Budget." For a discussion of the timing of receipt of property tax revenues see "CASH FLOW AND LIQUIDITY—Timing of Receipt of Revenues" and APPENDIX C – "THE

REAL PROPERTY TAX SYSTEM." And see "BONDHOLDERS' RISKS—Availability of Property Tax Revenues."

Capital Improvement Tax Levy. Beginning in Tax Year 2015 for collections in Fiscal Year 2016, the Board started to receive for the first time a Board-approved and statutorily authorized annual levy of a Capital Improvement Tax to aid in funding its ongoing Capital Improvement Program. For the Fiscal Year 2023 Budget, the Capital Improvement Tax is estimated at $51 million. For additional information on the Capital Improvement Tax and certain Dedicated Capital Improvement Tax Bonds secured by the Capital Improvement Tax, see "DEBT STRUCTURE – Dedicated Capital Improvement Tax Bonds."

Pension Property Tax Levy. First levied in Fiscal Year 2017, the Board receives a statutorily authorized annual Pension Property Tax Levy at a rate not to exceed 0.567%. This levy is paid directly to the Pension Fund and credited to the Board's annual required Statutory Contribution. In Fiscal Year 2023, the Board budgeted approximately $552 million for the Pension Property Tax Levy, levying taxes at the maximum rate.

Property Tax Base, Tax Extensions and Collections. The tables on the following pages provide statistical data regarding the property tax base of the Board, the City and the other Overlapping Taxing Districts and the tax rates, tax levies and tax collections (for the Education Fund included in the General Fund program) for the Board. The tables reflect the tax levy year and such taxes are extended for collection in the following calendar year.

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The table below sets forth the Board's ad valorem property tax extensions and collections for Collection Years 2018 – 2022.

Board of Education of City of Chicago Education Fund Property Tax Collections
(As of January 27, 2023) (Dollars in Thousands)

			Amounts Collected within the Collection Year of Extension[1]				All Collections to Date[1]	
Tax Levy Year	Collection Year	Education Fund Total Tax Extension	1/1 to 6/30 (A)	7/1 to 12/31 (B) [3]	1/1 to 12/31 (A +B)	Percentage of Extension	Amount[2]	Percentage of Extension
2017	2018	2,426,902	1,214,851	1,154,054	2,368,095	98%	2,374,402	98%
2018	2019	2,455,702	1,279,858	1,121,472	2,401,330	98%	2,398,756	98%
2019	2020	2,540,880	1,281,903	1,182,997	2,464,900	97%	2,476,928	97%
2020	2021	2,621,866	1,320,780	1,204,482	2,525,262	96%	2,582,902	99%
2021	2022	2,700,357	1,402,307	1,228,325	2,630,632	97%	2,613,164	97%

Source: Chicago Public Schools and Cook County Treasurer. Only Education Fund extensions and collections are included in the figures shown above. Excludes all other property tax levies of the Board.

(1) All collections shown are net of refunds, as calculated by the Board based on information available at the time that such collections were reported by the Board.
(2) Includes all amounts including those received during and after the calendar year of the extension.
(3) First year collections for Levy Year 2021 are shown through January 27, 2023 due to the Cook County property tax collections delay.

Property tax collections may experience impacts during the current Fiscal Year 2023. The effects that mitigating actions taken by the County to date, including the delay of the due date for the second installment of property taxes to December 30, 2022, do not appear to have had a significant impact on the collection rate, although the extension has resulted in a delay in CPS' receipt of collections.

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Assessed, Equalized Assessed and Estimated Value of All Taxable Property within the School District for Years 2012–2021
(Dollars in Thousands)

Tax Year Levy [1]	Assessed Values Class 2[2]	Class 3[3]	Class 5[4]	Other [5]	Total	State Equalization Factor	Total Equalized Assessed Value[6]	Total Estimated Fair Cash Value [7]	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value %
2012	15,560,876	1,252,635	10,201,554	454,593	27,469,658	2.8056	65,250,387	206,915,723	31.53
2013	15,440,622	1,282,342	10,137,795	453,201	27,313,960	2.6621	62,363,876	236,695,475	26.35
2014	15,416,908	1,345,482	10,096,651	467,529	27,326,570	2.7253	64,908,057	255,639,792	25.39
2015	17,319,503	1,589,995	11,240,864	541,183	30,691,545	2.6685	70,963,289	278,076,449	25.52
2016	17,219,809	1,663,312	11,316,868	562,402	30,762,391	2.8032	74,016,506	293,121,793	25.25
2017	17,196,902	1,905,033	11,370,329	497,856	30,970,120	2.9627	76,768,955	306,074,351	25.08
2018	19,759,176	2,329,709	13,321,105	626,755	36,036,745	2.9109	86,326,179	323,128,275	26.72
2019	19,705,845	2,552,750	13,908,306	666,850	36,833,751	2.9160	87,816,177	335,856,711	26.15
2020	17,874,896	2,657,697	13,139,430	660,097	34,332,120	3.2234	89,514,969	***	***
2021	21,394,731	3,284,731	15,064,489	774,983	40,518,394	3.0027	96,913,881	***	***

Source: Chicago Public Schools.

[1] Triennial updates of assessed valuation occurred in years 2012, 2015, 2018, and 2021.
[2] Residential, six units and under.
[3] Residential, seven units and over and mixed-use.
[4] Industrial/Commercial.
[5] Vacant, not-for-profit and industrial/commercial incentive classes.
[6] Source: Cook County Clerk's Offices. Calculation is net of exemptions and includes assessment of pollution control facilities. Excludes DuPage County Valuation.
[7] Source: Civic Federation.

*** Information not available.

The impact of the COVID-19 pandemic on property values and consequent assessments will tend to be longer-range, and in addition to interim actions by the Cook County Assessor to implement a downward adjustment to assessment levels due to COVID-19, the Board cannot predict if, when or to what extent the assessed values of properties within the School District will be further affected by the economic impacts of the COVID-19 pandemic.

Tax Rates of the Board and Overlapping Taxing Districts. The following table sets forth the tax rates that were extended by the Board and the Overlapping Taxing Districts for collection in calendar years 2013–2021. For a discussion of these Overlapping Taxing Districts see "DEBT STRUCTURE – Overlapping Taxing Districts and Overlapping Debt." These Overlapping Taxing Districts share in varying degrees a common property tax base with the Board.

In addition to the tax rates extended (as reflected in the table below), the Board and certain of the Overlapping Taxing Districts have levied taxes to secure long-term general obligation bonds (including the Board's Alternate Revenue Bonds) which have not been extended because the debt service on such bonds has been paid from other sources. In the event in any year the debt service on the Alternate Revenue Bonds of the Board or any of the Overlapping Taxing Districts was not fully funded by the dedicated revenue source securing such bonds, and as a result the taxes levied to secure such bonds were extended for collection in the amount of such shortfall, the tax rates of the Board or the Overlapping Taxing Districts would be increased by the amount extended for collection. See "BONDHOLDERS' RISKS – Availability of Capital Improvement Taxes." The tax rates in the table below do not reflect taxes that have been levied to pay such debt but have not been extended. For a discussion of the outstanding long-term general obligation bonds of the Board and the Overlapping Taxing Districts, see "DEBT STRUCTURE – Overlapping Taxing Districts and Overlapping Debt."

Real Property Tax Rates of Overlapping Major Units of Government
2013–2021 Tax Levy Year
(per $100 equalized assessed valuation)

Year of Levy (Taxes Extended for Collection in Following Calendar Year)	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tax Rates by Board Fund:									
Educational[1]	$3.519	$3.409	$3.205	$3.115	$3.161	$2.845	$2.893	$2.929	$2.786
Workers' and Unemployment Compensation Tort Immunity	0.067	0.169	0.111	0.107	0.038	0.093	0.090	0.094	0.089
PBC Lease Rentals	0.085	0.082	0.075	0.072	0.069	0.036	0.000	0.000	0.000
Capital Improvement Tax[1]	0.000	0.000	0.064	0.065	0.070	0.067	0.071	0.070	0.076
Teacher Pension[2]	0.000	0.000	0.000	0.367	0.551	0.511	0.565	0.562	0.532
Levy Adjustment[3]	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.033
Board Subtotal	$3.671	$3.660	$3.455	$3.726	$3.890	$3.552	$3.620	$3.656	$3.517
Other Major Government Units:									
City of Chicago	$1.496	$1.473	$1.806	$1.880	$1.894	$1.812	$1.893	$1.886	$1.838
Community College District	0.199	0.193	0.177	0.169	0.164	0.147	0.149	0.151	0.145
Chicago Park District	0.420	0.415	0.382	0.368	0.358	0.330	0.326	0.329	0.311
Water Reclamation District	0.417	0.430	0.426	0.406	0.402	0.396	0.389	0.378	0.382
Cook County	0.560	0.568	0.552	0.533	0.496	0.489	0.454	0.453	0.446
Cook County Forest Preserve	0.069	0.069	0.069	0.063	0.062	0.060	0.059	0.058	0.058
Other Unit Subtotal	$3.161	$3.148	$3.412	$3.419	$3.37	$3.234	$3.270	$3.255	$3.180
TOTAL	$6.832	$6.808	$6.867	$7.145	$7.266	$6.786	$6.890	$6.911	$6.697

Source: Cook County Clerk's Office – tax rates by levy year.
[1]The Capital Improvement Tax was levied by the Board for the first time in 2015.
[2]The Pension Property Tax Levy was levied by the Board for the first time in 2016.
[3]The "Levy Adjustment" refers to Public Act 102-0519 ("P.A. 102-0519"), which was signed into law by the Governor on August 20, 2021, and which went into effect immediately. P.A. 102-0519 amends the PTELL to provide that a taxing district's levy will automatically be increased each year to recapture property tax refunds made in the prior 12 months arising from a PTAB appeal, tax objection suit, or certificate of error that reduced a property's assessed value. The Levy Adjustment was levied by the Board for the first time in 2021.

Application of PTELL to Overlapping Taxing Districts and the Board. In 1995, the Board became subject to PTELL, which limits the ability of the Board to increase property taxes for operations. PTELL specifically limits the annual growth in property tax extensions for the Board to the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant tax levy year. Generally, extensions can be increased beyond this limitation only due to increases in the Equalized Assessed Valuation attributable to new construction or with voter approval. PTELL requires the Cook County Clerk, in extending taxes for the Board, to use the Equalized Assessed Valuation of all property within the School District for the levy year prior to the levy year for which taxes are then being extended. PTELL does not limit the rate or amount of the Capital Improvement Tax levy or the ad valorem property taxes extended by the Board with respect to its Alternate Revenue Bonds. See APPENDIX C – "THE REAL PROPERTY TAX SYSTEM."

PTELL specifically limits the annual growth in certain property tax extensions for certain of the Overlapping Taxing Districts. The City is not subject to the restrictions of PTELL and can impose property taxes without limit as to rate or amount for its governmental purposes.

State Aid Revenues

Overview. On August 31, 2017, Public Act 100-465 became effective and provided a significant revision to the State's funding of the Board by establishing the EBF Formula (as defined herein) for allocating State Aid to school districts, beginning with the 2017-2018 school year, and replaced the historical State aid formula Subsequent to its enactment, two technical correction bills were adopted to assure that the language of the Act reflected legislative intent (Public Act 100-465, as supplemented and amended, is referred to herein as "P.A. 100-465"). P.A. 100-465 resulted in a structural change to and substantial increase in State funding of the Board and State authorization for the Board to impose increased ad valorem property taxes to fund its required pension contributions. P.A. 100-465 included the establishment of a new State Aid funding formula for school districts throughout the State, including the Board. The new "Evidence-Based Funding" formula (the "EBF" or "EBF Formula") replaced the prior school funding formula (the "Historical State Aid Formula") that provided State Aid to school districts using a "Foundation Formula Grant" and "Poverty Grant" funding formula that had resulted in historically flat or declining operating funds and State Aid Revenues for the Board. The new EBF Formula ties school district funding to 27 evidence-based best practices shown to enhance student achievement in the classroom and sets a target funding level ("Adequacy Target") based on a school district's demographics and Local Capacity (as defined herein) to fund schools.

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Evidence-Based Funding Formula. Since P.A. 100-465 was enacted, the State has increased funding for the EBF Formula in all but one fiscal year. The following table shows the history of the annual increases.

Historical State Increases to the EBF Formula
(Dollars in Millions)

Fiscal Year	Additional Statewide EBF Funding
2018	$350
2019	300*
2020	375
2021	0**
2022	362
2023	350

Source: Illinois State Budgets, ISBE
*An additional $50 million was allocated to a separate Statewide property tax relief pool.
**As a result of the impact of the COVID-19 pandemic.

Under the EBF Formula, the ISBE calculates the Adequacy Target each year for each school district based upon its unique student population, regional wage differences and best practices. Each school district is placed in one of four tiers depending on how close its local resources available to support education (based on certain State resources and its expected property tax collections, its "Local Capacity") are to its Adequacy Target.

ISBE administers the calculation and distribution of State Aid under the EBF Model and has finalized EBF calculations, including verifying the necessary data elements with school districts that go into the calculation of EBF. P.A. 100-465 provides that each school district will be allocated at least as much in State Aid in future years as it received in its current school year (such amount being that school district's "Base Funding Minimum" for their then-current school year). This Base Funding Minimum for the Board includes the total amount of State Aid allocated to the Board in the prior school year and certain historical State Grant funding.

Under the EBF Formula, for each school year all State funds appropriated for State Aid in excess of the amount needed to fund the Base Funding Minimum for all school districts ("New State Funds") will be distributed to school districts based on "Tier" placement. "Tier 1" and "Tier 2" are those school districts that are the furthest away from their Adequacy Targets and "Tier 3" and "Tier 4" are those school districts that are the closest to (or above) their Adequacy Targets. In Fiscal Year 2023, the Board is currently a Tier 2 school district. Of any New State Funds available, Tier 1 receives 50%, Tier 2 receives 49%, Tier 3 receives 0.9%, and Tier 4 receives 0.1%. Tier 2 includes all Tier 1 school districts for the purpose of the allocation percentages for New State Funds. In Fiscal Year 2021, due to anticipated fiscal constraints resulting from t-19 pandemic, no new tier funding was provided and all school districts received a base funding minimum that was equal to the prior year. For Fiscal Year 2023, of the 927 school districts assigned to a tier, 384 fell within the Tier 1 adequacy level threshold of 73.1% or less. The adequacy level of the Board was 74.6%.

Under the EBF Formula, the Base Funding Minimum is designed to provide that in any school year no school district will receive less State Aid funding than it received the prior year since all New State Funds received by a school district in a year become part of its Base Funding Minimum in the following year. If the State appropriates insufficient funds to cover the cost of the Base Funding Minimum, reductions will be made first to the Base Funding Minimum for all Tier 3 and Tier 4 school districts on a per pupil basis; *provided, however*, that such reductions may not reduce State funding for such school districts below the

Base Funding Minimum for school year 2017-18 (approximately $1.5 billion for the Board). If funds are still insufficient, then further reductions are to be done on a per pupil basis for all school districts. Consequently, reduced appropriations for State Aid in future years could result in the Board receiving less in a future Fiscal Year than its Base Funding Minimum.

P.A. 100-465 set a "Minimum Funding Level" (as a target for appropriation of New State Funds to keep pace with inflation and continue to advance equity through the EBF Formula) of $350 million annually, with $50 million used for a property tax relief grants for high-tax school districts. In the event the State fails to appropriate enough to meet this Minimum Funding Level in a given year, EBF imposes a funding model that withholds New State Funds from each Tier of school districts beginning with Tier 4 and withholds from the next lower Tier only when the shortfall has not been exhausted. This adjusted distribution model acts to ensure that school districts beginning with Tier 1 have priority in receiving the most amount of new State funds in the event the State fails to appropriate in any Fiscal Year the Minimum Funding Level.

From fiscal years 2018 to 2022, an ISBE calculation error resulted in overpayments to the Board totaling $87.5 million. ISBE detected the error in 2022, resulting in an agreement between ISBE and the Board to repay the amount over eight years in installments of $10.9 million per year.

Historical State Aid Revenues of the Board for Fiscal Years 2018 – 2022 Under the EBF Formula

(Dollars in Millions)

	(A) State Allocation to the Board	(B) State–Approved Charter Schools Allocation	(C) Prior Year Adjustment	(D) Overpayment Adjustment	(E) Unrestricted State Aid Revenues
2018	$1,552.9	$ (28.9)	$ 16.3		$1,540.3
2019	1,619.3	(29.8)	16.3		1,605.8
2020	1,683.4	(33.6)	16.3		1,666.2
2021	1,683.4	(41.4)	16.3		1,658.3
2022	1,767.1	(44.5)	16.3	(10.9)	1,727.9

Source: ISBE

Column	
A	Total amount appropriated to the Board from the State
B	Diversion of the Board's State Aid revenues to State-approved charter schools
C	The additional State Aid payable to the Board based on adjustment of prior year's Statutory Claims
D	The amount of adjustment to correct for EBF overpayment from 2019-22
E	The amount of State Aid Revenues available for general operating purposes

Based solely on the Board's Fiscal Year 2023 Budget, State Aid Revenues for the Board are expected to be $1.7 billion.

State Grant Revenues

Beginning Fiscal Year 2018, the State's grant funding for the Board changed as a result of P.A. 100-465. See STATE AID REVENUES – Overview – Public Act 100-465." For Fiscal Year 2023, Board revenues from State Grants are budgeted to be approximately $395.8 million. For Fiscal Year 2022, State Grants were $339.1 million, which represents approximately 4.4% of General Operating Fund Revenues. For a discussion of the timing of receipt of State Grant Revenues see "CASH FLOW AND LIQUIDITY – Timing of Receipt of Revenues."

PPRT Revenues

The Board's personal property replacement tax revenues ("PPRT Revenues") (net of amounts used to pay debt service on bonds of the Board secured by PPRT Revenues) are budgeted to be approximately $340.5 million for Fiscal Year 2023. For Fiscal Year 2022, PPRT Revenues were $570.5 million, which represents approximately 7.4% of General Operating Fund Revenues.

Federal Revenues

Federal grants for Fiscal Year 2023 are budgeted to be $1.8 billion and make up approximately 22.5% of the budgeted General Operating Fund revenues of the Board. The Board receives Federal Revenue in the form of grants that are dedicated to specific purposes and may not be used for other expenditures. Grants are linked to overarching federal programs including the Elementary and Secondary Education Act (also referred to as No Child Left Behind), the largest of which is geared toward a district's poverty count, or Title 1–A; the Individuals with Disabilities Education Act; the National School Lunch Program and Child and Adult Care Food Program; Medicaid Reimbursement; and other federal competitive grants such as Carl D. Perkins (job training), and Race to the Top funds. In Fiscal Year 2023, Title 1–A was budgeted at $287.4 million, the Individuals with Disabilities Education Act was budgeted at $107.8 million, the National School Lunch Program and Child and Adult Care Food Program was budgeted at $188.8 million, and Medicaid was budgeted at $35.4 million.

In response to the COVID-19 pandemic and its subsequent impact on school districts throughout the country, the federal government has provided funding relief for impacted revenues through three rounds of emergency funding. The first round of Elementary and Secondary School Emergency Relief funding ("ESSER I") was allocated to school districts through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, passed by Congress in March 2020. The Board received $206 million in ESSER I funding that was used to support costs in the Fiscal Year 2020 and Fiscal Year 2021 budgets.

Congress passed the second round of relief funding ("ESSER II") in December 2020, through which the Board was allocated $797 million. The Board utilized this allocation over the course of Fiscal Year 2021 and Fiscal Year 2022.

In April 2021 Congress approved the American Rescue Plan, within which a third round of ESSER funding ("ESSER III") authorized nearly $1.8 billion for the Board available through the summer of 2024. The Fiscal Year 2023 budget includes $730 million of ESSER III funding.

In addition to these federal grants, the Board receives federal subsidies on debt service related to its Build America Bonds and Qualified School Construction Bonds. For an overview of the historical and budgeted Federal Revenues, see the tables under the subheadings "– General Operating Fund." A decline in total receipts of Federal Revenues by year-end typically indicates offsetting expenditures that were less than expected. For a discussion of the timing of receipt of Federal Revenues see "CASH FLOW AND LIQUIDITY—Timing of Receipt of Revenues" and see "BONDHOLDERS' RISKS—Availability of Federal Revenues."

The State administers federal grants to the Board on behalf of the federal government and federal grant revenues are distributed to the Board only after the grants for these funds have been approved by the State. Upon this approval, the Board submits for reimbursement of qualified expenditures which drives the timing of Federal Revenues for cash flow purposes.

General Operating Fund Fiscal Years 2018–2022

The following table presents a summary of the General Operating Fund for Fiscal Years ending June 30, 2018 to June 30, 2022. The table depicts the amount of revenues versus expenditures, other financing resources, changes in fund balance and fund balance composition to prior years.

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General Operating Fund Revenues, Expenditures, Other Financing Sources and Changes in Fund Balances of the Board[1]

(Dollars in Thousands)

Fiscal Years	2018	2019	Restated 2020[2]	2021	2022
Revenue:					
Property Taxes	$ 2,794,613	$ 2,896,823	$ 3,014,452	$ 3,097,307	$ 3,296,967
Replacement Taxes (PPRT)	109,997	152,319	139,729	242,643	570,467
State Aid	1,859,582	1,886,770	1,846,012	1,817,275	1,850,534
Federal Aid	723,432	679,990	722,420	1,116,343	1,474,334
Interest and investment income	6,099	6,798	6,000	584	1,421
Other	332,323	383,654	469,328	470,381	465,885
Total Revenue	$ 5,826,046	$ 6,006,354	$ 6,197,941	$ 6,744,533	$ 7,659,608
Expenditures:					
Salaries:					
Teachers	$ 1,841,295	$ 1,928,020	$ 1,990,348	$ 2,133,813	$ 2,253,233
Career Services / Education Services Personnel	595,467	620,004	706,758	723,876	810,384
Commodities:					
Energy	60,813	75,408	70,935	63,294	66,329
Food	94,512	100,030	94,333	51,663	83,785
Other Commodities	97,280	155,110	117,917	175,802	271,217
Services:					
Professional Services	410,175	480,301	506,269	540,289	633,417
Charter schools	703,124	736,530	768,328	820,187	910,419
Transportation	106,021	107,373	103,693	67,948	133,609
Equipment and Other	135,932	161,236	154,536	175,905	293,705
Building and sites	14,507	9,075	45,598	36,234	49,133
Fixed Charges:					
Teachers' pension	900,791	924,209	968,083	1,003,935	1,060,042
Career Services / Education Services Personnel pension	113,882	143,486	188,977	221,022	276,573
Hospitalization and dental insurance	319,344	304,917	347,073	398,385	459,705
Other Benefits	64,751	64,413	66,756	59,906	68,318
Other Fixed Charges	55,986	48,748	34,043	35,599	26,442
Total Expenditures	$ 5,513,880	$ 5,858,860	$ 6,163,647	$ 6,507,858	$ 7,396,311
Revenue (less than) Expenditure	$ 312,166	$ 147,494	$ 34,294	$ 236,675	$ 263,297
Lease value	-	-	-	-	12,613
Transfers in (out)	286,828	508	11,010	-	(10)
Net Change in Fund Balance	598,994	148,002	45,304	236,675	275,900
Fund Balance, beginning of period	(275,230)	323,764	471,766	567,093	803,768
Adjustment to record student activity net position[2]			50,023		
Fund Balance, end of period	$ 323,764	$ 471,766	$ 567,093	$ 803,768	$ 1,079,668
Composition of Fund Balance					
Non–Spendable	429	429	429	429	12,162
Restricted	61,620	30,308	77,865	64,590	68,415
Assigned for appropriated fund balance	-	-	-	-	-
Assigned for encumbrances	18,044	94,733	109,944	135,314	92,186
Unassigned	243,671	346,296	378,855	603,435	906,905
Total Ending Fund Balance	$ 323,764	$ 471,766	$ 567,093	$ 803,768	$ 1,079,668

Source: Chicago Public Schools Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2022. See APPENDIX B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022."

[1]The Board reports its financial activities through the use of fund accounting and follows the modified accrual basis of accounting for its Governmental Funds. See the subheading "–Accounting and Financial Statements."

[2]Fiscal Year 2020 year-end net position and fund balances have been restated upward due to the implementation of GASB Statement No. 84 Fiduciary Activities to present student activity amounts within the governmental activities and governmental funds.

Historical Financial Performance (Fiscal Years 2018–2022)

Fiscal Year 2018. The Board reported General Operating Fund revenues of approximately $5.83 billion and expenses of approximately $5.51 billion, resulting in an operating surplus of approximately $324 million, a net $531 million improvement over Fiscal Year 2017. The General Operating Fund balance increased by $598.9 million while the Capital Project Fund and Debt Service Fund increased by $102.5 million and $208.4 million respectively. Total General Operating Fund Revenues increased to $5.83 billion which were $735.4 million or 14.4% higher than the prior year amount of $5.09 billion. Total General Operating Fund expenses totaled approximately $5.14 billion, an increase of $216 million or 4.1% from the prior year.

For Fiscal Year 2018, increased funding from P.A. 100-465 totaled approximately $444 million and included the following: (i) $93 million in funding for the Board, consisting of $70 million in increased State Aid from the EBF Formula, $19 million in an increase in the Early Childhood State Grant to the Board and $4 million in other State funding; (ii) $130 million in additional revenue resulting from P.A. 100-465 which authorized the Board to increase the annual Pension Property Tax Levy to a rate not to exceed 0.567% in Tax Year 2017 and thereafter from 0.383% rate cap in effect in Tax Year 2016; and (iii) $221 million in P.A. 100-465 required State funding to make an ongoing annual Statutory Contribution to the Pension Fund to cover the "normal pension costs" of Board teachers and other covered employees and the Board's annual required retiree health care contribution, similar to State funding that has historically been provided to other school districts in the State for teachers' pensions.

Fiscal Year 2019. The Board reported General Operating Fund revenues of approximately $6.01 billion and expenses of approximately $5.86 billion, resulting in an operating surplus of approximately $147 million. The General Operating Fund balance increased by $148.0 million while the Capital Project Fund and Debt Service Fund decreased by $178.4 million and $11.5 million respectively. Total General Operating Fund Revenues increased to $6.01 billion which were $180.3 million or 3.1% higher than the prior year amount of $5.83 billion. Total General Operating Fund expenses totaled approximately $5.86 billion, an increase of $345.0 million or 6.3% from the prior year.

Fiscal Year 2020. The Board reported General Operating Fund revenues of approximately $6.20 billion and expenses of approximately $6.16 billion, resulting in an operating surplus of approximately $34 million. The General Operating Fund balance increased by $45 million while the Capital Project Fund decreased by $534.8 million. The Debt Service Fund increased by $19.5 million. Total General Operating Revenues increased to $6.20 billion which were $191.6 million or 3.2% higher than the prior year amount of $6.01 billion. Total General Operating Fund expenses totaled approximately $6.16 billion, an increase of $304.8 million or 5.2% from the prior year.

Fiscal Year 2021. The Board reported General Operating Fund revenues of approximately $6.74 billion and expenses of approximately $6.51 billion, resulting in an operating surplus of approximately $237 million. The General Operating Fund balance increased by $237 million while the Capital Project Fund balance increased by $6.7 million. The Debt Service Fund increased by $40.1 million. Total General Operating Revenues of $6.74 billion were $545.8 million, or 8.8%, higher than the prior year amount of $6.20 billion. Total General Operating Fund expenses of approximately $6.51 billion represent an increase of $344.2 million or 5.6% from the prior year.

Fiscal Year 2022. The Board reported General Operating Fund revenues of approximately $7.66 billion and expenses of approximately $7.4 billion, resulting in an operating surplus of approximately $263.3 million. The General Operating Fund balance increased by $275.9 million while the Capital Project Fund balance decreased by $25.1 million. The Debt Service Fund increased by $35.4 million. Total General Operating Revenues of $7.66 billion were $915.1 million, or 13.6%, higher than the prior year amount of $6.74 billion.

Total General Operating Fund expenses of approximately $7.0 billion represent an increase of $888.5 million or 13.7% from the prior year.

Overview of Board's Budget Process

The Board is required by the School Code to adopt an annual balanced budget for each Fiscal Year no later than 60 days after the beginning of the Fiscal Year on July 1. The Board's budget process is nearly a year long and includes the preparation of projected revenues and expenditures, strategic planning with departments at the central office to develop preliminary budgets based on critical initiatives identified by senior leadership and the Board, preparation of initiatives and proposed budgets by each school, and the preparation of a proposed budget for presentation to the public and for consideration by the Board. Under the School Code, a proposed budget must be prepared and made available for public review at least 15 days prior to its finalization and the Board is required to advertise notice of and hold at least two public hearings at least five days after copies of the proposed budget are made available for review and not less than five days prior to the Board action.

In Fiscal Year 2014, the Board introduced "student-based budgeting" ("SBB"), a funding model that allocates core instructional funds to schools on a per-pupil basis. SBB replaced the quota formulas that were used by the Board in the past to allocate teachers and school administrative positions to most schools. However, SBB does not affect how schools receive Title I funds, special education resources, early childhood programs, supplemental bilingual/ELL funding, and positions for magnet, selective enrollment, International Baccalaureate, or STEM programs. SBB creates greater consistency in funding to schools across the School District, ensuring that funding is equitable. Additionally, schools are given more autonomy to decide where the dollars are applied within the school and how the school manages the total level of educational funding.

Since Fiscal Year 2019, the Board has introduced several modifications to SBB designed to enhance equity and schools' ability to plan. These modifications include shifting the basis for enrollment-based allocations to the prior year's 20th day enrollment, introducing a poverty metric into the formula, adding a small school supplement and equity grants, and returning allocations of special education teachers and paraprofessionals based on positions, rather than dollar allocations. Prior to the Fiscal Year 2023 Budget, the Board held a series of community hearings to increase transparency and gather feedback on the SBB and budget process. In Fiscal Year 2023, the Board strengthened the instructional core of education through a reduction in class size and split grade-level classes, increased funding for equity grants by $14 million, and invested an additional $45 million to support staffing needs for diverse learners. In addition, the Board's Equity Office created an Equity Index to inform where resources are most needed throughout the City that was used to develop the Board's Fiscal Year 2023 Capital Budget.

Board's Fiscal Year 2022 Budget and Results

The table below presents a summary of the General Operating Fund for the Fiscal Year ending June 30, 2022 showing the Fiscal Year 2022 Budget amounts, year-end Fiscal Year 2022 totals, and the variance between such budgeted and year-end totals and the Fiscal Year 2022 Budget.

Fiscal Year 2022 Budgeted and Year-end General Operating Fund Revenues, Expenditures, Other Financing Sources and Changes in Fund Balances of the Board

(Dollars in Millions)

	FY 2022 Budget	Actual Year-End 2022	Variance Actual vs. FY 2022 Budget
Revenue:			
Total Revenue	$ 7,811.6	$ 7,659.6	$ (152.0)
Expenditures:			
Total Expenditures	$ (7,821.6)	$ (7,396.3)	$ 425.1
Revenue less Expenditure (Operating Surplus / (Deficit))	$ (10.0)	$ 263.3	$ 273.3
Transfers in	0	12.6	12.6
Net Change in Fund Balance	(10.0)	275.9	285.9
Fund Balance, beginning of period*	559.1	803.8	0
Fund Balance, end of period	$ 549.1	$ 1,079.7	$ 285.9

Board's Fiscal Year 2023 Budget

On June 22, 2022, the Board approved its Fiscal Year 2023 budget, which includes approximately $7.99 billion in revenues and expenditures.

The Fiscal Year 2023 Budget reflects $172 million increase in revenues over Fiscal Year 2022, including a $311 million increase in the property tax revenues for the General Operating Fund, a $273 million decrease in Federal Revenues related to the use of ESSER funds, a $145 million increase in PPRT Revenues, a $93 million increase in State funding, and a $40 million decrease in TIF Surplus.

The Fiscal Year 2023 Budget assumes a full year of normal in-person operations and full staffing. Up to $730 million of Federal ESSER relief funding is included in the budget for reimbursement of certain educational expenses. To the extent the entirety of these funds or the budgeted amount is not needed for the Fiscal Year 2023 Budget, the funds would be claimed by the Board past the end of Fiscal Year 2023 and applied toward the Board's future budgets as allowable under reimbursement guidelines. Through the first quarter of the Fiscal Year 2023, with revenues performing as expected and expenditures running lower than budget, the Board currently anticipates that the Fiscal Year 2023 Budget could produce another surplus in its General Operating Fund.

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CASH FLOW AND LIQUIDITY

Overview

The Board's cash flow experiences peaks and valleys throughout the year depending on when revenues are received and expenditures paid. Most revenues are received in the second half of each Fiscal Year while most expenditures, largely payroll and vendor expenses, are paid equally throughout each Fiscal Year. Also, the Board's required annual debt service deposit is made immediately prior to the receipt of an installment of property tax revenues, one of the largest revenue sources of the Board. The impact of these patterns in revenues and expenditures creates natural cash flow pressures for the Board within each Fiscal Year.

For Fiscal Year 2022, the Board's liquidity position on June 30th increased by approximately $277 million compared to Fiscal Year 2021. On June 30, 2022, no Tax Anticipation Notes were outstanding and the net cash position was positive, an accomplishment not achieved since Fiscal Year 2014. This improvement was caused by year-over-year continued financial performance and the resulting larger fund balance in Fiscal Year 2022 versus Fiscal Year 2021. The Board decreased its maximum amount of Tax Anticipation Notes outstanding by $150 million for Fiscal Year 2022 versus Fiscal Year 2021 due to improved fund balance. The aggregate maximum principal amount of Tax Anticipation Notes borrowed was $950 million and $800 million in Fiscal Year 2021 and Fiscal Year 2022, respectively. The aggregate maximum principal amount of Tax Anticipation Notes borrowed against the first installment of property taxes for the 2021 Tax Levy totaled $644 million and was repaid in early March 2022.

The due dates for the second installment for Tax Levy Year 2021 and the first installment for Tax Levy Year 2022 were extended to December 30, 2022 and April 3, 2023, respectively, primarily because of the implementation of a new computer system by the County, which implementation remains ongoing with an expectation of completion by the end of calendar year 2023. These significant changes in the due dates delayed approximately $1.5 billion of revenues for the Board. In Fiscal Year 2023, to react to the delay in revenues, the Board drew $950 million of Tax Anticipation Notes against Tax Year 2021 second installment property taxes from July to October 2022. These Tax Anticipation Notes began being repaid on December 15, 2022 and were repaid in full on January 10, 2023.

For Fiscal Year 2023, the Board has authorized the issuance of $1.25 billion of Tax Anticipation Notes. To date, $950 million in revolving line of credit of Tax Anticipation Notes has been completed, with $950 million drawn and outstanding as of February 28, 2023.

Timing of Receipt of Revenues

The paragraphs below describe the timing of receipt of the Board's three main sources of operating revenues: Property Taxes, State revenues and Federal revenues.

Property Taxes. Property taxes will be approximately 45% of Fiscal Year 2023 budgeted operating revenues and are predominantly received in two installments. The first installment is typically received in late February and March. In Fiscal Year 2021, the Cook County Board of Commissioners approved a 60-day delay to the tax penalty date for taxes due on March 1, 2021. This delay allowed taxpayers to pay property taxes up to 60 days after the bills are due without interest penalties. The property tax due date for the second installment property taxes was delayed by 60 days to October 1, 2021 due to COVID-19. The due dates for the second installment for Tax Levy Year 2021 and the first installment for Tax Levy Year 2022 were extended to December 30, 2022 and April 3, 2023, respectively, primarily because of the implementation of a new computer system by the County, which implementation remains ongoing with an expectation of completion by the end of calendar year 2023. From 2012 through 2019, this due date and tax penalty date has been on or about August 1, resulting in the receipt of second installment revenues in late July and

August. See "FINANCIAL INFORMATION – Property Tax Revenues." As of January 27, 2023, the Board has received 97% of property taxes collected from the 2021 Tax Levy and the Capital Improvement Tax revenues collected and deposited by the County Collectors with the Trustee and deposited by the Trustee in the Escrow Fund under the Indenture are sufficient to pay the debt service coming due on April 1, 2023 for the Outstanding Bonds in accordance with the provisions of the Indenture.

State Revenues. EBF State Aid Revenues for Fiscal Year 2023 are expected to be approximately 15% of budgeted operating revenues and received from August through June in similar semi-monthly installments. The timing of the Board's receipt of State grant payments has varied and has been often dependent on the State's financial condition and cash flow. In Fiscal Year 2022, the amount of State Grants appropriated but unpaid by June 30 was approximately $22 million. Prior to Fiscal Year 2022, the amount of unpaid but appropriated State Grants by June 30 was $68 million in Fiscal Year 2021, $50 million in Fiscal Year 2020 and $36 million in Fiscal Year 2019.

Federal Revenues. Federal revenues (the "Federal Revenues") are approximately 23% of the Board's total Fiscal Year 2023 budgeted operating revenues. The State administers federal grants to the Board on behalf of the federal government and federal grant revenues are distributed to the Board only after the grants for these funds have been approved by the State. Upon this approval, which historically occurs approximately halfway through the Fiscal Year, the Board submits for reimbursement of qualified expenditures which drives the timing of Federal revenues for cash flow purposes. A decline in total receipts of Federal Revenues by year-end typically indicates offsetting expenditures were also less than expected. In Fiscal Year 2023, the amount of ESSER III funds in the operating budget totaled $945 million. As of February 28, 2023, the Board has received approximately $393 million of ESSER III funds in Fiscal Year 2023. See "FINANCIAL INFORMATION – Board's Fiscal Year 2023 Budget" for a discussion of expected federal funding relating to the Fiscal Year 2023 Budget.

Timing of Expenditures

The timing of the Board's expenditures is relatively stable and can be broken down into three categories: payroll and vendor, debt service and pensions.

Payroll and Vendor Expenses. In Fiscal Year 2023, approximately 59% of the Board's budgeted expenditures are for payroll and associated taxes, withholding and employee contributions. These payments occur every other week and occur primarily during the school year from September through June. In addition, the Board's recurring expenses for textbooks, educational materials, charter school payments, healthcare, transportation, facilities and commodities total approximately 25% of the Board's budgeted expenditures; the timing of such payments is relatively predictable and spread throughout the fiscal year. Approximately 16% of budgeted revenues, which flow through the operating account, are comprised of debt service, annual pension payments, and interest on short-term debt.

Debt Service Deposits. Debt service payments on the Board's alternate revenue bonds backed by State Aid Revenues are deposited into debt service funds once a year by February 15, prior to when the Board receives the first installment of property tax revenues. In Fiscal Year 2023, the projected debt service deposit in February 2023 relative to these alternate revenue bonds is approximately $502 million, an increase of $22 million from Fiscal Year 2022. Deposits for debt service for alternate revenue bonds backed PPRT in Fiscal Year 2023 total $39 million.

Pension Contributions. In Fiscal Year 2023, the Board expects total CTPF pension contributions to be approximately $860 million, as certified by the Pension Fund as the necessary contribution to achieve 90% funded status by 2059 as prescribed by statute. In Fiscal Year 2023, approximately $552 million of this pension contribution will be funded through the Pension Property Tax Levy and $309 million will be funded by the State contribution, as provided for under P.A. 100-465. These funds are directly intercepted to the Pension Fund. In the aggregate, $860 million or 100%, will be funded by a dedicated revenue source other than the Board's unrestricted general operating funds and is credited against the Board's required pension contribution. The Board will not make any contributions out of unrestricted general operating revenues for Fiscal Year 2023. While future pension contributions remain related to investment considerations and it is anticipated certain amounts of funding from time-to-time may be provided by the Board's unrestricted general operating revenues, based on the Pension Fund's 2022 Actuarial Valuation Report, the Board has projected no further funding from unrestricted general operating revenues will be required by Fiscal Year 2041. In addition, the Board has in recent fiscal years made periodic pension contributions totaling approximately $14 million that coincide with the payroll for employees paid with federal funds. In Fiscal Year 2022, the Board contributed $100 million to the Municipal Employees' Annuity and Benefit Fund (the "**Annuity Fund**"). The Board also budgeted $175 million in pension costs to the Annuity Fund in Fiscal Year 2023 and going forward, the Board anticipates making payments to the Annuity Fund under the terms of an intergovernmental agreement with the City. There is no statutory requirement that the Board make Annuity Fund payments and the amounts contributed could change in the future depending on discussions with the City.

The historical annual growth in equalized assessed valuation of property within the School District for the period 2012-2022 has averaged approximately 3.3% based upon records of the Cook County Clerk. The Board's required pension contribution is currently projected by the Pension Fund's actuaries to grow by an average of approximately 2% annually through 2059. The majority of the Board's required contributions to the Retirement Funds from unrestricted general operating revenues are required to be made in late June, before the Board receives the distribution of the second installment of property tax revenues in July and August. In Fiscal Year 2023, the Board does not anticipate the need to make this payment.

Short-Term Borrowing to Fund Liquidity

The Board has relied on short-term borrowing to periodically fund liquidity. In Fiscal Year 2019, the Board issued $844 million principal amount of 2018 Tax Anticipation Notes in anticipation of the 2018 Tax Levy in the amount of $2.46 billion. The Board repaid in full the 2018 Tax Anticipation Notes on August 16, 2019. In Fiscal Year 2020, the Board issued $830 million principal amount of 2019 Tax Anticipation Notes in anticipation of the collection of the 2019 tax levy in the amount of $2.54 billion. The Board repaid in full the 2019 Tax Anticipation Notes on August 18, 2020. In Fiscal Year 2021, the Board issued $950 million principal amount of 2020 Tax Anticipation Notes in anticipation of the collection of the 2020 tax levy in the amount of $2.62 billion. The Board repaid in full the 2020 Tax Anticipation Notes on October 8, 2021. The repayment in October occurred as a result of a 60-day tax penalty due date delay enacted by Cook County due to COVID-19. In Fiscal Year 2022, the Board issued $644 million principal amount of 2021 Tax Anticipation Notes against the first installment property taxes. The Board repaid these notes in full on March 9, 2022. From July to October, 2022, the Board drew $950 million against the 2021 Tax Anticipation Notes in anticipation of the 2021 tax levy and these were repaid in full on January 10, 2023. The repayment of the 2021 Tax Anticipation notes in January, was a result of Cook County moving the second installment tax penalty due date to December 30, 2022 due to technology upgrades with various Cook County agencies involved in the property tax process. In Fiscal Year 2023, the Board authorized the issuance of 2022 TANs in a principal amount outstanding from time to time of up to $1.25 billion to be issued in tranches to fund its cash flow needs. As of February 15, 2023, the Board has issued $950 million of 2022 TANs, with an aggregate principal amount of draws totaling $950 million outstanding.

Forecasted Liquidity

The table entitled "Projected Cash Flow Table" which follows at the end of this subheading reflects the Board's forecasted liquidity profile by month from July 2022 to August 2023. The table shows the use of proceeds of the Tax Anticipation Notes to provide needed operating funds. Additional Tax Anticipation Notes are expected to be issued during Fiscal Year 2023 and early Fiscal Year 2024. Forecasting future results is inherently subject to uncertainty. The forecasts in the table below are based upon various judgments (many of which are subjective), estimates and assumptions relating to the timing and amount of revenues and expenses of the Board, many of which are outside the control of the Board and may not materialize. These assumptions include (but are not limited to) the following: (i) the timing and amount of revenues and expenses of the Board will be consistent with current expectations for its Fiscal Year 2023 and Fiscal Year 2024, and (ii) the issuance of the Tax Anticipation Notes providing net funding to the Board of a maximum of $950 million.

There can be no assurance that the assumptions, estimates and judgments made in preparing the forecasts will prove accurate or that any of the forecasts will be realized. The inclusion of the forecasts in this document should not be regarded as an indication that the Board considered or considers the forecasts to be a prediction of actual future events, and the forecasts should not be relied upon as such.

Throughout this Official Statement, are discussions of various matters that may impact the realization of the assumptions and estimates underlying the forecasts, and investors should read this entire Official Statement. The information under this heading constitutes Forward-Looking Statements. Accordingly, investors are cautioned not to place undue reliance upon the following forecasts. The forecasts also were not prepared in compliance with Generally Accepted Accounting Principles or the published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants, including guidelines regarding projections or forecasts. The Board's independent registered public accounting firm has not examined, compiled or otherwise applied procedures to the forecasts and, accordingly, assumes no responsibility for them.

Projected Cash Flow Table (as of February 28, 2023)

Chicago Public Schools

Cash Flow Forecast

FY 2023 - Current Forecast

$ in millions

		FY 2023												Total	FY 2024	
		Jul-22	**Aug-22**	**Sep-22**	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**FY 2023**	**Jul-23**	**Aug-23**
Beginning cash balance	**A**	$ 116.7	$ 196.6	$ 169.0	$ 210.8	$ 379.4	$ 344.4	$ 207.7	$ 440.4	$ 233.8	$ 90.6	$ 385.2	$ 270.6	$ 116.7	$ 216.7	$ 126.6
Operating receipts																
Property taxes		$ 9.3	$ 0.1	$ 0.1	$ -	$ 0.0	$ 649.6	$ 669.8	$ 1.5	$ 769.5	$ 790.2	$ -	$ 0.0	$ 2,890.1	$ -	$ -
TIF		10.1	-	-	-	36.0	-	-	-	9.0	-	-	51.9	107.0	-	-
Other local revenue		102.6	19.9	13.5	138.2	5.0	63.7	63.7	8.3	69.3	78.2	117.7	59.7	739.8	6.5	18.8
State block grants		37.4	16.1	58.9	40.5	0.2	38.8	29.5	28.8	23.2	23.2	39.2	32.7	368.5	14.5	15.2
Evidence Based Funding		-	153.8	153.8	154.0	154.1	154.1	154.1	153.6	153.6	153.6	153.6	185.2	1,723.4	-	153.8
Federal revenue		41.9	152.6	102.0	173.5	268.6	51.7	74.0	154.8	87.1	103.8	182.3	110.4	1,502.6	90.1	23.2
Total operating receipts		201.3	342.4	328.3	506.2	464.0	957.9	991.1	346.9	1,111.8	1,149.0	492.7	439.9	7,331.5	111.1	211.0
Operating expenditures																
Payroll		(82.0)	(81.6)	(286.4)	(289.8)	(296.5)	(383.6)	(250.6)	(279.2)	(337.5)	(297.5)	(413.5)	(298.4)	(3,296.5)	(107.3)	(68.7)
Health Insurance		(49.0)	(48.8)	(52.0)	(48.1)	(45.7)	(52.2)	(56.0)	(50.8)	(51.7)	(49.6)	(51.7)	(50.9)	(606.6)	(51.1)	(50.4)
Employer pension payment		-	-	-	-	-	-	(7.0)	(21.0)	(175.0)	(2.1)	(1.6)	(2.1)	(208.6)	-	-
Pension Pick-up		(7.3)	(2.7)	(14.6)	(14.9)	(14.9)	(13.6)	(7.5)	(12.8)	(25.8)	(17.2)	(17.2)	(17.2)	(165.7)	(9.7)	(1.2)
Charter School		(192.9)	(4.7)	(6.0)	(195.1)	(3.9)	(8.5)	(167.6)	(3.0)	(7.7)	(184.4)	(2.9)	(6.3)	(782.9)	(206.2)	(6.0)
AP disbursements		(171.0)	(188.8)	(147.5)	(106.6)	(105.4)	(164.6)	(122.3)	(134.6)	(132.6)	(127.9)	(132.5)	(128.8)	(1,662.6)	(227.1)	(226.9)
Total operating expenditures		(502.2)	(326.6)	(506.6)	(654.4)	(466.4)	(622.5)	(610.9)	(501.4)	(730.3)	(678.6)	(619.3)	(503.8)	(6,723.0)	(601.4)	(353.3)
Net operating cash flows		**(300.9)**	**15.8**	**(178.3)**	**(148.3)**	**(2.3)**	**335.4**	**380.2**	**(154.5)**	**381.5**	**470.5**	**(126.5)**	**(63.9)**	**608.5**	**(490.3)**	**(142.3)**
Financing cash flows																
FY22 TAN drawdown		400.0	-	250.0	300.0	-	-	-	-	-	-	-	-	950.0	-	-
FY22 TAN repayment		(5.7)	-	-	-	-	(582.0)	(362.4)	-	-	-	-	-	(950.0)	-	-
FY23 TAN drawdown		-	-	-	-	-	199.0	249.0	500.0	-	-	-	-	948.0	400.0	150.0
FY23 TAN repayment		-	-	-	-	-	-	-	-	(769.5)	(180.5)	-	-	(950.0)	-	-
Debt service and transfers		-	-	-	-	0.1	(23.6)	14.9	(516.5)	(2.0)	(1.0)	-	-	(528.1)	-	-
Financing cash flows		394.3	-	250.0	300.0	0.1	(406.6)	(98.4)	(16.5)	(771.5)	(181.5)	-	-	(530.1)	400.0	150.0
Capital cash flows																
Capital reimbursements		29.7	87.9	60.4	110.1	8.0	1.4	3.1	0.0	286.2	45.7	51.2	50.0	733.8	40.2	27.1
Capital expenditures		(43.3)	(131.3)	(90.3)	(93.2)	(40.7)	(66.9)	(52.2)	(35.7)	(39.3)	(40.0)	(39.3)	(40.0)	(712.2)	(40.0)	(39.3)
Net capital cash flows		(13.6)	(43.4)	(29.9)	16.9	(32.8)	(65.5)	(49.1)	(35.7)	246.9	5.7	11.9	10.0	21.5	0.2	(12.2)
Net cash flows	**B**	**$ 79.9**	**$ (27.6)**	**$ 41.8**	**$ 168.6**	**$ (35.0)**	**$ (136.7)**	**$ 232.7**	**$ (206.7)**	**$ (143.2)**	**$ 294.7**	**$ (114.6)**	**$ (53.9)**	**$ 100.0**	**$ (90.1)**	**$ (4.5)**
Ending cash balance	**A+B=C**	**$ 196.6**	**$ 169.0**	**$ 210.8**	**$ 379.4**	**$ 344.4**	**$ 207.7**	**$ 440.4**	**$ 233.8**	**$ 90.6**	**$ 385.2**	**$ 270.6**	**$ 216.7**	**$ 216.7**	**$ 126.6**	**$ 122.1**
Minimum cash balance		*$ 116.7*	*$ 117.1*	*$ 94.2*	*$ 223.9*	*$ 234.7*	*$ 198.4*	*$ 164.5*	*$ 227.1*	*$ 90.6*	*$ 126.9*	*$ 270.6*	*$ 181.4*	*$ 181.4*	*$ 126.6*	*$ 122.1*
End of Month TANs Outstanding		$ (394.3)	$ (394.3)	$ (644.3)	$ (944.3)	$ (944.3)	$ (562.4)	$ (450.0)	$ (950.0)	$ (180.5)	$ -	$ -	$ -	$ -	$ (400.0)	$ (550.0)
Maximum TANs Outstanding		$ (400.0)	$ (394.3)	$ (644.3)	$ (944.3)	$ (944.3)	$ (1,144.3)	$ (450.0)	$ (950.0)	$ (950.0)	$ (180.5)	$ -	$ -	$ -	$ (400.0)	$ (550.0)

TAX MATTERS

Summary of Bond Counsel's Opinion

Katten Muchin Rosenman LLP, Bond Counsel ("Bond Counsel"), is of the opinion that, subject to compliance by the Board with certain covenants, under present law, interest on the 2023 Bonds is excluded from gross income of the owners thereof for federal income tax purposes. Interest on the 2023 Bonds does not constitute an item of tax preference in computing alternative minimum taxable income for purposes of the individual alternative minimum tax. Interest on the 2023 Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the 2023 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes.

Interest on the 2023 Bonds is not exempt from present Illinois income taxes.

Special Tax Treatment of 2023 Bonds Issued at a Premium or a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the 2023 Bonds bearing the same interest rate is sold to the public (the "*Offering Price*") and the principal amount payable at maturity of such 2023 Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a 2023 Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a 2023 Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a 2023 Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the 2023 Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such 2023 Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the 2023 Bond. The 2023 Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the 2023 Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the 2023 Bond).

Owners of 2023 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2023 Bonds. For example, under the laws of a State, original issue discount on the 2023 Bonds may be deemed to be received (and subject to tax) in the year of accrual even though there is no corresponding cash payment in that year.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal tax purposes of interest on the 2023 Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of 2023 Bond proceeds that may be used in the trade or business of, or used to make or finance loans, to persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the 2023 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as a part of a "minor portion") may generally not be invested in investments having a yield that is "materially higher" than the yield on the 2023 Bonds.

Rebate of Arbitrage Profit. Unless the 2023 Bonds qualify for one of several exemptions, earnings from the investment of the "gross proceeds" of the 2023 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the 2023 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the 2023 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the 2023 Bonds.

Risks of Non-Compliance

In the event that the Board fails to comply with the requirements of the Code, interest on the 2023 Bonds may become includable in the gross income of the owners thereof for Federal income tax purposes retroactively to the date of issue. In such event, the Indenture requires neither acceleration of payment of principal of, or interest on, the 2023 Bonds nor payment of any additional interest or penalties to the owners of the 2023 Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the 2023 Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the 2023 Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable Federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE 2023 BONDS.

In General. Owners of the 2023 Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for Federal income tax purposes as incurred or continued to purchase or carry the 2023 Bonds.

Corporate Owners. Interest on the 2023 Bonds is included in the calculation of the "adjusted financial statement income" of those corporations subject to the corporate alternative minimum tax, which tax is effective for taxable years beginning after December 31, 2022. Interest on the 2023 Bonds is generally taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the 2023 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for Federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the 2023 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the 2023 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the 2023 Bonds.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the 2023 Bonds held by such a company is allocated to the shareholder.

Change in Law

The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based upon statutes, judicial decisions, regulations, rulings, and other official interpretations of the law in existence on the date the 2023 Bonds are issued. There can be no assurance that such law or the interpretations thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the 2023 Bonds are Outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the 2023 Bonds.

RATINGS

The 2023 Bonds have been assigned the ratings of "A" (Stable Outlook) by Fitch Ratings and "BBB+" (Stable Outlook) by Kroll Bond Rating Agency, Inc. The ratings reflect only the view of such rating agencies at the time such ratings are given, and the Underwriters and the Board make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from the rating agencies. The Board has furnished the rating agencies with certain information and materials relating to the 2023 Bonds and the Board that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. The above ratings are not a recommendation to buy, sell or hold the 2023 Bonds. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. Except as described under the heading captioned "CONTINUING DISCLOSURE UNDERTAKING," neither the Underwriters nor the Board have undertaken any responsibility to bring to the attention of the holders of the 2023 Bonds any proposed revision or withdrawal of the ratings of the 2023 Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the 2023 Bonds.

The Board previously engaged Moody's Investors Service and S&P Global Ratings, to assign ratings for prior Alternate Revenue Bond issues. The Board did not obtain a rating from such rating agencies for the Outstanding Parity Bonds and has elected not to obtain a rating from such rating agencies for the 2023 Bonds.

FINANCIAL STATEMENTS

The financial statements of the Board of Education of the City of Chicago as of and for the Fiscal Year ended June 30, 2022, included in APPENDIX B to this Official Statement have been audited by Baker Tilly Virchow Krause, LLP, Chicago, Illinois, independent auditors ("Baker Tilly"), as stated in their report appearing herein. Baker Tilly has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Tilly also has not performed any procedures relating to this Official Statement.

In accordance with its existing continuing disclosure agreements relating to bonds previously issued by the Board, the Board is obligated to file its audited annual financial statements with EMMA on or prior to 210 days after the last day of the Board's Fiscal Year.

FINANCIAL ADVISOR

The Board has engaged Columbia Capital Management, LLC (the "Financial Advisor") in connection with the authorization, issuance and sale of the 2023 Bonds. The Financial Advisor has provided advice on the plan of financing and structure of the 2023 Bonds and has reviewed certain legal documents, including this Official Statement, with respect to financial matters. Unless indicated to the contrary, the Financial Advisor has not independently verified the factual information contained in this Official Statement, but has relied on the information supplied by the Board and other sources. The Financial Advisor is a **"***municipal advisor***"** as defined in the Dodd–Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111–203.

UNDERWRITING

The 2023 Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement (the "Underwriters"), led by BofA Securities, Inc. and Loop Capital Markets LLC. The Underwriters have agreed to purchase the 2023 Bonds at an aggregate purchase price of $533,129,896.89 (representing an aggregate principal amount of $520,835,000.00, plus $15,055,177.85 net original issue premium and less $2,760,280.96 of Underwriters' discount). The Underwriters will be obligated to purchase all of the 2023 Bonds if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2023 Bonds to the public.

The obligation of the Underwriters to accept delivery of and pay for the 2023 Bonds is subject to various conditions set forth in the Bond Purchase Agreement to be entered into in connection with the 2023 Bonds, including, among others, the delivery of specified opinions of counsel and a certificate of the Board that there has been no material adverse changes in its conditions (financial or otherwise) from that set forth in this Official Statement.

CERTAIN RELATIONSHIPS

The Underwriters and their respective affiliates comprise full-service securities firms and commercial banks engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. Underwriters and their respective affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Board and any affiliates thereof.

BofA Securities, Inc., one of the Underwriters of the 2023 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2023 Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the 2023 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2023 Bonds.

Piper Sandler & Co., one of the Underwriters of the 2023 Bonds, has entered into a distribution agreement with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the distribution agreement, CS&Co will purchase any 2023 Bonds at the original issue price less a negotiated portion of the selling concession applicable to such 2023 Bonds that CS&Co sells.

UBS Financial Services Inc. ("UBS FSI"), one of the Underwriters of the 2023 Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") in order to distribute certain municipal securities offerings, including the 2023 Bonds to UBS Securities’ institutional customers. Pursuant to such agreement, if any of the 2023 Bonds are allocated to a UBS Securities institutional customer, UBS FSI will share a portion of the underwriting compensation with respect to the 2023 Bonds with UBS Securities. UBS FSI and UBS Securities are each a subsidiary of UBS Group AG.

In the ordinary course of their respective businesses, the Underwriters and their respective affiliates have engaged, and may in the future engage, in transactions with, and perform services for, the Board and any affiliates thereof for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the Board and any affiliates thereof in connection with such transactions and/or services. On November 30, 2022, PNC Bank, National Association, an affiliate of PNC Capital Markets LLC, one of the Underwriters of the 2023 Bonds, entered into a Revolving Credit Facility Agreement with the Board for the issuance of $450,000,000 aggregate principal amount of 2022 TANs, with the maximum aggregate principal amount of $450,000,000 having been issued and remains outstanding as of date of this Official Statement. On January 26, 2023, Bank of America, N.A., an affiliate of BofA Securities, Inc., one of the Underwriters of the 2023 Bonds, entered into a Revolving Credit Facility Agreement with the Board for the issuance of $500,000,000 aggregate principal amount of 2022 TANs, with the maximum aggregate principal amount of $500,000,000 having been issued and remains outstanding as of date of this Official Statement.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Board (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the Board. The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the 2023 Bonds are subject to the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, as Bond Counsel (“Bond Counsel”), who has been retained by, and acts as Bond Counsel to, the Board. The proposed form of such opinion is included herein as APPENDIX G. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2023 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that, at the request of the Board, Bond Counsel has reviewed those sections of this Official Statement involving the description of the 2023 Bonds, the security for the 2023 Bonds and the description of the federal tax exemption of interest on the 2023 Bonds. This review was undertaken solely at the request and for the benefit of the Board and did not include any obligation to establish or confirm factual matters set forth herein. In connection with the issuance of the 2023 Bonds, certain legal matters were passed upon for the Board by its General Counsel, by its Issuer's Counsel, BurgherGray, LLP, Chicago, Illinois, and in connection with the preparation of this Official Statement by its Disclosure Counsel, Charity & Associates, P.C., Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their counsel, Ice Miller LLP, Chicago, Illinois.

LITIGATION

The Board is involved in numerous lawsuits that arise out of the ordinary course of operating the school system, including, but not limited to, any lawsuits described in this Official Statement. Some of the cases pending against the Board involve claims for substantial moneys. As discussed in Note 15d of the Board's Annual Comprehensive Financial Report for Fiscal Year 2022 attached hereto as APPENDIX B, in the opinion of Board management and legal counsel the final resolution of these claims and legal actions are not material to the Board's financial statements as of June 30, 2022. Since that date, there have been no additional cases where an adverse result is probable or reasonably possible and where the Board's liability, on any individual matter and net of insurance, is greater than $10 million.

As is true with any complex litigation, neither the Board nor its counsel is able to predict either the eventual outcome of such litigation or its impact on the Board's finances. The Board has available to it a tort liability tax levy to pay tort judgments and settlements. This tort liability tax levy is unlimited as to rate, but subject to the limitations on the annual growth in property tax extensions of the Board imposed by PTELL.

Upon delivery of the 2023 Bonds to the Underwriters, the Board will furnish a certificate to the effect that, among other things, except as disclosed in this Official Statement, there is no litigation pending in any court seeking to restrain or enjoin the issuance or delivery of the 2023 Bonds, or in any way contesting the validity or enforceability of the 2023 Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The Board will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the 2023 Bonds for the benefit of the Beneficial Owners of the 2023 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended. The MSRB has designated its Electronic Municipal Market Access system ("EMMA") as the system to be used for continuing disclosure to investors.

A failure by the Board to comply with the Undertaking will not constitute an event of default under the Bond Resolution or the Indenture, and Beneficial Owners of the 2023 Bonds are limited to the remedies described in the Undertaking. See "– Consequences of Failure to Provide Information."

The following is a brief summary of certain provisions of the Undertaking and does not purport to be complete. The statements made under this heading are subject to the detailed provisions of the Undertaking, copies of which are available upon request from the Board.

Annual Financial Information Disclosure

The Board covenants in the Undertaking that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) in electronic format to the MSRB. The Board is required to deliver such information so the MSRB receives the information by the dates specified in the Undertaking.

"Annual Financial Information" means historical information generally consistent with information of the type set forth in this Official Statement under the headings "CHICAGO PUBLIC SCHOOLS – School System and Enrollment," "DEBT STRUCTURE – Long-Term General Obligation Debt," "– Board's Borrowing Authority and Legal Debt Margin," "FINANCIAL INFORMATION – General Operating Fund Fiscal Years 2018-2022," and APPENDIX E – "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS" except however, the information under the heading entitled "– Recent Reports Regarding the Pension Fund," and information expressly derived from the Chicago Public Schools Annual Comprehensive Financial Reports sourced primarily from documents published by the Pension Fund and/or parties other than the Board (such information is collectively referred to as the "Third-Party Source Pension Information") and the Board takes no responsibility for the accuracy or completeness of the Third-Party Source Pension Information. If the Third-Party Source Pension Information or any information contained therein is no longer publicly available or is not publicly available in a form or manner or by the time that the Annual Financial Information is required to be disseminated by the Board, the Board shall, as part of its Annual Financial Information for the year in which such a lack of availability arises, include a statement to that effect and state that it will promptly file such information as it becomes available.

The Undertaking for the 2023 Bonds requires that Annual Financial Information be provided to the MSRB on or prior to 210 days after the last day of the Board's Fiscal Year. The Board has covenanted to give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due pursuant to the Undertaking.

"Audited Financial Statements" means the general purpose financial statements of the Board which are in conformity with generally accepted accounting principles in the United States and audited by independent auditors. The Undertaking for the 2023 Bonds requires that Audited Financial Statements will be provided to the MSRB on or prior to 210 days after the last day of the Board's Fiscal Year.

Events Notification; Reportable Events Disclosure

The Board covenants that it will disseminate in a timely manner, not in excess of ten business days after the occurrence of the **"Reportable Event"** (as described below), to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, the disclosure of the occurrence of a Reportable Event. Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Exchange Act. The "Reportable Events," certain of which may not be applicable to the 2023 Bonds, are:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of proposed issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(g) modifications to rights of security Owners, if material;

(h) Bond calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution or sale of property securing repayment of the securities, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Board (such an Event will be considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if the jurisdiction of the Board has been assumed by leaving the Board and the Board's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board);

(m) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Board, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Board, any of which reflect financial difficulties.

Note: For the purposes of the events described in parts (o) and (p), the term "financial obligation" means: (1) a debt obligation; (2) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (1) or (2). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Consequences of Failure to Provide Information

The Board agrees in the Undertaking to give notice in a timely manner to the MSRB of any failure to provide disclosure of the Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

A default under the Undertaking shall not be deemed an event of default under the Bond Resolution or the Indenture, and the sole remedy in the event of any failure of the Board to comply with the Undertaking shall be an action to compel performance. A failure by the Board to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2023 Bonds in the secondary market.

Consequently, such failure may adversely affect the transferability and liquidity of the 2023 Bonds and their market price.

The Board's failure to comply with its continuing disclosure obligations on a timely basis could limit its access to the capital markets because underwriters for the Board's bonds must be able to reasonably determine that the Board will comply with its continuing disclosure obligations before underwriting any future offerings of Board debt.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Board may amend the Undertaking, and any provision thereof may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Board, or type of business conducted;

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Beneficial Owners of the 2023 Bonds, as determined by parties unaffiliated with the Board (such as the Trustee or Bond Counsel), or by the approving vote of the owners of the 2023 Bonds pursuant to the terms of the applicable Indenture at the time of the amendment; or

(b) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking shall be terminated if the Board no longer has any legal liability relating to repayment of the 2023 Bonds. If a termination of the Undertaking occurs prior to the final maturity of the 2023 Bonds, the Board shall give notice in a timely manner to the MSRB.

Dissemination Agent

The Board may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Board chooses to include any information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the Board shall have no obligation under the Undertaking to update such information or include it in any future Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event.

Current Status of Compliance

Except as described below, with respect to the previous five years, the Board has been, and is currently, in material compliance with respect to its continuing disclosure undertakings to file Annual Financial Information, Audited Financial Statements and notices of Reportable Events relating to previously issued bonds and notes in accordance with the Rule.

The Board entered into an amendment to an existing revolving credit facility agreement with JPMorgan Chase Bank, N.A. on May 6, 2020. Subsequently and not within the required ten business day period, on July 7, 2020, the Board filed a notice concerning the amendment on EMMA, which constituted an untimely event notice filing concerning a modification to an outstanding financial obligation. This facility is no longer outstanding. On October 27, 2021, and November 4, 2021, the Board entered into revolving credit facility agreements with JPMorgan Chase Bank, N.A. and PNC Bank, N.A., respectively. The Board filed notices on EMMA concerning these facilities on December 21, 2021 and not within the required ten business day period. The Board has resolved a communication error with its dissemination agent which resulted in the delayed filing and neither facility remains outstanding.

On January 26, 2023, the Board filed a notice on EMMA concerning the failure to timely file its Audited Financial Statements and its Annual Financial Information for the Fiscal Year ended June 30, 2022, as required by the Board's continuing disclosure undertakings. On February 17, 2023, the Board undertook corrective action relating to the foregoing circumstance by filing its Audited Financial Statements and its Annual Financial Information for the Fiscal Year ended June 30, 2022 on EMMA.

AUTHORIZATION

The Board has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered on behalf of the Board.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By: /s/ Miroslava Mejia Krug
Chief Financial Officer

APPENDIX A

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Master Trust Indenture and the Fourth Supplemental Indenture (the Master Trust Indenture as amended and supplemented from time to time, including as supplemented by the Fourth Supplemental Indenture, being referred to as the "*Indenture*"). This summary does not purport to be complete or definitive, and is qualified in its entirety by reference to the Master Trust Indenture and Fourth Supplemental Indenture.

DEFINITIONS

"*Accreted Amount*" means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Bonds. The Accreted Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Accreted Amount for such preceding date and the Accreted Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

"*Act*" means the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, as the same may be amended and supplemented from time to time.

"*Additional Bonds*" means Bonds authorized and delivered on original issuance pursuant to the Indenture as described under the heading "*Additional Bonds*" in this Summary.

"*Annual Debt Service Requirement*" means, with respect to any Bond Year, the aggregate of the Interest Requirement and the Principal Requirement for such Bond Year.

"*Annual Levy Amount*" means the aggregate amount of the Capital Improvement Tax (including each Bond Resolution Series Levy for Outstanding Bonds) levied or to be levied in a particular calendar year for collection in the following calendar year.

"*Applicable Bond Year*" means the Bond Year commencing on April 2 of the Tax Collection Year.

"*Authorized Officer*" means (i) the Chief Financial Officer of the Board, (ii) the Treasurer of the Board or (iii) any other officer or employee of the Board authorized to perform specific acts or duties by resolution duly adopted by the Board.

"*Board*" means the Board of Education of the City of Chicago, as governed by the Chicago Board of Education, pursuant to Article 34 of the School Code.

"*Bond*" or "*Bonds*" means any bond or bonds, including any 2016 Bond, any Additional Bond (including any 2017 Bond, any 2018 Bond and any 2023 Bond), and any Refunding Bond, authenticated and delivered under the Indenture.

"*Bond Insurance Policy*" means any municipal bond insurance policy insuring and guaranteeing the payment of the principal of and interest on a Series of Bonds or certain maturities thereof.

"*Bond Insurer*" means any person authorized under law to issue a Bond Insurance Policy.

"*Bond Resolution*" means with respect to the 2016 Bonds and any Series of Additional Bonds (including the 2017 Bonds, the 2018 Bonds and the 2023 Bonds) or Refunding Bonds, the resolution of the Board authorizing such Series.

"*Bond Resolution Series Levy*" means the levy of Capital Improvement Tax pursuant to a Bond Resolution for the payment of the Annual Debt Service Requirements for the term of a Series of Bonds issued pursuant to such Bond Resolution.

"*Bond Year*" means the 12-month period commencing on April 2 of a year and ending on April 1 of the next succeeding year.

"*Business Day*" means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of any Fiduciary is located are authorized or required by law or executive order to close (and such Fiduciary is in fact closed).

"*Capital Appreciation and Income Bond*" means any Bond as to which accruing interest is not paid prior to the Interest Commencement Date specified therefor and is compounded periodically on certain designated dates prior to the Interest Commencement Date specified therefor.

"*Capital Appreciation Bond*" means any Bond the interest on which (i) shall be compounded periodically on certain designated dates, (ii) shall be payable only at maturity or redemption prior to maturity and (iii) shall be determined by subtracting from the Accreted Amount the initial public offering price thereof. The term "Capital Appreciation Bond" includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

"*Capital Expenditure*" means an authorized expenditure of the Board that is or may be capitalized under generally accepted accounting practices applicable to the Board and is made with respect to a project or system of the Board. This definition may be revised by the Board without the consent of the Owners to reflect the requisites of "projects and systems" as such term is used in Section 902 of the United States Bankruptcy Code (11 U.S. Code 902).

"*Capital Improvement Tax*" means the tax that the Board is authorized to levy annually pursuant to Section 34-53.5 of the School Code.

"*Capital Improvement Taxes*" means the revenues derived and to be derived by the Board from the levy of the Capital Improvement Tax, including but not limited to, regular tax receipts and late payment interest and penalties.

"*Certificate*" means an instrument of the Board in writing signed by an Authorized Officer.

"*Code*" or "*Code and Regulations*" means the Internal Revenue Code of 1986, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

"*Consolidated Debt Service Reserve Fund*" means the Consolidated Debt Service Reserve Fund established for the benefit of Consolidated Reserve Fund Bonds.

"*Consolidated Reserve Fund Bonds*" means Bonds of a Series so designated by the Board in the Supplemental Indenture authorizing such Series.

"*Consolidated Reserve Requirement*" means, as of the date of calculation and with respect to all Series of Consolidated Reserve Fund Bonds, an amount equal to fourteen percent (14%) of the largest Annual Debt Service Requirement on Outstanding Consolidated Reserve Fund Bonds in the then current or any future Bond Year.

"*Counsel's Opinion*" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, who may be counsel to the Board (including the General Counsel of the Board).

"*County Clerks*" means, collectively, the County Clerks of The Counties of Cook and DuPage, Illinois.

"*County Collectors*" means, collectively, the County Treasurers of The Counties of Cook and DuPage, Illinois, in their respective capacities as county collector, or, respectively, such other officer as may be lawfully appointed in the future to serve as county collector in either of said counties.

"*Current Interest Bond*" means any Bond the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing such Bond. The term "Current Interest Bond" also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

"*Debt Service Fund*" means the Debt Service Fund established in the Indenture.

"*Debt Service Reserve Account*" means any reserve account within the Debt Service Fund.

"*Default Day*" means any day that an Event of Default has happened and has not been remedied to the satisfaction of the Trustee as evidenced in writing.

"*Defeasance Obligations*" means Government Obligations that are not subject to redemption or prepayment other than at the option of the holder thereof.

"*Depositary*" means any bank, national banking association or trust company having a capital and undivided surplus aggregating at least $20,000,000, selected by an Authorized Officer as a depositary of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

"*Deposit Direction*" means each written direction of the Board filed with the County Collectors pursuant to Section 20-90 of the Property Tax Code, 35 Illinois Compiled Statutes 200 (or other applicable statutory authority) directing the County Collectors to deposit Capital Improvement Taxes directly into the Escrow Fund.

"*Escrow Fund*" means the Escrow Fund established the Indenture.

"*Event of Default*" means any event so designated and specified in this Summary under the heading "*Events of Default*".

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Registrar, the Paying Agents and any Depositary, or any or all of them, as may be appropriate.

"*Fitch*" means Fitch Ratings.

"*Forward Supply Contract*" means any contract entered into between the Board and a supplier of Investment Securities selected by or pursuant to the direction of the Board (a "*Counterparty*") pursuant to which the Counterparty agrees to sell to the Board (or to the Trustee on behalf of the Board) and the Board (or the Trustee on behalf of the Board) agrees to purchase specified Investment Securities on specific dates at specific purchase prices, all as established at the time of the execution and delivery of such contract and as set forth in such contract. Any amounts due and owing from the Board to the Counterparty pursuant to any Forward Supply Contract (other than the specified purchase prices of the Investment Securities set forth therein) shall be treated as current operating expenses of the Board subject to annual appropriation, and shall not constitute indebtedness of the Board.

"*Government Obligations*" means any direct obligations of the United States of America and any obligations guaranteed as to the timely payment of principal and interest by the United States of America or any agency or instrumentality of the United States of America, when such obligations are backed by the full faith and credit of the United States of America.

"*Indenture*" means the Master Trust Indenture, dated as of December 1, 2016, by and between the Board and the Trustee, as from time to time amended and supplemented.

"*Insured Bond*" means any Bond with respect to which the payment of principal and interest is guaranteed under a Bond Insurance Policy.

"*Interest Commencement Date*" means, with respect to any Capital Appreciation and Income Bond, the date specified in the Supplemental Indenture authorizing the issuance of such Bond (which date must be prior to the maturity date for such Capital Appreciation and Income Bond) after which interest accruing on such Capital Appreciation and Income Bond shall be payable periodically, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"*Interest Payment Date*" means any Payment Date on which interest on any Bond is payable.

"*Interest Period*" means the period from the date of any Bond to and including the day immediately preceding the first Interest Payment Date and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

"*Interest Requirement*" for any Bond Year or any Interest Period, as the context may require, as applied to Bonds of any Series then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Bonds during such Bond Year or Interest Period if the interest on the Bonds were deemed to accrue daily during such Bond Year or Interest Period in equal amounts; *provided, however,* that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid from the proceeds of Bonds allocable to the payment of such interest as provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds shall have been invested in Investment Securities and to the extent such earnings may be determined precisely.

"*Investment Policy*" means the Investment Policy approved by the Board, as currently in effect and as may be amended from time to time.

"*Investment Securities*" means any of the following securities authorized by law and the Investment Policy as permitted investments of Board funds at the time of purchase thereof:

(i) Government Obligations;

(ii) Obligations of any of the following federal agencies which obligations represent the full, faith and credit of the United States of America, including:

Export Import Bank
Farm Credit System Financial Assistance Corporation
Farmers Home Administration
General Services Administration
U.S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U.S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration;
(iii) Senior debt obligations issued by Fannie Mae or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government agencies;

(iv) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of no less than "A-1" by Fitch, or "A-1" or "A-1+" by S&P or "P-1" by Moody's and maturing no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(v) Commercial paper which is rated at the time of purchase no less than "A-1" by Fitch, or "A-1" or "A-l+" by S&P or "P-1" by Moody's and which matures not more than 180 days after the date of purchase;

(vi) Investments in a money market fund which at the time of purchase is rated "AAAm" or "AAAm G" or better by S&P, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise;

(vii) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 subject to the provisions of said Act and the Regulations issued thereunder. The government securities that are the subject of such repurchase agreements, unless registered or inscribed in the name of the Board, shall be purchased through banks or trust companies authorized to do business in the State of Illinois;

(viii) Pre-refunded Municipal Obligations; and

(ix) Any Forward Supply Contract;

"*Maximum Annual Debt Service Requirement*" means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and any succeeding Bond Year.

"*Moody's*" means Moody's Investors Service.

"*Outstanding*," when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds canceled by the Trustee, at or prior to such date or theretofore delivered to the Trustee or the Board, as the case may be, for cancellation;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Supplemental Indenture authorizing the issuance of such Series or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(iv) Bonds deemed to have been paid as provided in the Indenture and as described in this Summary under the heading "*Defeasance*".

"*Owner*" means any person who shall be the registered owner of any Bond or Bonds.

"*Paying Agent*" means any bank, national banking association or trust company designated by resolution of the Board or by an Authorized Officer as paying agent for the Bonds of any Series, and any successor or successors appointed by an Authorized Officer under the Indenture.

"*Payment Date*" shall mean any date on which the principal of (including any Sinking Fund Installment) or interest on any Series of Bonds is payable in accordance with its terms and the terms of the Indenture and the Supplemental Indenture creating such Series.

"*Permitted Expenditures*" means, as provided in Section 34-53.5 of the School Code, expenditures for capital improvement purposes, including without limitation (i) the construction and equipping of a new school building or buildings or an addition or additions to an existing school building or buildings, (ii) the purchase of school grounds on which any new school building or an addition to an existing school building is to be constructed or located, (iii) both items (i) and (ii) of this definition, or (iv) the rehabilitation, renovation, and equipping of an existing school building or buildings. This definition may be revised to reflect any amendment of State law pertaining to permitted uses of the Capital Improvement Taxes.

"*Permitted Expenditures Account*" means the Permitted Expenditures Account established by the Indenture.

"*Person*" means and includes an association, unincorporated organization, a corporation, a partnership, a limited liability corporation, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

"*Pre-refunded Municipal Obligations*" means any bonds or other obligations of the District of Columbia or any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and (A) which are rated at the time of purchase, based on an irrevocable escrow account or fund, in the highest rating category of Fitch, S&P or Moody's or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

"*Principal*" or "*principal*" means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in the Indenture in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case "principal" means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver or with respect to the Redemption Price of any Capital Appreciation Bond, "principal amount" means the Accreted Amount or (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

"*Principal Payment Date*" means any Payment Date upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment.

"*Principal Requirement*" for any Bond Year, as applied to the Bonds of any Series means, the last day of the Bond Year (the "Applicable Principal Payment Date") an amount calculated beginning

(i) on the preceding Principal Payment Date, if any, that occurs one year or less before each Applicable Principal Payment Date, or

(ii) one year prior to each Applicable Principal Payment Date if there is no prior Principal Payment Date or if the preceding Principal Payment Date is more than one year prior to the Applicable Principal Payment Date;

which amount shall equal the sums that would be deemed to accrue on such Bonds during such Bond Year of

(i) the principal of the Current Interest Bonds of such Series scheduled to mature or have a required Sinking Fund Installment on or prior to the Applicable Principal Payment Date, and

(ii) the Accreted Amount of the Capital Appreciation Bonds of such Series, scheduled to become due at maturity or have a required Sinking Fund Installment on or prior to the Applicable Principal Payment Date,

were each deemed to accrue daily during such year in equal amounts to but not including the Applicable Principal Payment Date; *provided, however,* that an amount of principal shall be excluded from the determination of Principal Requirement to the extent that such amount is to be paid from the proceeds of Bonds allocable to the payment of such principal as provided in the Supplemental Indenture authorizing the issuance of such Bonds or other available moneys or from the investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Investment Securities and to the extent such earnings may be determined precisely.

"*Property Tax Code*" means the Property Tax Code, 35 Illinois Compiled Statutes 200, as the same may be amended and supplemented from time to time.

"*Pro Rata Share*" means with respect to a Series of Bonds and on a Business Day, the amount held in the Escrow Fund on that Business Day for distribution to Series Sub-Funds in the Debt Service Fund multiplied by a fraction the numerator of which is the Series Debt Service for that Series for the Applicable Bond Year and the denominator of which is the aggregate Series Debt Service for all Series of Outstanding Bonds for the Applicable Bond Year.

"*Qualified Credit Provider*" means the issuer of a Qualified Reserve Credit Instrument.

"*Qualified Reserve Credit Instrument*" means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated "Aa2" or better by Moody's or "AA" or better by S&P or "AA" or better by Fitch as of the date of issuance thereof.

"*Rating Services*" means each and every one of the nationally recognized rating services that shall have assigned ratings to any Bonds Outstanding as requested by the Board, and which ratings are then currently in effect.

"*Record Date*" means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date (and any redemption date) or such other day as may be determined in the applicable Supplemental Indenture.

"*Redemption Price*" means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption or such other redemption price as shall be specified for such Bond in a Supplemental Indenture.

"*Refunding Bonds*" means Bonds issued pursuant to the Indenture as described in this Summary under the heading "*Refunding Bonds*".

"*Registrar*" means any bank, national banking association or trust company appointed by an Authorized Officer and designated as registrar for the Bonds of any Series, and its successor or successors.

"*S&P*" means Standard & Poor's Global Ratings.

"*School District*" means the school district constituted by the City of Chicago, Illinois pursuant to Article 34 of the School Code and governed by the Board.

"*Serial Bonds*" means the Bonds of a Series which shall be stated to mature in annual installments.

"*Series*" means all of the Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

"*Series Debt Service*" means, for a Bond Year and with respect to a Series of Bonds, the Annual Debt Service Requirement for that Series.

"*Series Sub-Fund*" means a dedicated Sub-Fund created pursuant to a Supplemental Indenture authorizing a Series of Bonds.

"*Sinking Fund Installment*" means, as of any particular date of determination and with respect to the Outstanding Bonds of any Series, the amount required by the Supplemental Indenture creating such Series to be paid in any event by the Board on a single future date for the retirement of such Bonds which mature after said future date, but does not include any amount payable by the Board by reason only of the maturity of a Bond.

"*State*" means the State of Illinois.

"*Subordinated Indebtedness*" means indebtedness permitted to be issued or incurred as described in this Summary under the heading "*Subordinated Indebtedness*".

"*Supplemental Indenture*" means any Supplemental Indenture authorized pursuant to the Indenture.

"*Tax Anticipation Note*" means any tax anticipation note, tax anticipation warrant or similar indebtedness issued in anticipation of the collection of Capital Improvement Taxes.

"*Tax Collection Year*" means with respect to each annual levy of the Capital Improvement Tax, the calendar year such annual levy is extended for collection.

"*Term Bonds*" means the Bonds of a Series other than Serial Bonds which shall be stated to mature on one or more dates through the payment of Sinking Fund Installments.

"*Treasurer*" means the Treasurer of the Board.

"*Trustee*" means Amalgamated Bank of Chicago, Chicago, Illinois, and any successor or successors appointed under the Indenture as hereinafter provided.

"*Trust Estate*" means the security for the payment of Bonds established by the pledges and liens effected by the Indenture and all other property pledged to the Trustee pursuant to the Indenture.

"*2016 Bonds*" means the $729,580,000 original principal amount of Dedicated Capital Improvement Tax Bonds, Series 2016, of the Board.

"*2017 Bonds*" means the $64,900,000 original principal amount of Dedicated Capital Improvement Tax Bonds, Series 2017, of the Board.

"*2018 Bonds*" means the $86,000,000 original principal amount of Dedicated Capital Improvement Tax Bonds, Series 2018, of the Board.

"*2023 Bonds*" means the $520,835,000 original principal amount of Dedicated Capital Improvement Tax Bonds, Series 2023, of the Board.

"*2023 Project*" means, collectively, the capital improvements or purposes of the Board approved by the Bond Resolution authorizing the 2023 Bonds and such additional capital improvements or purposes as may hereinafter be designated as part of the 2023 Project pursuant to a resolution of the Board filed with the Trustee.

Limited Obligations

The 2023 Bonds are limited obligations of the Board payable from amounts on deposit in the Series 2023 Dedicated Sub-Fund and secured by a pledge of, lien on and security interest in the Trust Estate pledged for their payment in accordance with the Indenture and the Fourth Supplemental Indenture. Neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of any 2023 Bond.

General Provisions for Issuance of Bonds

Each Series of Bonds shall be executed by the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of:

(1) A Counsel's Opinion regarding the validity and enforceability of such Series.

(2) A written order as to the delivery of such Series signed by an Authorized Officer, which order shall direct, among other things, the application of the proceeds of such Series.

(3) In the case of 2016 Bonds, an executed copy of the Indenture and a copy of the Resolution 16-1026-RS1 of the Board and Resolution 16-1207-RS2 of the Board.

(4) In the case of each Series of Additional Bonds or Refunding Bonds, a copy of the Bond Resolution authorizing such Series and providing for the Bond Resolution Series Levy.

(5) An executed copy of the Supplemental Indenture authorizing such Series, which shall specify:

(a) The authorized principal amount, designation and Series of such Bonds.

(b) The purposes for which such Series of Bonds is being issued.

(c) The date, and the maturity date or dates, of the Bonds of such Series.

(d) The interest rate or rates of the Bonds of such Series, or the manner of determining such interest rate or rates, and the Interest Payment Dates and Record Dates therefor.

(e) The Authorized Denominations and the manner of dating, numbering and lettering of the Bonds of such Series.

(f) The Registrar and the Paying Agent or Paying Agents for the Bonds of such Series.

(g) The Redemption Price or Prices, if any, or the method for determining Redemption Prices and any redemption dates and terms for the Bonds of such Series.

(h) The amount and date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments shall equal the aggregate principal amount of all such Bonds less the principal amount scheduled to be retired at maturity.

(i) A determination as to whether such Series is or is not a Series of Consolidated Reserve Fund Bonds.

(j) The Funds, Sub-Funds, Accounts and Sub-Accounts into which proceeds of such Series will be deposited and the amounts of such deposits.

(6) In the case of Additional Bonds and Refunding Bonds, a Certificate stating that no Event of Default will exist as of the time immediately following the issuance of such Series.

(7) An executed copy of each Deposit Direction filed with the County Collectors providing for the direct deposit into the Escrow Fund of the Capital Improvement Taxes constituting the Bond Resolution Series Levy for such Series.

(8) Such further documents, moneys and securities as are required by the provisions of the Indenture or any Supplemental Indenture.

No Series of Consolidated Reserve Fund Bonds shall be delivered unless, as of the time immediately following the issuance of such Series, the sum then held in the Consolidated Debt Service Reserve Fund, after taking into account any concurrent deposit of the proceeds of such Series and other concurrent deposits into the Consolidated Debt Service Reserve Fund, equals or exceeds the Consolidated Reserve Requirement.

Additional Bonds

One or more Series of Additional Bonds may be authorized and delivered upon original issuance for the purpose of financing Permitted Expenditures of any capital improvement project or purpose of the Board permitted under Section 34-53.5 of the School Code, to pay costs and expenses incident to the issuance of such Additional Bonds and to make deposits into any Fund, Sub-Fund, Account or Sub-Account under the Indenture or any Supplemental Indenture. Any such Series shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents required under "*General Provisions for the Issuance of Bonds*" with respect to Additional Bonds) of a Certificate of an Authorized Officer which shall set forth, for each Tax Collection Year that the Capital Improvement Tax will be required to be collected to produce revenues to satisfy the Annual Debt Service Requirements for all Bond Years with respect to which Bonds will be Outstanding as of the time immediately following the issuance of the Series of Bonds proposed to be issued; (i) the amount of Capital Improvement Taxes projected to be collected in each such Tax Collection Year and (ii) the Annual Debt Service Requirement in each Applicable Bond Year and (iii) demonstrating that the amount of Capital Improvement Taxes projected to be collected in each such Tax Collection Year will not be less than 110% of the Annual Debt Service Requirement for the Applicable Bond Year.

With respect to the Certificate of an Authorized Officer to be filed with the Trustee, in determining the Annual Levy Amount in any year and the Capital Improvement Taxes projected to be collected in any corresponding Tax Collection Year, the Annual Levy Amount shall be determined on the assumption that (i) the Capital Improvement Tax will be authorized to be levied and will be levied each year at the maximum amount permitted under Section 34-53.5 of the School Code, (ii) there will be no increase in any such maximum amount by virtue of an adjustment for inflation other than adjustments made under said Section 34-53.5 prior to the date such Certificate of the Authorized Officer is filed with the Trustee and (iii) all of the Capital Improvement Taxes levied for any year will be collected in full during the corresponding Tax Collection Year.

Refunding Bonds

(A) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund or advance refund any or all Outstanding Bonds of one or more Series, to pay costs and expenses incident to the issuance of such Refunding Bonds and to make deposits in any Fund, Sub-Fund, Account or Sub-Account under the Indenture or any Supplemental Indenture.

(B) Refunding Bonds of a Series shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents required under "*General Provisions for the Issuance of Bonds*" with respect to Refunding Bonds) of either (a) a Certificate of an Authorized Officer described under the "*Additional Bonds*", or (b) a Certificate of an Authorized Officer evidencing that for the then current and each future Bond Year, the Annual Debt Service Requirements for each such Bond Year on account of all Bonds Outstanding as of the time immediately after the issuance of such Refunding Bonds does not exceed the Annual Debt Service Requirements for the corresponding Bond Year on account of all Bonds as of the time immediately prior to the issuance of such Refunding Bonds.

Subordinated Indebtedness

The Board reserves the right (i) to issue bonds, certificates or other evidences of indebtedness or contractual obligations payable as to principal and interest from Capital Improvement Taxes, and (ii) to incur contractual obligations that are payable from Capital Improvement Taxes, but, in each case, only if such indebtedness or contractual obligation is junior and subordinate in all respects to any and all Bonds issued and Outstanding under the Indenture.

Subordinated Indebtedness issued or incurred may only be issued or incurred for the purpose of financing or refinancing of Capital Expenditures that are Permitted Expenditures of any capital improvement or purpose of the Board permitted under Section 34-53.5 of the School Code, to pay costs and expenses incident to the issuance of such Subordinated Indebtedness, and to capitalize interest and fund reserves with respect to such Subordinated Indebtedness. Proceeds derived from the sale of an issue of Subordinated Indebtedness shall be deposited into an escrow account administered by an escrow agent and moneys in each such escrow account shall be subject to withdrawal and expenditure only upon satisfaction of terms and conditions similar to the terms and conditions that apply for the withdrawal and expenditures of moneys from the Permitted Expenditures Account.

Prior to and in conjunction with the issuance of any Subordinated Indebtedness, the trustee for the Subordinated Indebtedness (the "Subordinate Trustee") will enter into a Subordination and Standstill Agreement with the Trustee in a form customary in subordinated debt transactions which Subordination and Standstill Agreement will include, without limitation, provisions providing: (1) for a full payment and lien subordination, in each case relating to all assets of the Trust Estate; (2) for a standstill by the Subordinate Trustee and holders of Subordinated Indebtedness in exercising any remedies relating in any way to assets of the Trust Estate so long as the Bonds are outstanding; provided that the Subordinate Trustee shall have the right to sue for specific performance of breached covenants and sue for payment in the event moneys the holders of Subordinated Indebtedness are entitled to be paid are misappropriated; (3) that the Subordinated Indebtedness will not be able to be accelerated under any circumstances; (4) that in the event that the Board shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws: a) the owners of the Bonds will be entitled to receive final payment in full prior to the holders of the Subordinated Indebtedness receiving or retaining any payment from the assets relating to the Trust Estate on account of the Subordinated Indebtedness; and b) until the Bonds are paid in full, any payments or distribution of assets relating to assets of the Trust Estate to which holders of the Subordinated Indebtedness would be entitled but for the provisions of the Subordination and Standstill Agreement will be made by the Board directly to the Trustee until the Bonds are paid in full; and (5) that under no circumstances will holders of the Subordinated Indebtedness or the Subordinate Trustee challenge the validity or priority of the lien securing the Bonds.

Tax Anticipation Notes

The Board reserves the right to issue Tax Anticipation Notes in anticipation of the collection of Capital Improvement Taxes to be collected in the current Tax Collection Year or the next ensuing Tax Collection Year. The aggregate principal amount of Tax Anticipation Notes issued in anticipation of the collection of Capital Improvement Taxes in a particular Tax Collection Year shall not exceed 90 percent of the anticipated amount of Capital Improvement Taxes to be collected in such Tax Collection Year. Tax Anticipation Notes shall only be issued in anticipation of the collection of levied Capital Improvement Taxes. All of the net proceeds of sale of an issue of Tax Anticipation Notes shall be paid to the Trustee for deposit into the Escrow Fund. If such Tax Anticipation Notes are issued in anticipation of Capital Improvement Taxes to be collected in the current Tax Collection Year, then such proceeds shall be allocated immediately upon receipt in the same manner that other moneys deposited into the Escrow Fund are allocated. If such Tax Anticipation Notes are issued in anticipation of Capital Improvement Taxes to be collected in the next Tax Collection Year, then such proceeds shall be deposited into a special account and held therein until the first Business Day of such next Tax Collection Year, and thereupon shall be allocated in the same manner that other moneys deposited into the Escrow Fund are allocated.

Tax Anticipation Notes may be made payable from amounts to be withdrawn from the Escrow Fund as described under "*Allocation of Escrow Fund*". Such right of payment shall be junior and subordinate in all respects to any and all Bonds issued and Outstanding under the Indenture.

Pledge Effected by Indenture

There are pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds, in accordance with the Indenture, and a lien is hereby granted for such purpose, subject only to the provisions of the Indenture permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in the Indenture and the terms and provisions of a Supplemental Indenture with respect to any Debt Service Reserve Account established by such Supplemental Indenture, on (i) the Capital Improvement Taxes; (ii) all moneys, securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established under the Indenture or any Supplemental Indenture, subject however to the right of the Board to make periodic withdrawals from the Escrow Fund, from the Debt Service Fund (including from Sub-Funds established by Supplemental Indentures) and from the Consolidated Debt Service Reserve Fund, in each case as permitted by the Indenture, and (iii) any and all other moneys and securities furnished from time to time to the Trustee by the Board or on behalf of the Board or by any other persons to be held by the Trustee under the terms of the Indenture.

Pursuant to Section 13 of the Act the Capital Improvement Taxes deposited or to be deposited into the Escrow Fund and the other moneys and securities hereby pledged shall immediately be subject to the lien and pledge hereof without any physical delivery or further act, and the lien and pledge hereof shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board, irrespective of whether such parties have notice hereof.

The Bonds are limited obligations of the Board payable solely from the Capital Improvement Taxes and the other moneys pledged for their payment in accordance with the Indenture. Neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of any Bond.

Establishment of Funds and Accounts

Pursuant to Section 20-90 of the Property Tax Code, and Section 34-53.5 of the School Code, the Board establishes (i) the School Construction Tax Escrow Fund (the "*Escrow Fund*") as a special fund of the Board held in trust by the Trustee as part of the Trust Estate, (ii) within the Escrow Fund the Permitted Expenditures Account, as a special account of the Board held in trust by the Trustee as part of the Trust Estate, (iii) the Debt Service Fund, as a special fund of the Board held in trust by the Trustee as part of the Trust Estate and (iv) the Consolidated Debt Service Reserve Fund, as a special fund of the Board held in trust by the Trustee as part of the Trust Estate for the benefit and security of the Owners of each Series of Consolidated Reserve Fund Bonds.

Subject to use and application in accordance with the Indenture, all of the moneys and securities held in the Escrow Fund and the Debt Service Fund are pledged as security for the payment of the principal of, redemption premium, if any, and interest on, the Bonds to the extent provided in the Indenture, shall be subject to the lien of the Indenture and a security interest in said Funds is granted in favor of the Trustee for the benefit of the Owners of the Bonds. Subject to use and application in accordance with the Indenture, all of the moneys and securities held in the Consolidated Debt Service Reserve Fund are pledged as security for the payment of the principal of, redemption premium, if any, and interest on, the Consolidated Reserve Fund Bonds to the extent provided in the Indenture, shall be subject to the lien of the Indenture and a security interest in said Fund is granted in favor of the Trustee for the benefit of the Owners of a Series of Consolidated Reserve Fund Bonds.

Required Deposit of Capital Improvement Tax Receipts

For the purpose of providing funds required to pay the principal of and interest on the Bonds when and as the same becomes due and for the payment of Capital Expenditures that are Permitted Expenditures, all of the Capital Improvement Taxes shall be paid to the Trustee, as escrow agent thereof, for immediate deposit into the Escrow Fund. The Board shall do, or cause to be done, all acts and things necessary to cause the Capital Improvement Taxes to be deposited into the Escrow Fund and not to any other fund or account of the Board or any other person, including without limiting the foregoing, filing Deposit Directions with the County Collectors.

Allocation of Escrow Fund

(A) On each Business Day the Trustee shall allocate the moneys in the Escrow Fund in the following order of priority and if the moneys deposited into the Escrow Fund are insufficient to make any required deposit, the deposit shall be made up on the next Business Day after required deposits having a higher priority shall have been made in full:

First: to each applicable Series Sub-Fund in the Debt Service Fund, the Pro Rata Share for that Series until there is held in each such Series Sub-Fund an amount sufficient for the payment of the unpaid Series Debt Service for that Series payable on each Payment Date on or prior to April 1 of the then Applicable Bond Year.

Second: to the Consolidated Debt Service Reserve Fund, the amount, if any, required to increase the sum then held in the Consolidated Debt Service Reserve Fund, to the Consolidated Reserve Requirement.

Third: to the Debt Service Fund, to fund any other deposits required under the terms of any Supplemental Indenture.

Fourth: on any Business Day that is not a Default Day, at the direction of the Board expressed in a Certificate filed with the Trustee, the amount specified in such Certificate for the payment of Tax Anticipation Notes issued in accordance with the Indenture.

Fifth: on any Business Day that is not a Default Day, at the direction of the Board expressed in a Certificate filed with the Trustee, the amount specified in such Certificate for the payment of Subordinated Indebtedness issued in accordance with the Indenture.

Sixth: to the Permitted Expenditures Account of the Escrow Fund for disbursement in accordance with Paragraph (B).

(B) Amounts held in the Permitted Expenditures Account may be paid to the Board from time to time, on any Business Day that is not a Default Day for the payment or reimbursement of Permitted Expenditures that are Capital Expenditures, but only upon the filing by the Board with the Trustee of the following items:

(1) its requisition therefor, stating in respect of each payment to be made: (a) the name of the person, firm or corporation to whom payment is due, (b) the amount to be paid, and (c) in reasonable detail the purpose for which the obligation was incurred; and

(2) its Certificate attached to the requisitions certifying: (a) that obligations in the stated amounts have been incurred by the Board, and that each item thereof (i) is a proper charge against the Permitted Expenditures Account; (ii) is a proper Capital Expenditure; (iii) is a proper Permitted Expenditure and (iv) has not been paid or previously reimbursed pursuant to Paragraph (C) or from Bond proceeds; (b) that there has not been filed with or served upon the Board notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any such lien, attachment or claim has been filed or served upon the Board, that such lien, attachment or claim has been released or discharged, and (c) that such requisition contains no item representing payment on account of any retained percentages which the Board is at the date of such Certificate entitled to retain.

(C) The Trustee shall pay from the Permitted Expenditures Account to the Board, upon its requisitions therefor, at one time or from time to time, on any Business Day that is not a Default Day, a sum or sums aggregating not more than $5,000,000, exclusive of and in addition to reimbursements paid pursuant to Paragraph (B), such sums and such reimbursements to be used by the Board as a revolving fund for the payment of Capital Expenditures that are Permitted Expenditures that cannot conveniently be paid as otherwise provided in Paragraph (B). Such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the Permitted Expenditures Account upon requisitions of the Board accompanied by its Certificate specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an expense constituting a Capital Expenditure and a Permitted Expenditure and that such expense could not conveniently be paid except from such revolving fund.

(D) The Board may direct the withdrawal of moneys from the Permitted Expenditures Account for the payment on any Payment Date of principal of (including any Sinking Fund Installment) or interest on any Bonds due and payable on such Payment Date.

Debt Service Fund

The moneys in the Debt Service Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

(1) Sub-Fund Deposits. On any date required by the provisions of a Supplemental Indenture creating a Series of Bonds, the Trustee shall segregate within the Debt Service Fund and credit to such Sub-Funds, Accounts, and Sub-Accounts therein as may have been created for the benefit of such Series such amounts as may be required to be so credited under the provisions of such Supplemental Indenture to pay the principal of and interest on such Bonds; and

(2) Other Required Deposits. On any date required by the provisions of a Supplemental Indenture for any other purpose, the Trustee shall segregate within the Debt Service Fund and credit to such Sub-Funds, Accounts and Sub-Accounts therein as are specified in such Supplemental Indenture the amounts required so to be withdrawn and deposited by the provisions of such Supplemental Indenture or such instrument.

Moneys on deposit in the Debt Service Fund and which have been credited to such Sub-Funds, Accounts and Sub-Accounts therein as may have been created for the benefit of a Series of Bonds shall be used for the purposes specified in the Supplemental Indenture creating such Series.

On any Business Day that is not a Default Day there are moneys in the Debt Service Fund in excess of the amounts required to be disbursed as required in clauses (1) and (2), then the Board may direct the transfer of all or a portion of such excess amount to the Escrow Fund or the Consolidated Debt Service Reserve Fund.

Series 2023 Dedicated Sub-Fund

The Board has established with the Trustee a separate and segregated Sub-Fund within the Debt Service Fund, such Sub-Fund to be designated the "Series 2023 Dedicated Sub-Fund". Moneys on deposit in the Series 2023 Dedicated Sub-Fund, and in each Account established therein, shall be held in trust by the Trustee for the sole and exclusive benefit of the Owners of the 2023 Bonds and shall not be used or available for the payment of any other Bonds.

Deposits into Series 2023 Dedicated Sub-Fund and Accounts

(A) On each Business Day, commencing February 1, 2024 (each such date referred to herein as the "*Deposit Date*") there shall be withdrawn from the Debt Service Fund and deposited into the Series 2023 Dedicated Sub-Fund, until there shall have been deposited into the various Accounts in the Series 2023 Dedicated Sub-Fund an amount equal to the aggregate of the amounts set forth in Paragraph (B) (such aggregate amount with respect to any Deposit Date being referred to herein as the "*Series 2023 Deposit Requirement*").

(B) On each Deposit Date that moneys are available for deposit into the Series 2023 Dedicated Sub-Fund, the Trustee shall make the following deposits in the following order of priority and if the moneys deposited into the Series 2023 Dedicated Sub-Fund are insufficient to make any required deposit, the deposit shall be made up on the next Deposit Date after required deposits having a higher priority shall have been made in full:

First: for deposit into the 2023 Interest Account, an amount equal to the amount required so that the sum held in the 2023 Interest Account, when added to the interest payable from the 2023 Capitalized Interest Account on the applicable Interest Payment Dates, will equal the sum of the unpaid interest due on the 2023

Bonds on the next ensuing Interest Payment Dates to and including the first day of April of the next calendar year; and

Second: commencing on February 1, 2032, for deposit into the 2023 Principal Account, the amount required so that the sum then held in the 2023 Principal Account will equal the sum of the unpaid Principal due on the 2023 Bonds on the first day of April of the next calendar year.

2023 Interest Account

The Trustee shall withdraw from the 2023 Interest Account, prior to each Interest Payment Date, an amount equal to the interest due on the 2023 Bonds and not payable from the 2023 Capitalized Interest Account, and apply the same to the payment of such interest.

2023 Capitalized Interest Account

The Trustee shall withdraw from the 2023 Capitalized Interest Account, prior to each of the following Interest Payment Dates, the amount set forth in the following table, and apply the same to the payment of the interest on the 2023 Bonds due on such Interest Payment Date:

Interest Payment Date	Amount
October 1, 2023	$16,058,235.49
April 1, 2024	14,309,318.75

Any amount remaining in the 2023 Capitalized Interest Account on April 2, 2024, shall be withdrawn from the 2023 Capitalized Interest Account and deposited into the 2023 Interest Account.

2023 Principal Account

(A) The Trustee shall withdraw from the 2023 Principal Account, prior to each Principal Payment Date, an amount equal to the Principal of the 2023 Bonds maturing or due on that date, and apply the same to the payment of such Principal when due.

(B) The Trustee shall establish and maintain in the 2023 Principal Account a separate Sub-Account for the Term Bonds for which Sinking Fund Installments are established. Moneys paid into the 2023 Principal Account in respect of Sinking Fund Installments in any Bond Year shall upon receipt be segregated and set aside in said Sub-Accounts in proportion to the respective amounts of the Sinking Fund Installment on the next ensuing Principal Payment Date with respect to the particular Term Bonds for which each such Sub-Account is maintained.

(C) The Trustee shall apply moneys in any such Sub-Account to the redemption of the Term Bonds for which such Sub-Account is maintained or to the payment of the Principal thereof at maturity. If at any date there shall be moneys in any such Sub-Account and there shall be Outstanding none of the Term Bonds for which such Sub-Account was established, said Sub-Account shall be closed and the moneys therein shall be withdrawn therefrom and be applied by the Trustee as if paid into the 2018 Principal Account on that date.

(D) Amounts deposited to the credit of the 2023 Principal Account to be used in satisfaction of any Sinking Fund Installment may, and if so directed by the Board shall, be applied by the Trustee, on or prior to the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, to the purchase of Outstanding Term Bonds of the maturity for which such Sinking Fund Installment was established. That portion of the purchase price attributable to accrued interest shall be paid from the 2023 Interest Account. All such purchases of Outstanding Term Bonds shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Term Bonds plus accrued interest, and such purchases shall be made in such manner as the Board shall determine. The principal amount of any Term Bonds so purchased shall be deemed to constitute part of the 2023 Principal Account until the Principal Payment Date on which such Sinking Fund Installment is due, for the purpose of calculating the amount on deposit in such Account.

(E) At any time up to the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, the Board may purchase Outstanding Term Bonds for which such Sinking Fund Installment was established and surrender such Term Bonds to the Trustee at any time up to said date.

(F) After giving effect to the Outstanding Term Bonds purchased by the Trustee and Outstanding Term Bonds surrendered by the Board as described in Paragraphs (D) and (E), which shall be credited against the Sinking Fund Installment at the applicable sinking fund Redemption Price thereof, and as soon as practicable after the 60th day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, the Trustee shall proceed to call for redemption on such Principal Payment Date Outstanding Term Bonds for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the unsatisfied portion of such Sinking Fund Installment.

(G) If the principal amount of Outstanding Term Bonds retired through application of amounts in satisfaction of any Sinking Fund Installment shall exceed such Sinking Fund Installment, or in the event of the purchase from moneys other than from the 2023 Principal Account of Outstanding Term Bonds for which Sinking Fund Installments have been established, such excess or the principal amount of Outstanding Term Bonds so purchased shall be credited toward future scheduled Sinking Fund Installments either (i) in the order of their due dates or (ii) in such order as the Board establishes not more than 45 days after the payment in excess of such Sinking Fund Installment.

2023 Project Account

(A) The Trustee shall apply moneys in the 2023 Project Account for the payment of costs of issuance of the 2023 Bonds, as directed by the Board.

(B) The Trustee shall make payment of the Costs of Construction of the 2023 Project that are both Capital Expenditures and Permitted Expenditures from the 2023 Project Account as provided in Paragraphs (D), (E) and (F).

(C) At the direction of the Board moneys in the 2023 Project Account shall be applied to pay such amounts as are required to be paid to the United States of America pursuant to Section 148(f) of the Code.

(D) The Trustee shall, during construction of the 2023 Project, pay from the 2023 Project Account to the Board, upon its requisitions therefor, at one time or from time to time, a sum or sums aggregating not more than $5,000,000, exclusive of and in addition to reimbursements as hereinafter in this Section authorized, such sums and such reimbursements to be used by the Board as a revolving fund for the payment of Costs of Construction that are both Capital Expenditures and Permitted Expenditures and that cannot conveniently be paid. Such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the 2023 Project Account upon requisitions of the Board accompanied by its Certificate specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an expense constituting a Cost of Construction that was both a Capital Expenditure and a Permitted Expenditure and that such expense could not conveniently be paid except from such revolving fund. The revolving fund maintained by the Board shall be held separate and apart from all other funds and accounts of the Board and the amounts held in the revolving fund may only be used for payments to vendors for Capital Expenditures that are Permitted Expenditures or for the reimbursement of the Board for prior payments to vendors of Capital Expenditures that are Permitted Expenditures.

(E) The Trustee shall, during and upon completion of construction of the 2023 Project, make payments from the 2023 Project Account in addition to those made pursuant to Paragraph (D), in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this Paragraph. Before any such payment shall be made, the Board shall file with the Trustee:

(1) its requisition therefor, stating in respect of each payment to be made: (a) the name of the person, firm or corporation to whom payment is due, (b) the amount to be paid, and (c) in reasonable detail the purpose for which the obligation was incurred; and

(2) its Certificate attached to the requisitions certifying: (a) that obligations in the stated amounts have been incurred by the Board in or about the construction of the 2023 Project, and that each item thereof (i) is a proper charge against the 2023 Project Account, (ii) is a proper Cost of Construction, (iii) is a proper Capital Expenditure; (iv) is a proper Permitted Expenditure and (v) has not been paid or previously reimbursed pursuant to Paragraph (D) or from the Permitted Expenditures Account, (b) that there has not been filed with or served upon the Board notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any such lien, attachment or claim has been filed or served upon the Board, that such lien, attachment or claim has been released or discharged, and (c) that such requisition contains no item representing payment on account of any retained percentages which the Board is at the date of such Certificate entitled to retain.

(F) The Trustee shall withdraw from the 2023 Project Account and pay to the Board free from the lien of the Indenture any balance in the 2023 Project Account, or any part thereof. Before any such withdrawal and payment shall be made, the Board shall file with the Trustee its Certificate certifying: (1) that the 2023 Project has been completed or substantially completed, and (2) that a sum stated in the Certificate is sufficient to pay, and is required to be reserved in such Project Account to pay, all Costs of Construction then remaining unpaid, including the estimated amount of any such items the amount of which is not finally determined and all claims against the Board arising out of the construction thereof. Upon receipt of such requisition and accompanying Certificates, the Trustee shall withdraw from the 2023 Project Account and pay to, or upon the order of, the Board the amount stated in such requisition, provided that no such withdrawal shall be made if it would reduce the amount in the 2023 Project Account below the amount stated in the respective Certificate of the Board as required to be reserved in the 2023 Project Account. Moneys so withdrawn from the 2023 Project Account (i) may be applied for the payment, purchase or redemption of 2018 Bonds or (ii) may be reappropriated by the Board if such appropriation is for a purpose permitted by Section 34-53.5 of the School Code and will not adversely affect the exclusion from gross income under the Code of interest on the 2023 Bonds.

Consolidated Debt Service Reserve Fund

(A) The Board shall maintain the Consolidated Debt Service Reserve Fund in an amount equal to the Consolidated Reserve Requirement, which requirement may be satisfied in whole or in part with one or more Qualified Reserve Credit Instruments. Any such Qualified Reserve Credit Instrument shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for the purposes for which moneys in the Consolidated Debt Service Reserve Fund may be used. If any time the Consolidated Debt Service Reserve Fund holds one or more Qualified Reserve Credit Instruments and Investment Securities, the Investment Securities shall be liquidated and the proceeds applied to fund transfers permitted under Paragraphs (B) and (C) prior to any draw being made on any Qualified Reserve Credit Instrument. If the Consolidated Debt Service Reserve Fund holds multiple Qualified Reserve Credit Instruments, draws shall be made under such Qualified Reserve Credit Instruments on a pro-rata basis to the extent of available funds.

(B) If on the Business Day prior to any Interest Payment Date there shall not be a sufficient amount in any Sub-Fund of the Debt Service Fund maintained under a Supplemental Indenture for the payment of interest on a Series of Consolidated Reserve Fund Bonds due on such Interest Payment Date, then the Trustee shall withdraw from the Consolidated Debt Service Reserve Fund and deposit into the appropriate Account or Sub-Account in such Sub-Fund, the amount needed to cure such deficiency and provide for the punctual payment of such interest.

(C) If on any Business Day prior to any Principal Payment Date there shall not be a sufficient amount in any Sub-Fund of the Debt Service Fund maintained under a Supplemental Indenture for the payment of the principal of a Series of Consolidated Reserve Fund Bonds due on such Principal Payment Date, then the Trustee, after making all withdrawals then required by Paragraph (B), shall withdraw from the Consolidated Debt Service Reserve Fund and deposit into the appropriate Account or Sub-Account in such Sub-Fund, the amount needed to cure such deficiency and provide for the punctual payment of such principal.

(D) In the event that the sum available for withdrawal from the Consolidated Debt Service Reserve Fund is not sufficient to satisfy all the withdrawals required by Paragraphs (B) and (C), then the sum held therein shall be allocated first for the withdrawals required by Paragraph (B) and among the various withdrawals required by a Subsection, pro-rata based upon the amount needed to cure each such deficiency.

(E) Amounts deposited into the Consolidated Debt Service Reserve Fund for the purpose of restoring amounts withdrawn therefrom shall be applied first to reimburse each Qualified Credit Provider and thereby reinstate the Qualified Reserve Credit Instrument of each Qualified Credit Provider. If at the time of such reimbursement the Consolidated Debt Service Reserve Fund holds multiple Qualified Reserve Credit Instruments for which restoration is required, then reimbursement shall be made on a pro-rata basis upon the amount of prior draws that are unreimbursed.

(F) If on any Business Day all withdrawals or payments from the Consolidated Debt Service Reserve Fund required by any other provision of the Indenture or any Supplemental Indenture shall have been made and no Event of Default then exists, then, the Trustee, at the direction of the Board expressed in a Certificate filed with the Trustee, shall withdraw from the Consolidated Debt Service Reserve Fund the amount of any excess therein over the Consolidated Reserve Requirement and deposit such moneys into any one or more of the Funds, Sub-Funds, Accounts or Sub-Accounts maintained under the Indenture or any Supplemental Indenture.

(G) At the direction of the Board expressed in a Certificate filed with the Trustee, moneys in the Consolidated Debt Service Reserve Fund may be withdrawn from the Consolidated Debt Service Reserve Fund and deposited with the Trustee for the payment of the Principal or Redemption Price of or the interest on Bonds in accordance the provisions of the Indenture for defeasance under "*Defeasance*", provided that immediately after such withdrawal the amount held in the Consolidated Debt Service Reserve Fund equals or exceeds the Consolidated Reserve Requirement.

Debt Service Reserve Accounts

Any Supplemental Indenture pursuant to which a Series is issued may establish a Debt Service Reserve Account and a Series reserve account requirement with respect thereto. Any such Supplemental Indenture may provide that the reserve account requirement may be satisfied as a whole or in part with one or more Qualified Reserve Credit Instruments. Any such Qualified Reserve Credit Instrument shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Debt Service Reserve Account may be used.

Depositaries

All moneys held by the Trustee under the provisions of the Indenture may be deposited with one or more Depositaries in the name of and in trust for the Trustee. All moneys held by the Board under the Indenture shall be deposited in one or more Depositaries in the name of the Board. All moneys deposited under the provisions of the Indenture with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds, Sub-Funds, Accounts and Sub-Accounts established by the Indenture shall be a trust fund.

Deposits

All moneys held by any Depositary may be placed on demand or time deposit, as directed by an Authorized Officer, provided that such deposits shall permit the moneys so held to be available for use when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit as if it were not a Fiduciary. All moneys held by a Fiduciary may be deposited in its banking department on demand or, if and to the extent directed by an Authorized Officer, on time deposit, provided that such moneys on deposit be available for use when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size.

All moneys on deposit to the credit of the Escrow Fund, the Debt Service Fund or the Consolidated Debt Service Reserve Fund (i) held by a Depository other than the Trustee and (ii) not otherwise secured by deposit insurance, shall be continuously and fully secured by the Trustee for the benefit of the Board and the Owners of the Bonds by lodging with the Trustee as collateral security, Government Obligations having a market value (exclusive of accrued interest) of not less than the amount of such moneys. All other moneys held for the Board under the Indenture shall be continuously and fully secured for the benefit of the Board and the Owners of the Bonds in the same manner as provided by the Board for similar funds of the Board.

Investment of Moneys

Moneys held in the several Funds, Sub-Funds, Accounts and Sub-Accounts shall be invested and reinvested by the Trustee at the written direction of the Treasurer or an Authorized Officer in Investment Securities within the parameters of the Indenture and the Investment Policy which mature no later than necessary to provide moneys when needed for payments to be made. Ratings of Investment Securities shall be determined at the time of purchase of such Investment Securities. Such investments or reinvestments may be made through the use of a Forward Supply Contract, to the extent permitted by State law and the Investment Policy, and the Trustee shall comply with the terms and provisions of any such Forward Supply Contract. The Trustee may make any and all such investments through its trust department or the bond department of any bank (including the Trustee) or trust company under common control with the Trustee. All investment income shall be retained in the Fund or Account to which the investment is credited from which such income is derived.

The Trustee may trade with itself in the purchase and sale of securities for such investment. The Trustee shall not be liable or responsible for the performance or adverse consequences of any investment made.

Valuations of Investment Securities held in the Funds, Sub-Funds, Accounts and Sub-Accounts shall be made by the Trustee as often as may be necessary or requested by the Board to determine the amounts held therein except that the value of Investment Securities held in the Consolidated Debt Service Reserve Fund must be valued as of April 15 and October 15 of each year.

The value of Investment Securities shall mean the fair market value thereof, *provided, however*, that all United States Treasury Securities – State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable.

Except as otherwise provided in the Indenture, the Trustee at the direction of the Treasurer or an Authorized Officer shall sell at the best price reasonably obtainable, or present for redemption, any Investment Security held in any Fund, Sub-Fund, Account or Sub-Account held by the Trustee whenever it shall be necessary to provide moneys to meet any payment or transfer from such Fund, Sub-Fund, Account or Sub-Account as the case may be. The Trustee and the Board shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

Indenture to Constitute Contract

In consideration of the purchase and acceptance of Bonds by those who shall hold the same from time to time, the provisions of the Indenture and any Supplemental Indenture shall be a part of the contract of the Board with the Owners of Bonds and shall be deemed to be and shall constitute a contract between the Board, the Trustee, any Bond Insurer and the Owners from time to time of the Bonds. The Board covenants and agrees with the Owners of Bonds, the Trustee and any Bond Insurer that it will faithfully perform all of the covenants and agreements contained in the Indenture and in the Bonds.

Punctual Payment of Bonds

Subject always to the condition that any obligation of the Board hereunder shall only be payable from the Trust Estate, the Board shall duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Extension of Payment of Bonds

If the maturity of any Bond or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Bond or installment of interest shall not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to payment out of the Trust Estate or Funds, Sub-Funds, Accounts and Sub-Accounts established by the Indenture or moneys held by Fiduciaries or Depositaries (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Board to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Annual Levy Amount

As authorized by Section 8 of the Act, the Board shall, to the fullest extent permitted by applicable law, provide for the annual levy of the Capital Improvement Tax such that the Annual Levy Amount for each year, and the amount of Capital Improvement Tax extended for collection in the corresponding Tax

Collection Year, will each be in an amount not less than 110% of the Annual Debt Service Requirement for the Applicable Bond Year.

Further Assurance

At any and all times the Board shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming, all and singular, the Trust Estate and the rights hereby pledged or assigned, or which the Board may become bound to pledge or assign. The Board and the Trustee shall take such actions as shall be necessary from time to time to preserve the priority of the Trust Estate under State law.

Power to Issue Bonds and Pledge Trust Estate

The Board is duly authorized under all applicable laws to issue the Bonds and to execute and deliver the Indenture and to pledge the Trust Estate pledged by the Indenture and to grant the lien granted by the Indenture thereon in the manner and to the extent provided in the Indenture. The Trust Estate, so pledged and subject to the lien of the Indenture, is and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created by the Indenture, and all action on the part of the Board to that end has been and will be duly and validly taken. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and lien on the Trust Estate pledged under the Indenture, the rights of the Board to levy the Capital Improvement Tax and to apply the Capital Improvement Taxes in accordance with the Indenture and all the rights of the Owners under the Indenture against all claims and demands. The Board will not seek or support State legislation which, if enacted into law, could reasonably be expected to materially impair the security for the payment of the Bonds or the Board's authority to pay the Bonds from the Trust Estate.

Indebtedness and Liens

The Board shall not issue any bonds or other evidences of indebtedness or incur any indebtedness, other than Subordinated Indebtedness and Tax Anticipation Notes, which are secured by a pledge of or lien on the Capital Improvement Taxes or the moneys, securities or funds held or set aside under the Indenture, and shall not, except as expressly authorized in the Indenture, create or cause to be created any lien or charge on the Capital Improvement Taxes or such moneys, securities or funds; *provided, however,* that nothing contained in the Indenture shall prevent the Board from issuing or incurring evidences of indebtedness (a) payable from or secured by amounts that may be withdrawn from the Escrow Fund free from the lien of the Indenture or (b) payable from, or secured by the pledge of, Capital Improvement Taxes to be derived on and after such date as the pledge of the Trust Estate provided in the Indenture shall be discharged and satisfied.

Covenants Regarding Capital Improvement Taxes

The Board has executed and delivered a Deposit Direction to each of the County Collectors to deposit all collections of the Capital Improvement Taxes in each year, directly with the Trustee. So long as any of the Bonds remain Outstanding, the Board will not agree, and will not attempt to, and will not amend, modify, terminate or revoke any Deposit Direction, except for such modifications or amendments as may be (i) necessitated by changes in State law and applicable rules or regulations thereunder or (ii) necessary in connection with the issuance of Additional Bonds or Refunding Bonds; *provided*, that no such modification or amendment shall provide for the deposit with the Trustee of less than all of the Capital Improvement Taxes to be paid to the Board during any Tax Collection Year.

The Board will take all actions necessary (i) to confirm, if needed, the annual levy and extension of the Capital Improvement Tax for collection on a timely basis in an annual amount not less than the amount required to satisfy the covenant under "Annual Levy Amount" and (ii) to cause Capital Improvement Taxes, when collected, to be deposited directly with the Trustee for application in accordance with the Indenture. The Board and its officers will comply with all present and future applicable laws in order to assure that the Capital Improvement Tax is levied annually and that the Capital Improvement Taxes are collected and paid to the Trustee for application in accordance with the Indenture.

Prior to the issuance of each Series of Bonds, the Board shall file with the County Clerks a certified copy of the Bond Resolution together with such other orders and directions as needed to provide for the annual levy and extension of the Bond Resolution Series Levy for each Series.

2023 Bonds Tax Levy

Pursuant to the authority granted in Section 13 of the Act and the Fourth Supplemental Indenture, the Board has bound itself irrevocably for the term of the 2023 Bonds to impose the Bond Resolution Series Levy for the 2023 Bonds to the fullest extent permitted by law and has confirmed and covenanted that the Bond Resolution Series Levy for the 2023 Bonds shall be irrevocable during such time as any 2023 Bond remains Outstanding.

Tax Covenants

The Board shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any 2023 Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2023 Bond is subject on the date of original issuance thereof. The Board shall not permit any of the proceeds of the 2023 Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any 2023 Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code. The Board shall not permit any of the proceeds of the 2023 Bonds or other moneys to be invested in any manner that would cause any 2023 Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code. The Board shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

Events of Default

Each of the following events is hereby declared an "*Event of Default*":

(1) if a default shall occur in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(2) if a default shall occur in the due and punctual payment of interest on any Bond, when and as such interest shall become due and payable;

(3) if the Board shall amend, modify, terminate or revoke any Deposit Direction in a manner contrary to the provisions of the Indenture;

(4) if a default shall occur in the performance or observance by the Board of any other of the covenants, agreements or conditions in the Indenture or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to the Board by the Trustee or after written notice thereof to the Board and to the Trustee by the Owners of not less than a majority in principal amount of the

Outstanding Bonds, provided that if the nature of the default is such that it cannot be cured within the 60 day period but can be cured within a longer period, no Event of Default shall occur if the Board institutes corrective action within the 60 day period and diligently pursues such action until the default is corrected (provided such default is correctable); or

(5) if the Board shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State.

Application of Funds After Default

(A) During the continuance of an Event of Default, the Trustee shall apply all Capital Improvement Taxes and the other moneys, securities and funds constituting part of the Trust Estate as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it;

(2) to the payment of the principal of, Redemption Price of and interest on the Bonds then due, as follows:

First: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If and whenever all overdue installments of principal and Redemption Price of and interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the Board under the Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all Bonds held by or for the account of the Board have been paid, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Board all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the Board, the Trustee, Bond Insurers and the Owners shall be restored, respectively, to their former positions and rights under the Indenture. No such payment over to the Board by the Trustee nor such restoration of the Board and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Proceedings Brought by Trustee

If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, including by writ of mandamus, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Board as if the Board were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

All actions against the Board under the Indenture shall be brought in a state or federal court located in the County of Cook, Illinois.

The Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Indenture and to preserve or protect its interests and the interest of the Owners.

Restriction on Owners' Action

No Owner of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Indenture or by the laws of the State or to institute such suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture or to enforce any right under the Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provisions under "*Extension of Payment of Bonds*".

Nothing in the Indenture or in the Bonds contained shall affect or impair the obligation of the Board, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce by any suit or proceeding, including by writ of mandamus, such payment of its Bond solely from the sources provided herein and the Supplemental Indenture pursuant to which such Bond was issued.

Rights of Bond Insurer

Subject to the provisions of any applicable Supplemental Indenture, any Bond Insurer shall be treated as the Owner of Bonds upon which such Bond Insurer is obligated pursuant to a Bond Insurance Policy, for the purposes of calculating whether or not the Owners of the requisite percentage of Bonds then Outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the Owners of the Bonds pursuant to this Article; *provided, however,* that such Bond Insurer shall cease to be so regarded as Owner of such Bonds in the event such Bond Insurer is in default of its obligations under the applicable Bond Insurance Policy.

Subject to the provisions of any applicable Supplemental Indenture, to the extent any Bond Insurer has exercised its rights as subrogee for the particular Bonds of which it has insured payment, such Bonds shall be deemed to be Outstanding and such Bond Insurer shall succeed to the rights and interests of the Owners as specified in respect of the applicable Bond Insurance Policy until such amount has been reimbursed.

Responsibilities of Fiduciaries

(A) The recitals of fact in the Indenture and in the Bonds contained shall be taken as the statements of the Board and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture or of any Bonds or as to the security afforded by the Indenture, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Board or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of Paragraph (B), each Fiduciary undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty. The Trustee shall not be responsible for the recording or re-recording, filing or re-filing of the Indenture, or any supplement or amendment thereto, or the filing of financing statements, or for the validity of the execution by the Board of the Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of the security for the Bonds.

(B) In case an Event of Default has occurred and has not been remedied or waived, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(C) Before taking any action under the Indenture relating to an event of default or in connection with its duties under the Indenture other than making payments of principal and interest on the Bonds as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(D) In determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Fiduciaries shall consider the effect on the Owners as if there were no Bond Insurance Policy.

Resignation of Trustee

The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by the Indenture by giving not less than 60 days' written notice to the Board, all Owners of the Bonds, each Bond Insurer, the Depositaries and the other Fiduciaries, and such resignation shall take effect upon the day specified in such notice but only if a successor shall have been appointed by the Board or the Owners, in which event such resignation shall take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee shall not have been appointed within a period of 90 days following the giving of notice, then the Trustee shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee.

Removal of Trustee

The Trustee may be removed at any time by an instrument in writing delivered to the Trustee and signed by an Authorized Officer on behalf of the Board; *provided, however*, that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by the Board only with the written concurrence of the Owners of a majority in aggregate principal amount of Bonds then Outstanding. The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Board, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to the Board.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer or court shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Board, by an instrument or concurrent instruments in writing signed by such Owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the Board, each Bond Insurer, each Fiduciary and the predecessor Trustee. Pending such appointment, the Board shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall by appointed by Owners as herein authorized. The Board shall mail notice to each Bond Insurer, each Fiduciary and to Owners of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the Board shall, immediately and without further act, be superseded by a Trustee appointed by the Owners. If in a proper case no appointment of a successor Trustee shall be made within 45 days after the Trustee shall have given to the Board written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Any successor Trustee shall be a bank or trust company or national banking association, doing business and having a corporate trust office in the State, and having a capital and undivided surplus aggregating at least $20,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

Supplemental Indentures

The Board and the Trustee may without the consent of, or notice to, any of the Owners or any Bond Insurer, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes: (1) to authorize a Series of Bonds and to specify, determine or authorize any matters and things concerning any such Series which are not contrary to or inconsistent with the Indenture; (2) to close the Indenture against, or impose additional limitations or restrictions on, the issuance of Bonds, or of other notes, bonds, obligations or evidences of indebtedness; (3) to impose additional covenants or agreements to be observed by the Board; (4) to impose other limitations or restrictions upon the Board; (5) to surrender any right, power or privilege reserved to or conferred upon the Board by the Indenture; (6) to confirm, as further assurance, any pledge of or lien upon the Trust Estate or any other moneys, securities or funds; (7) to cure any ambiguity, omission or defect in the Indenture; (8) to provide for the appointment of a successor securities depository in the event any Series of Bonds is held in book-entry only form; (9) to provide for the establishment of any Debt Service Reserve Account; (10) to provide for the appointment of any successor Fiduciary; (11) to conform the provisions of the Indenture to the provisions of the Act, the Property Tax Code, the School Code, the Code and Regulations, or other applicable law; and (12) to make any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee, any Bond Insurer or the Owners.

Powers of Amendment

Except for Supplemental Indentures described under "*Supplemental Indentures*", any modification or amendment of the Indenture and of the rights and obligations of the Board and of the Owners of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture with the written consent (i) of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in aggregate principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; *provided, however,* that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

A Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Bonds of any particular Series or maturity would be adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on the Board and all Owners of the Bonds.

Consent of Owners

The Board may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment permitted by the provisions of the Indenture, to take effect when and as provided under this heading. Subject to the provisions under "*Bond Insurer Provisions*", the rights of the Owner of an Insured Bond to take any action under this heading are abrogated and the Bond Insurer may exercise the rights of the Owner of any Insured Bond that is entitled to the benefits of the Bond Insurance Policy issued by the Bond Insurer for the purpose of any approval, request, demand, consent, waiver or other instrument of similar purpose pursuant to any provision of this Section.

A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to the Owners, but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this Section provided. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Bonds, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the Board in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and, when effective, will be valid and binding upon the Board, the Owners and the Trustee, and (b) a notice shall have been mailed as hereinafter in this Section provided. A certificate or certificates by the Trustee delivered to the Board that consents have been given by the Owners of the Bonds shall be conclusive. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner has notice thereof; *provided, however,* that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement hereafter referred to is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it.

Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient, the Trustee shall make and deliver to the Board a written statement that the consents of the Owners of the required principal amount of Outstanding Bonds have been filed with the Trustee. Such written statement shall be conclusive that such consents have been so filed. Any time thereafter notice, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required principal amount of Outstanding Bonds and will be effective, shall be given by mailing to the Owners (but failure to mail such notice or any defect therein shall not prevent such Supplemental Indenture from becoming effective and binding).

Defeasance

If the Board shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Bonds the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Board to the Owners shall thereupon be discharged and satisfied. In such event, the Trustee, shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Board all moneys and securities held by them pursuant to the Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption. If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, maturity within a Series or portion of any maturity within a Series, the Principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Board to the Owners of such Bonds and to the Trustee shall thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid if the Board shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said Bonds in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (ii) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, (iv) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, of said Bonds, (v) if any of said Bonds are not to be paid within the next succeeding 60 days, a report of a certified public accountant or a firm of certified public accountants verifying the sufficiency of such Defeasance Obligations and moneys to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (vi) a Counsel's Opinion to the effect that said Bonds are no longer Outstanding under the Indenture. The Defeasance Obligations and moneys deposited with the Trustee shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such Principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the Principal of or Redemption Price and interest on such Bonds, at maturity or upon redemption, as the case may be.

Amounts deposited with the Trustee for the payment of the Principal of and interest on any Bonds deemed to be paid, if so directed by the Board, shall be applied by the Trustee to the purchase of such Bonds. Bonds for which a redemption date has been established may be purchased on or prior to the forty-fifth day preceding the redemption date. The Principal amount of Bonds to be redeemed shall be reduced by the Principal amount of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable Principal amount or Redemption Price, plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. No purchase shall be made by the Trustee if such purchase would result in the Trustee holding less than the moneys and Defeasance Obligations required to be held for the payment of all other Bonds deemed to be paid.

The Board may purchase with any available funds any Bonds deemed to be paid. Bonds for which a redemption date has been established may be purchased by the Board on or prior to the forty-fifth day preceding the redemption date. On or prior to the forty-fifth day preceding the redemption date the Board shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due on the redemption date and shall pay to the Board on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to the Board the principal amount of and interest on such Bonds upon surrender of such Bonds on the maturity date.

Any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the written request of the Board, be repaid by the Fiduciary to the Board, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the Board for the payment of such Bond.

No Recourse on Bonds

No recourse shall be had for the payment of the Principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the Indenture against any past, present or future member of the Board, officer, employee or agent of the Board, or any successor, public body or any person executing the Bonds, either directly or through the Board, under any rule of law or equity, statute or constitution or otherwise, and all such liability of any such officers, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of the Bonds.

Bond Insurer Provisions

All rights of any Bond Insurer under the Indenture, or any Supplemental Indenture shall cease and terminate if: (i) such Bond Insurer has failed to make any payment under its Bond Insurance Policy; (ii) such Bond Insurance Policy shall cease to be valid and binding on such Bond Insurer or shall be declared to be null and void, or the validity or enforceability of any provision thereof is being contested by such Bond Insurer, or such Bond Insurer is denying further liability or obligation under such Bond Insurance Policy; (iii) a petition has been filed and is pending against such Bond Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within sixty days after such filing; (iv) such Bond Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for such Bond Insurer under the insurance laws of any jurisdiction.

APPENDIX B

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022

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Chicago Public Schools

Annual Comprehensive Financial Report

Office of Finance

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Lori E. Lightfoot
Mayor, City of Chicago

Miguel del Valle
Board President

Pedro Martinez
Chief Executive Officer

Miroslava Mejia Krug
Chief Financial Officer

James Patrick Alforque
Controller

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

Chicago, Illinois

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2022

Prepared by the
Office of Finance

Board of Education

City of Chicago

Office of the Board
1 North Dearborn Street, Suite 950, Chicago, Illinois 60602
Telephone (773) 553-1600 Fax (773) 553-3453

Dear Friends and Colleagues,

It is our privilege to present you with the Chicago Public Schools (CPS) fiscal year 2022 (FY22) financial results, which demonstrate the district's continued commitment to financial stability.

Despite ongoing challenges created by the global pandemic and after more than one year of remote and hybrid learning, the district continues to focus on what matters most—providing an equitable, high-quality education for all students. Despite these challenges, the district's strong financial controls resulted in general operating revenues once again exceeding expenditures.

During FY22, CPS remained committed to our Five-Year Vision, promoting equity and prioritizing resources for schools and students who need them most and investing $672 million to focus on priority facilities needs at neighborhood schools. This includes full-day pre-k expansions, increasing ADA accessibility, upgrading mechanical systems which control the indoor environment and air-quality of our schools, modernizing restrooms, improving athletic and recreation facilities, and upgrading technology.

The district went above and beyond to support our students, leading to several record-breaking achievements. For example, CPS' five-year graduation rate is at an all-time high of 84% and students earned the most scholarships to date - worth more than $1.5 billion.

To address the unique needs of our students post-COVID-19, CPS dedicated federal stimulus funds received to create *Moving Forward Together*, a two-year initiative that will invest more than $525 million to provide our students and school communities with the resources and support needed as we emerge and heal from the pandemic.

Our FY2023 operating budget totals $9.4 billion and invests $4.6 billion in school-level funding (an increase of more than $240 million from last year). Our capital budget invests $645 million in projects to address priority facility needs that support learning environments that will help keep our children healthy and safe and improve their educational experience.

We remain committed to working with the Chicago Board of Education and the Honorable Mayor Lori E. Lightfoot to continue our district's historic progress. Our focus moving forward will be on maintaining the district's financial stability and on improving the equity and transparency that is needed if every child from every community in Chicago is to receive the education they need for success in college, career, and civic life.

Respectfully submitted,

Miguel del Valle
President
Chicago Board of Education

Pedro Martinez
Chief Executive Officer
Chicago Public Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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III. STATISTICAL SECTION (Unaudited)

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Chicago Public Schools

Introductory Section

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BOARD OFFICIALS AS OF FEBRUARY 15, 2023

Chicago Board of Education

Miguel del Valle, President
Vacancy, Vice President

Members

Joyce Chapman
Sulema Medrano Novak
Paige Ponder
Michael Scott Jr.
Elizabeth Todd-Breland

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago Public Schools
Illinois

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Chicago Public Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

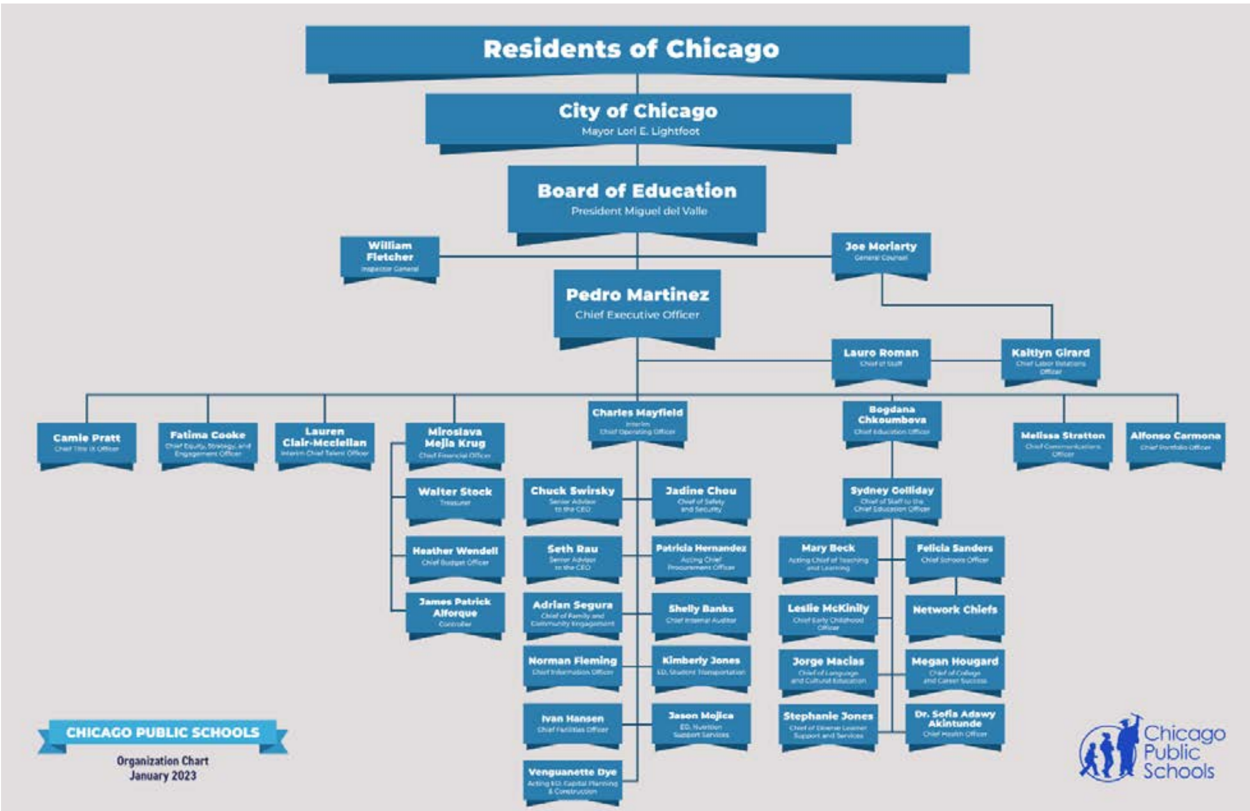
The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

William A. Sutter
President

David J. Lewis
Executive Director

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education
Organizational Chart



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

Board Member Profiles

Miguel del Valle

Miguel del Valle was appointed President of the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 26, 2019.

Mr. del Valle is a retired elected official who has served on an extensive list of several committees, boards, and commissions, including:

- Illinois Student Assistance Commission (ISAC)| Vice Chairman
- Advance Illinois | Founding Board member
- Illinois Federation for Community Schools| Board member
- Illinois Pathways Advisory Council | Council Member
- Illinois Complete Count Commission
- Judicial Candidate Screening Committee
- Illinois P-20 Council

In 2006, Mr. del Valle was appointed by Mayor Richard M. Daley as City Clerk of Chicago, and subsequently won a citywide election to the post in 2007, becoming the first Latino elected to the office of City Clerk.

In 1986, Mr. del Valle was elected the first Latino Senator in the Illinois General Assembly where he served for 20 years. He became an Assistant Majority Leader, and served as Chairman of the Senate Education Committee, Consumer Affairs Committee, and Senate Select Committee on Education Funding Reform. He served as Vice Chairman of the Higher Education Committee, and member of the Revenue, Appropriations, Labor, and Executive Committees. He also was the co-founder of the Illinois Legislative Latino Caucus and a member of the Illinois Legislative Black Caucus.

Before running for public office, del Valle worked with several community-based agencies, organizing and providing direct services and institution building. He was Unit Director for the Union League Foundation for Boys and Girls Clubs, and Executive Director of Association House, a human services agency in Chicago. He also did work for the Pilsen Little Village Community Mental Health Center and the Center for Neighborhood Technology.

Mr. del Valle is a graduate of Chicago Public Schools and holds a M.A. in Guidance and Counseling from Northeastern Illinois University. He is married to Lupe del Valle, and has four children and four grandchildren. Three of his children attended Jose de Diego Community Academy, and one graduated from Lane Tech. All four of his grandchildren have or are currently attending Chicago Public Schools.

Joyce Chapman

Joyce Chapman was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 1, 2022.

Joyce is a community organizer, a visionary, a true leader, an empowered woman, and lifelong learner who is committed to ensuring that all children and families receive quality education, have productive public safety, adequate housing and provide support to all positive community initiatives. She has been an active member of the Far South Community Action Council (FSCAC) of CPS since its inception in 2011 and served as Chairwoman until June 14, 2022. With over 20 years of community engagement and social service experience, Joyce's professional experience of working with Wards of the State and DOC Juvenile parolees has enhanced her abilities to assist the underserved population in her community and around the greater Chicagoland area.

Joyce served as the CAPS Beat 512 Facilitator for the 5th District – Chicago Police Department from 1999 – 2009, and subsequently, became the District Advisory Council President for the 5th District – Chicago Police

Department. She works tirelessly with community residents and has been instrumental in helping deter crime in various Chicagoland communities. She is a firm believer that it is important to work with local police districts to ensure safety and enhance quality of life in the community. As of 2016, Joyce was appointed to serve on the Chicago Police Community Policing Advisory Panel (CPAP).

Joyce has served on the Gately Park Advisory Council (GPAC) for the past 10 years as President. Under her leadership, GPAC has developed and implemented seven (7) annual Men Grill-Offs, seven (7) Holiday Food giveaways and Secret Santa giveaways, and six (6) annual community field trips to Brookfield Zoo, which hosted over 400 children and families for a fun-filled day. Joyce also served on the Neighborhood Housing Services (NHS) Advisory Board and was the Vice President for 6 years.

Joyce continues to be an advocate and representative of her community in the following roles:

- Founded Woman Empowered Civic Engagement (WECE) in May 2016, which challenges and champions the task of women's involvement in city, county, state and federal legislation.
- Organizer and developer of a Quality of Life Plan of LISC Chicago for the Far Southside of Chicago in January 2019. Joyce currently serves as President of the Far South Chicago Coalition as of 2020.
- Current Vice President for the National Community Based Organization Network (NCBON), which focuses on involving, engaging and empowering community organizations.

Joyce was born in Tokyo, Japan, went to school on military bases, and had the distinct opportunity to travel extensively – all of which allows her to be culturally aware and sensitive to all. She has lived in the historic Pullman community for over 50 years and has always felt compelled to engage the community. In May 2002, Joyce embarked on the mission to start Pullman Community Development Corporation, with a focus on revitalizing North Pullman.

Joyce is honored to be a mother to her lovely and intelligent daughters, who are her 3 Pillars: Ashanti, Umi and Amina. Additionally, she has a host of grandchildren who make her "beam."

Sulema Medrano Novak

Sulema Medrano Novak was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on July 13, 2022.

Sulema Medrano is an accomplished and award-winning trial lawyer with extensive experience leading trial teams to verdict, particularly in cases related to commercial disputes and insurance claims. Sulema honed her courtroom skills as an Illinois state prosecutor and is known for defending corporate clients in complex contract and consumer disputes. In addition to representing clients in commercial litigation, she is an active advocate for women and diverse lawyers, and a dynamic community leader with responsibilities at several nonprofit organizations both at the national level and across Illinois.

Notably, Sulema recently served as the Chair of the Hispanic National Bar Association (HNBA)'s Commission on Women, which develops programs and strategies for Latina lawyers and students to overcome barriers to entry and advancement into the profession. As Chair of the Commission, Sulema organized and facilitated national pipeline and educational programs focused on the recruitment, retention and advancement of women of color in the law, and served as an advocate for the policies and priorities affecting female attorneys. Sulema also helped design an executive leadership program for women lawyers with over ten years of experience to help women lawyers continue to break glass ceilings within their sector of the legal profession. Sulema is also the former Regional President for the HNBA and former Board of Director for the Hispanic Lawyers Association of Illinois, a nonprofit organization that promotes legal education and civil rights among Hispanic attorneys and the Illinois community. Sulema has also combined her passion for her community with her legal knowledge to represent the Chicago Human Resource Board as Commissioner.

Sulema is currently a member of the Board of Directors for Mujeres Latinas en Acción, an agency that empowers Latinas by providing services such as domestic violence advocacy, substance abuse and parenting counseling, job placement and other educational services. She is also a member of the board of trustees of Cristo Rey St.

Martin, a Catholic learning community based in Waukegan, Ill., that offers educational and employment opportunities to students of limited economic means.

Sulema's community involvement continues as an executive board member of the Latino Leadership Council; a member of the American Bar Association's Committee on Gun Violence; and a member of Latin School of Chicago's Risk Management Committee.

Beyond her organizational leadership responsibilities, Sulema annually volunteers to raise money and donations for underprivileged children and families in the Chicagoland area during the winter and holiday months.

Sulema also contributes significant time to the community through pro bono work and her dedication to women's rights and inclusion in the Chicago community. She has volunteered her time toward pro bono legal work, including the ACLU COVID Detainee Project and representing victims of domestic violence in civil proceedings.

Honors - In her legal practice, Sulema has been recognized as a top lawyer under 40 by the Chicago Law Bulletin and the Hispanic National Bar Association. She has also been recognized as Chicago Kent College of Law's Young Alumna of the Year 2019; one of the Lawyers of Color's Nation's Best for 2019; a Rising Star by Illinois Super Lawyers; and Who's Who in Hispanic Chicago by Negocios Now. Sulema received the 2018 Latina Lawyer of the Year Award from the Hispanic Lawyers of Illinois.

Education - Chicago-Kent College of Law, J.D.; Michigan State University, B.A., cum laude

Bar Admissions - Illinois

Court Admissions - U.S. District Court for the Central District of Illinois; U.S. District Court for the Northern District of Illinois; U.S. District Court for the Southern District of Illinois; U.S. District Court for the Southern District of Indiana; U.S. District Court for the Eastern District of Wisconsin; U.S. District Court of Wyoming

Paige Ponder

Paige Ponder was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on July 27, 2022.

Paige is an innovator and change-maker experienced in designing and scaling impactful programs and organizations and building strong partnerships based on trust and shared goals. Deeply committed to inclusive employment, developing and promoting diverse talent, and connecting those from historically marginalized communities to opportunity, Paige collaborates with a wide range of stakeholders and practitioners who are working to eliminate racial disparities and income inequality by developing equitable education, training, hiring, and talent development practices across institutions and employers.

Paige currently serves as Senior Advisor to the Pritzker Tech Talent Labs at Discovery Partners Institute (DPI), part of the University of Illinois System. DPI's vision is to make Chicago and Illinois the most equitable technology hub in the country and to bring dramatically more women and people of color into high-growth, highly paid, recession-proof careers in tech.

As CEO of One Million Degrees (OMD) from 2012-2021, Paige scaled a nonprofit organization that accelerates low-income community college students' progress on career pathways to economic mobility. She led the organization through a period of dramatic growth, increasing the number of scholars served by 10x, building partnerships with 10 regional community colleges, and quintupling the budget and staff size. In 2016, OMD partnered with the University of Chicago Inclusive Economy Lab to conduct a randomized controlled trial of the model, which has shown a significant impact on improving enrollment, retention, and graduation among OMD Scholars compared to a control group.

Prior to entering higher education, Paige designed and led initiatives at Chicago Public Schools to systematically drive up the number of freshmen on track to graduate by developing early warning indicators and disseminating promising practices for high schools to better support freshmen during this "make or break" year.

Paige served on the Illinois Community College Board from 2018 to 2022. She is a member of the Steering Committee for the Consortium on School Research at the University of Chicago and a 2019 Leadership Greater

Chicago Fellow. Paige graduated from Princeton University with a degree from the Princeton School of Public and International Affairs. She earned an MBA from the Kellogg School of Management at Northwestern University. She lives in Andersonville with her husband, their three teenage boys, and Wally and George, the dogs.

Michael Scott Jr.

Michael Scott Jr. was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on July 13, 2022.

A native of the North Lawndale neighborhood, Scott has focused his life's work on creating strong resilient communities; specifically on the West Side of Chicago. Scott resides in North Lawndale with his wife, Natashee and three children, Morgan, Nicholas and Michael III.

Scott graduated from Whitney M. Young Magnet High School in 1994 and earned a Bachelor of Arts degree in Political Science from Morehouse College in 1998.

Through his parents, the late Michael, Sr. and Millicent Scott, both prominent leaders in the city of Chicago, Scott was raised into a legacy of family service and building successful communities. Bringing resources and developmental programming to the underserved, Scott, Jr. has proven to be a results driven leader in the public and private sectors.

Upon taking office, Scott resigned from the Chicago Park District after 12 years of service. Throughout his tenure with the Chicago Park District, Scott worked as a Park Supervisor at the Douglas Park Cultural and Community Center and most recently the Area Manager for the Central Region where he managed 35 staffed and unstaffed facilities.

Scott served two terms on the Chicago City Council, as the 24th ward Alderman. Scott was committed to working side by side with the people and organizations that have built a solid foundation for the 24th Ward. During his tenure, Scott has created an economic engine for his ward, beautified the ward, devoted over 300 million dollars to capital and human infrastructure, and developed job training for residents. In 2019 Scott was appointed as the Chairman of the Committee on Education and Child Welfares and served in that appointed roll until he retired from public service in 2022.

Scott currently works at Cinespace Studios Chicago, in the position of Director of Industry and Community Relation. In this roll, Scott provides strategic management for industry and community relations and developing local philanthropic and early education programs for Chicago. He oversees Cinespace's successful job training program providing residents on the west and south side hands-on experience in below-the-line departments including Electric, Prop, Costumes, Locations, and Sound for productions filming at the studio. The program is part of CineCares, a division of the studio dedicated to building initiatives that promote equity and inclusion in the film and tv industry in communities where the platform operates.

Elizabeth Todd-Breland

Elizabeth Todd-Breland was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 26, 2019.

Professor Todd-Breland is an Associate Professor of History at the University of Illinois at Chicago. Her research and teaching focus on U.S. urban history, African American history, and the history of education. Her work also explores interdisciplinary issues related to racial and economic inequality, urban public policy, neighborhood transformation, education policy, and civic engagement. Her book, A Political Education: Black Politics and Education Reform in Chicago since the 1960s , analyzes transformations in Black politics, shifts in modes of education organizing, and the racial politics of education reform from the 1960s to the present. Professor Todd-Breland's writing has appeared in scholarly journals and edited volumes. She has also contributed to popular outlets, including NPR, ESPN, the Washington Post, and local radio, television, print, and online media.

Professor Todd-Breland coordinates professional development workshops, curricula, and courses for teachers and gives public talks on African American history, urban education, and racial equity. Todd-Breland is a CPS parent, served as a community member on a Local School Council, and worked with Chicago high school students as a social studies instructor and college counselor.

Professor Todd-Breland's research has been supported by grants and fellowships from the National Academy of Education, Spencer Foundation, Andrew W. Mellon Foundation, American Council of Learned Societies, Social Science Research Council, Ford Foundation, and UIC Institute for Research on Race and Public Policy. She earned her PhD in History from the University of Chicago.

The members of the Board have been appointed to serve terms ending as follows:

Member	Term Expires
Miguel del Valle, President	June 30, 2023
Vacancy, Vice President	June 30, 2023
Joyce Chapman	June 30, 2026
Sulema Medrano Novak	June 30, 2026
Paige Ponder	June 30, 2026
Michael Scott Jr.	June 30, 2026
Elizabeth Todd-Breland	June 30, 2023

At the expiration of the term of each member, the Mayor shall appoint a successor for a four-year term from July 1 of the year in which the term commences. Any vacancy shall be filled by appointment of the Mayor for the unexpired term.

The Board elects annually from its members a president and vice president in such a manner as the Board determines.

Office of Finance 42 West Madison, 2nd Floor Chicago, Illinois 60602-4413
Telephone: 773-553-2710 Fax: 773-553-2711

February 15, 2023

Miguel del Valle, President,
Members of the Chicago Board of Education,
And Citizens of the City of Chicago:

The Annual Comprehensive Financial Report (ACFR) of Chicago Public Schools (CPS) for the fiscal year ended June 30, 2022, is hereby submitted. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of CPS. Responsibility for the accuracy of the data presented as well as completeness and fairness of presentation of this report rests with CPS management.

Illinois School Code requires CPS to submit an annual report of the financial records and transactions of the school system audited by independent certified public accountants. This document is submitted in fulfillment of this requirement. A single audit was also conducted to meet the requirements of the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). For the fiscal year ended June 30, 2022, the independent auditors have issued an unmodified opinion on CPS' basic financial statements and other required supplementary information, etc. (See Independent Auditors' Report in the Financial Section of the document). Information related to this single audit, including a schedule of federal financial assistance and the independent auditor's reports on the internal control structure and on compliance with applicable laws and regulations, is included under separate cover.

CPS ended fiscal year 2022 with a positive fund balance of $1,080 million in the General Operating Fund. This is the fifth year in a row that the District has reported positive fund balance. This improvement in financial sustainability is due in part to increased replacement tax revenue and federal relief funding. And CPS has continued to streamline operational costs to improve financial position.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF CHICAGO PUBLIC SCHOOLS

CPS is a body politic and corporate, and a school district of the State of Illinois having boundaries coterminous with the City of Chicago. The Chicago Board of Education is established under and governed by the Illinois School Code. The Chicago Board of Education is not a home-rule unit of government and operates a system of schools primarily for grades prekindergarten through twelve. CPS has no component units that are legally separate organizations for which CPS is financially accountable.

CPS is governed by a seven-member Board of Education appointed by the Mayor of the City of Chicago. Board members elect one member to serve as President of the Board. In addition, pursuant to amendments to the Illinois School Code initially enacted in 1988, elected Local School Councils, composed of parents, teachers, principals and community representatives, exercise certain powers relating to the operation of individual schools, most notably the selection of principals. Refer to the CPS website for more information on Local School Councils.

As a large urban school district, CPS schools and students reflect the broad diversity of our city. In fiscal year 2022, CPS had 636 schools, including district-run traditional and "options" schools, as well as charter and contract schools. Charter schools are public schools managed by independent operators, and approved and certified under the State charter law. They can offer a general K-12 educational program or may be approved to offer a program specifically targeting students who have dropped out or are at risk of dropping out. In fiscal year 2022, CPS authorized 94 charter schools, serving nearly 50,408 students.

Student enrollment as of September 2021 was 330,411, a decrease of 10,247 from September 2020 (340,658). Approximately 69.8% of our students come from low-income families and 21.0% are English Language Learners. CPS employs 43,828 workers, including 28,232 teaching positions. Based on data available as of September 2022, student enrollment for fiscal year 2023 is 322,106 which is a decrease in enrollment of 8,305.

LOCAL ECONOMIC OUTLOOK

The Chicago economy continues to recover from the COVID-19 pandemic. However, it is important to note that the majority of CPS revenues are not economically sensitive. Property tax increases are capped at the rate of inflation; and Federal and State aid are allocated based on formulas and limited by federal and state appropriations. Therefore, our revenues are not directly affected by changes in the local economy. While the impacts of the COVID-19 pandemic and the attempts to counter those impacts are far ranging, the effects on the Board have so far been either financially limited or, where they are not, the Board has made adjustments to mitigate the effects.

For more information regarding Chicago's local economy, refer to the City of Chicago budget book at http://www.cityofchicago.org/city/en/depts/obm/supp_info/annual-budget-recommendations---documents.html.

Local revenues included $3.368 billion in property taxes and $609.9 million in personal property replacement taxes in fiscal year 2022. Property taxes support the General Operating Fund, Capital Projects Fund and Debt Service Fund. Personal property replacement taxes support the General Operating Fund and Debt Service Fund. In fiscal year 2022, there was $32.0 million in tax revenue for a Levy Adjustment approved by Cook County of Illinois; as well as, $60.7 million in tax revenue for Capital Improvement Tax, a levy dedicated to capital improvement expenditures. Property tax revenue can be reduced by certain tax abatement agreements entered into by Cook County of Illinois. In fiscal year 2022, the estimated impact of these abatement was a reduction in property tax revenue of $45.6 million.

CURRENT CONDITION

The fiscal year 2022 budget for General Operating Fund expenditures was $7.822 billion, $906 million above the fiscal year 2021 budget of $6.916 billion. The 2022 Chicago Public Schools budget built on the commitments of academic progress, financial stability, and integrity established by the CPS Five-Year Vision and invested over $4 billion in school-level funding. School budgets for FY2022 provided CPS schools with a comprehensive set of supports to advance equity; enhance college and career readiness supports; mitigate impact of COVID-19 on school enrollment; meet the needs of diverse learners; and increase nurse, social worker, special education and case manager staffing levels to an all-time high in the district.

Total governmental funds revenues for fiscal year 2022 were $8.45 billion, which is $991 million more than the $7.45 billion reported as fiscal year 2021 revenue. Total expenditures for fiscal year 2022 were $8.74 billion, which is approximately $1.00 billion greater than the prior year of $7.74 billion. The increase in year over year expenditures is due in part to areas related to remote learning and school reopening, including technology, facility maintenance and cleaning supplies, and additional school supervisory support. CPS ended fiscal year 2022 with a combined fund balance of $2.11 billion in all governmental funds, a increase of $0.29 billion from fiscal year 2021 ending fund balance of $1.83 billion.

Fiscal year 2022 revenues included a $210.5 million increase in property tax revenues and a $327.8 million increase in Personal Property Replacement Taxes (PPRT) revenues. These are driven by a steady increase of new property in Chicago, stronger than expected growth in property assessments and over performance of state corporate income tax receipts.

In fiscal year 2022, CPS received total $1.651 billion state Evidence Based Funding (EBF) unrestricted revenue, which is $7 million lower than that amount in fiscal year 2021; and CPS received other restricted state revenue $339.1 million. Additionally, CPS received $277.5 million in pension support from the state — which is nearly an $10.6 million increase from fiscal year 2021 and represents a improvement in teacher pension equity in Illinois.

In response to the COVID-19 pandemic the federal government has passed multiple financial relief packages that provide funding relief to CPS. CPS received $1.06 billion in total revenues from these packages in fiscal year 2022, compared to $515.2 million in fiscal year 2021. CPS anticipates using the remaining unspent funds through fiscal year 2024.

Cash Management: CPS' cash flow goes through peaks and valleys throughout the year, depending on when revenues and expenditures are received and paid. Further, revenues are generally received later in the fiscal year while expenditures, mostly payroll, are level across the fiscal year (with the exception of debt services and pensions). The timing of these two large payments (debt services and pensions) occur just before major revenue receipts. These trends in revenues and expenditures put cash flow pressure on CPS.

Over the past five years, CPS has reduced its short-term borrowing by approximately $750 million. The District continued to make progress on improving its cash flow by decreasing its Tax Anticipation Notes outstanding at the end of the FY2022 by $244 million, from $244 million in FY2021 to none outstanding in FY2022. By relying less on short-term borrowing, the district saved $9 million in short-term interest costs in FY2022 and created structural budgetary relief for future fiscal years.

Pension Funding: Employees of CPS participate in either the Public School Teachers' Pension and Retirement Fund of Chicago (Pension Fund), or the Municipal Employees Annuity and Benefit Fund of Chicago (Annuity Fund). As of June 30, 2021, the Pension Fund reported $11.926 billion in actuarial assets and $25.118 billion in actuarial liabilities, for a funded ratio of 47.5%. CPS has recorded a net pension liability of $14.727 billion in the accompanying financial statements, 100% of which is recognized by CPS. (For the reasons discussed in Note 12 CPS does not recognize any proportionate share of the net pension liability for the Annuity Fund).

CPS has two main sources of revenue for contributions to the Pension Fund. First, the state provides funding for the district's normal cost—the cost of annual increases to the district's total liability—for teacher pensions. In fiscal year 2022, the state contributed $277.5 million for these costs. The second major funding source is a dedicated property tax levy, which provided $510.7 million in pension contributions in fiscal year 2022. These two funding sources have reduced the budgetary risk of the district's pension obligations and put CPS on a path to pension funding stability.

Debt Ratings: Investors who purchase municipal bonds use debt ratings as an indicator of the safety and security of the debt sold by that organization. CPS currently has general obligation bonds outstanding with credit ratings from Fitch Ratings, Kroll Bond Rating Agency, Moody's Investor Service and Standard & Poor's, and capital improvement tax bonds outstanding with credit ratings from Fitch Ratings and Kroll Bond Rating Agency. Since fiscal year 2018, CPS' general obligation bond ratings have begun to recover from earlier downgrades, with the ratings companies citing improved revenues and fund balance. During fiscal year 2022 CPS received capital improvement tax upgrades from Kroll and Fitch, and general obligation upgrades from Kroll, Fitch, and Moody's.

LONG-TERM FINANCIAL PLANNING

The District plans to continue allocating federal pandemic relief funds to meet the academic and social-emotional needs of our students. Additional Elementary and Secondary School Emergency Relief Funds (ESSER) will continue to be allocated through FY2025 to support changing and shifting needs of our students and schools.
The challenge of increasing pension costs, caps on local property taxes, and increased federal funding set to expire in FY2024 will continue to create budget challenges for the District in the coming years. Since 2017, the new state-wide Evidence-Based funding (EBF) model has improved State funding, however despite these improvements, CPS remains underfunded. CPS remains the only school district in the state that funds the vast majority of its teacher pension costs.

CPS relies heavily on property tax revenues to help fully fund its schools. Since 2007, the percentage of the total budget comprised by property tax revenues has continuously increased from 36.7% in fiscal year 2007 to 41.5% in 2017. In fiscal year 2022, with inflation at 1.4%, the base property tax levy increased by $114.1 million, putting the total budget's percentage of property tax revenue at 42.4%. Though CPS is able to take advantage of new property that is added to the base property values, CPS will need to keep advocating for the state and federal funding needed to fulfill its mission.

RELEVANT FINANCIAL POLICIES

Fund Accounting: CPS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See Notes 1 and 2 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and a description of fund types and account groups).

Internal Control Structure: CPS financial management officials are responsible for implementing and enforcing a system of internal controls to protect the assets of CPS from loss, theft, or misuse and to ensure that reliable accounting data is available for the timely preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control: Annual budgets are prepared on a basis consistent with GAAP for the General Operating, Capital Projects and Debt Service Funds. The fiscal year begins on July 1 and ends June 30. Individual school units submit budgets based on the school improvement plans and approved by the Local School Councils. Administrative units submit budget requests to the Office of Budget and Grants Management, which analyzes all requests and prepares a comprehensive budget, balancing revenues and appropriations of each fund. The budget is submitted to the Board of Education for appropriation.

The appropriated budget is prepared by fund, unit, and account.The legal level of budgetary control is at the account level, except for school-based discretionary programs. CPS maintains budgetary controls to ensure that legal provisions of the annual budget are in compliance and expenditures cannot legally exceed the appropriated amount. Board approval is required for all funding transfers except school-based discretionary program expenditures, which are governed by specific program policies and procedures. In addition, an amended budget is required for increases in total appropriation.

Budgetary control is also maintained by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Capital Projects Funds are budgeted on a project-by-project basis and represent the entire project budget for projects expected to begin in that fiscal year.

MAJOR INITIATIVES

At Chicago Public Schools, our mission is to provide a high-quality public education for every child in every neighborhood that prepares them for success in college, career, and civic life. With our district's improved financial position and students making remarkable academic progress, CPS is focused on improving equity in our schools. To narrow the opportunity gap for students of color, English learners, diverse learners, and students living in the South and West sides, we have implemented strategic initiatives in the areas of education, finance, community, and the environment to build on our commitments to academic progress, financial stability, and integrity.

Educational Initiatives

The priorities of the FY22 Educational Initiatives and associated budget investments were focused on mitigating the impacts of the pandemic by taking a holistic approach to address the unmet needs of students, and preparing to re-open for in-person instruction five days per week.

The pandemic had an unprecedented impact on our CPS students and Chicago communities. Students spent months away from their school, friends, and trusted teachers, which has impacted their social-emotional health and academic progress. Uneven access to technology and the internet has left some students with inconsistent access to high-quality instruction. Communities have had to mourn the loss of family members, neighbors, colleagues, and friends.

We know from past experiences that disasters like this disproportionately impact communities of color. Our district's commitment to racial equity is more important now than ever before. Past and current inequities, including a history of racism and disinvestment in communities of color have only been magnified by the pandemic.

Before school building closures necessitated by the pandemic, we made a commitment to focus our most intensive support on our Black and Latinx students in our Five-Year Vision. During remote learning, we continued to work on closing opportunity gaps for our students of color. The FY22 budget and investments are focused on doubling down on those efforts as we address the impact of unfinished learning on our students and school communities.

<u>Discretionary School Funds to Mitigate Unfinished Learning Loss from Covid-19</u>

The district used ESSER dollars to provide school communities with additional funds to allow them to create plans to address the impact of the pandemic. These resources were deployed using a targeted universalist approach to ensure that historically marginalized communities, and communities most impacted by COVID-19, were prioritized for additional resource allocation.

<u>Universal Pre-K</u>

CPS continues to expand the number of high-quality, publicly funded, full-day preschool classrooms towards our goal of providing access to every Chicago four-year-old in every community. In FY22, we invested an additional $16M to add free full-day pre-k classrooms and serve more than 1,200 additional students in 17 communities – bringing the total of full-day seats to 16,020.

<u>Curriculum Equity</u>

In FY22, over 350 schools adopted Skyline, a first-of-its-kind digital PK-12 standard-aligned and culturally-responsive curriculum. Skyline provides teachers with a fully-articulated curriculum across six content areas: English language arts, math, science, social science, and two world languages (Spanish and French). In FY22 all Skyline adopting schools also received essential resources, such as book sets, math manipulatives, or science kits, in at least one content area of adoption and will receive funds to cover costs of associated professional learning time. Approximately 285 schools adopting Skyline will qualify for two different levels of curriculum implementation support. The level of support will be determined based on Unfinished Learning Investment Index priority and alignment with school improvement priorities.

<u>Targeted Interventions for Students</u>

CPS also purchased a district-wide MTSS Intervention platform that will facilitate their ability to use multiple points of data to identify students for academic and SEL interventions, track delivery, and monitor the efficacy of interventions. The majority of schools adopted the platform in FY22, and all schools will be added to the platform in FY23. In addition, in FY23, the district will make centralized purchases of math and literacy high-quality interventions that schools can use.

In FY22, the CPS Tutor Corps was launched. This new program staffed 450 tutors in 200 schools to provide high-dosage tutoring to students in K-12 during the school day. All tutors are recruited centrally and all staffing costs are incurred with district-level funds devolved to schools. Tutors receive training and support through Tutor vendor partners who also supply the tutoring curriculum.

All schools in FY22 were granted access to the Renaissance Learning Star360 Assessment Suite and Professional Learning- Screening, Diagnostic, and Progress Monitoring Assessments for grades 3-12 that includes universal screening, diagnostic, and progress monitoring assessments in English and Spanish. In FY23, schools will also be able to opt into a centrally purchased K-2 assessment platform.

Social Emotional Learning Supports

In FY22, the district purchased SEL curriculum and instructional materials to support the growth of SEL competencies and skills and promote skill development during school time and out of school time. Schools were also able to opt into Trauma-Engaged Practices training and Suicide prevention training. All schools in the district have access to a regional community mental health partner to refer students for individual counseling and support, and schools with high-needs were assigned school-based partners to meet the elevated needs of their community.

Additional school counselors were also added to 48 elementary and 16 high schools based on needs identified in the Opportunity Index, and current School Counselor Ratio.

Expanded Learning Time and Out of School Time

All schools were awarded school-specific Out of School Time (OST) funds, including a stipend to pay a coordinator to support summer and after school programming to connect students to their school community. While these dollars were sent directly to schools to design and implement programs that best met their needs, CPS also expanded its central summer program offerings in the summer of SY21 to expand the Summer Bridge program to serve any grade level and expanded High School Credit Recovery options.

New High-Quality Academic Programs

CPS announced that 7 schools would receive new high-quality academic programs as part of the district's annual program application process, in which school communities apply for new high-quality programs including International Baccalaureate (IB), STEM, Fine Arts and Dual Language. The district is investing $10.5 million to support capital improvements in these spaces.

This work is part of the increased access as part of the Chicago Roadmap, which continues to scale Transitional Math, College and Career Competency Curriculum (C4), and expanded Early College Pathways.

Capital Improvement Program

The CPS facility portfolio includes 522 campuses and 798 buildings. Our average building age is 80 years old. The fiscal year 2022 budget for CPS included a capital budget totaling $706.6 million of investments that focused on priority facilities needs at neighborhood schools; full-day Pre-K expansions; ADA accessibility for all campuses; restroom modernizations; student recreation and athletic improvements; site improvements and continued expansion of technology upgrades and other academic priorities. To support schools throughout the city, the FY2022 capital plan provided funding in five main areas: critical facility needs, interior improvements, programmatic investments, site improvements, and IT and security upgrades. The projects were primarily funded by bond proceeds and Other Capital Funds, Federal ESSER III, External Funding for Space to Grow and ITS Projects, and Other Potential External Funding.

AWARDS AND ACKNOWLEDGMENTS

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board of Education of the City of Chicago for its ACFR for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. CPS has received this award every year since 1996.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are again submitting it to GFOA.

CPS also received the Certificate of Excellence for Financial Reporting from the Association of School Business Officials International for the 21st consecutive year. We have included this award in the recognition of the importance of fiscal policies on our ability to educate our students and undertake the new initiatives outlined above.

Acknowledgments: This report could not have been prepared without the commitment and dedication of the entire staff of the Office of Finance, the Chief Education Office and the Office of the Board. We wish to express our gratitude and appreciation to them for their dedicated efforts and professionalism.

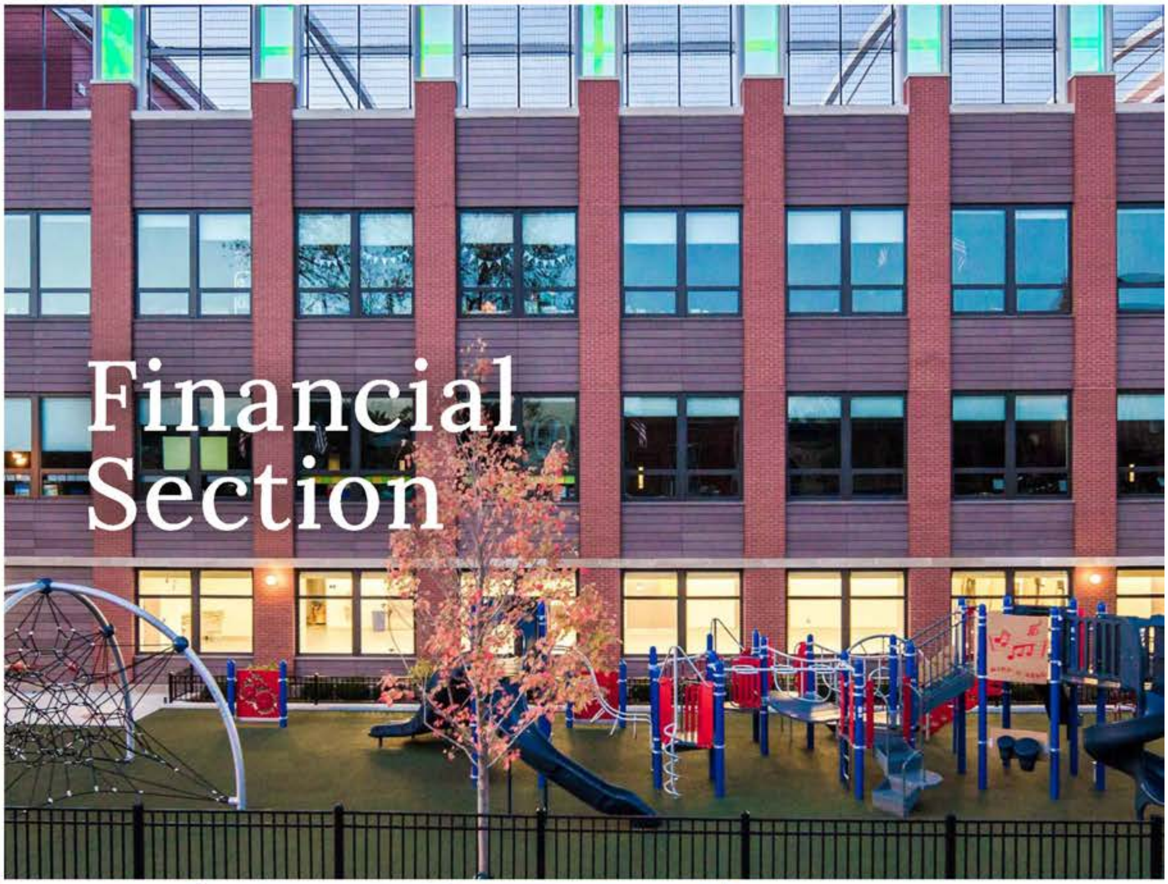
Respectfully submitted,

Miroslava Mejia Krug
Chief Finance Officer

James Patrick Alforque
Controller

Chicago Public Schools

Financial Section



Independent Auditors' Report

To the Board of Education of the City of Chicago
Chicago Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Chicago Public Schools (the Board of Education of the City of Chicago, a body politic and corporate of the State of Illinois), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Chicago Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Chicago Public Schools as of June 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chicago Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, Chicago Public Schools adopted the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chicago Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chicago Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chicago Public Schools' basic financial statements. The individual fund schedules for the year ended June 30, 2022 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, 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 individual fund schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Chicago Public Schools as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated December 15, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities and each major fund. The individual fund schedules for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited Chicago Public Schools' 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated December 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023 on our consideration of Chicago Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chicago Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chicago Public Schools' internal control over financial reporting and compliance.

Baker Tilly US, LLP

Chicago, Illinois
February 15, 2023

CHICAGO PUBLIC SCHOOLS

Management's Discussion and Analysis (Unaudited)
June 30, 2022

Our discussion and analysis of the financial performance of Chicago Public Schools (CPS) provides an overview of financial activities for the fiscal year ended June 30, 2022. Because the intent of this management discussion and analysis is to look at the District's financial performance as a whole, readers should also review the transmittal letter, financial statements and notes to the basic financial statements to further enhance their understanding of CPS' financial performance.

During fiscal year 2022, CPS implemented the Governmental Accounting Standards Board Pronouncement No. 87 Leases (GASB 87). This statement combines and requires operating leases and capital leases to be reported on the statement of net position (prior to GASB 87, only capital leases were recorded on the statement of net position). This requirement is based on the foundational principle that the leases are financing. For the purposes of this Management Discussion and Analysis, there was no effect of this implementation on the beginning net position and General Operating Fund balance or significant effect on the ending net position and fund balance. See Note 1 and 10 for further information on GASB 87.

FINANCIAL HIGHLIGHTS

The government-wide financial statements and Statement of Net Position shows liabilities and deferred inflows totaling $31.7 billion, an increase of $1.7 billion from fiscal year 2021, while assets and deferred outflows equaled $13.6 billion, with an increase of $928.5 million. The overall increase in total liabilities and deferred inflows is primarily driven by increases in CPS' pension deferred inflows of $1.6 billion. Deferred lease inflows of $58.8 million were recorded according to the new GASB 87 Leases. The overall increase in total assets and deferred outflows is mostly derived from higher deferred outflows of resources of $256 million and higher assets of $671 million including a $237.2 million increase in construction work in process and the new right to use leased asset $99.8 million from fiscal year 2021. CPS ended fiscal year 2022 with a deficit in net position of $18.144 billion, an increase in the deficit of $0.766 billion or 4.4% from the prior year. The Statement of Activities presents an increase in total expenses from fiscal year 2021 in governmental activities of $125.0 million, an increase of property tax revenues of $186 million, an increase of replacement taxes of $328 million, a net increase of $457 million in grants and contributions and a decrease in other general revenues of $44 million.

CPS ended fiscal year 2022 with a combined fund balance for its governmental funds of $2.112 billion, an increase of $286.2 million or 15.7%, from fiscal year 2021. The fund balance increased by $275.9 million in the General Operating Fund, decreased by $25.1 million in the Capital Project Fund, and increased by $35.4 million in the Debt Service Fund. Total revenues in the General Fund for fiscal year 2022 were $7.659 billion, which were $914 million or 13.6% higher than the prior year amount of $6.745 billion. Total expenses in the General Operating Fund for fiscal year 2022 were $7.396 billion, which increased by $888.0 million or 13.6% from the fiscal year 2021 amount of $6.508 billion. The General Operating Fund ended fiscal year 2022 with a positive fund balance of $1,079.7 million.

In fiscal year 2022, the Board issued fixed rate $500.0 million Unlimited Tax General Obligation Bonds (Dedicated Alternative Revenue), Series 2022A with an original issue premium $62.7 million. The Board also issued fixed-rate $372.2 million Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue), Series 2022B with an original issue premium of $37.6 million. As of June 30, 2022, CPS had $9.6 billion in total debt, including accreted interest outstanding versus $9.3 billion last year, an increase of 3.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report (ACFR) consists of Management's Discussion and Analysis and a series of financial statements and accompanying notes, both primarily focusing on the school district as a whole.

The government-wide financial statements including the Statement of Net Position and the Statement of Activities provide both short-term and long-term information about CPS' financial status. The fund financial statements provide a greater level of detail of how services are financed in the short-term as well as the remaining available resources for future spending. The accompanying notes provide essential information that is not disclosed on the face of the financial statements, and as such, are an integral part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private sector business. The Statement of Net Position and the Statement of Activities provide information about the activities of the school district as a whole, presenting both an aggregate and long-term view of the finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The ***Statement of Net Position*** presents information on all of CPS' assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, for the resulting net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The ***Statement of Activities*** presents information showing the details of change in net position during the fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of CPS that are principally supported by taxes and inter-governmental revenues (governmental activities).

All of CPS' services are reported in the government-wide financial statements, including instruction, pupil support services, administrative support services, facility support services, instructional support services, food services and community services. Property taxes, replacement taxes, state aid, and interest and investment earnings finance most of these activities. Additionally, capital assets and debt-financing activities are reported here.

Condensed Statement of Net Position
(Millions of Dollars)

	Governmental Activities			
	2022	2021	Difference	% Change
Current Assets	$ 3,288	$ 3,058	$ 230	7.5%
Capital Assets, net	6,851	6,509	342	5.3%
Non-current Assets	345	244	101	41.4%
Total Assets	$ 10,484	$ 9,811	$ 673	6.9%
Total deferred outflows of resources	$ 3,116	$ 2,860	$ 256	9.0%
Current Liabilities	$ 1,561	$ 1,586	$ (25)	-1.6%
Long-term liabilities	27,905	27,670	235	0.8%
Total Liabilities	$ 29,466	$ 29,256	$ 210	0.7%
Total deferred inflows of resources	$ 2,278	$ 793	$ 1,485	187.3%
Net Position (deficit):				
Net investment in capital assets	$ (1,870)	$ (1,757)	$ (113)	-6.4%
Restricted for:				
Capital projects	14	48	(34)	-70.8%
Debt service	752	718	34	4.7%
Grants and donations	17	12	5	41.7%
Teacher's pension contributions	—	4	(4)	-100.0%
School Internal Accounts	52	48	4	8.3%
Unrestricted	(17,109)	(16,451)	(658)	-4.0%
Total net position (deficit)	$ (18,144)	$ (17,378)	$ (766)	-4.4%

Note: prior year FY21 amount were not restated due to the implementation of GASB 87 during the FY22.

Current assets increased by $230 million, mainly due to current cash and investments increasing by $26.5 million, current cash and investments in escrow decreasing by $8.5 million and Federal, State and other receivables increasing by $91.1 million from fiscal year 2021. Receivables for property taxes and replacement taxes were higher by $33.6 million and $47.5 million, respectively. Refer to Note 3 to the basic financial statements for more detailed information on property taxes and state aid.

Capital assets, net of depreciation, increased by $342 million due to an increase in construction in progress and right to use leased asset $99.8 million recorded per GASB 87 implementation in fiscal year 2022. Refer to Note 6 to the basic financial statements for more detailed information on capital assets.

Non-current assets increased by $101 million. Refer to Note 4 to the basic financial statements for more detailed information on cash and investments.

Deferred outflows of resources showed an increase of $256 million, which was directly attributable to the increase in deferred pension and other postemployment benefit outflows of $266.1 million. Refer to Note 12 and Note 13 to the basic financial statements for more information on CPS' pension and other postemployment benefit liabilities.

Current liabilities decreased by $25.0 million primarily due to a increase in account payable of $209.8 million and decrease in tax anticipation note by $244 million. Refer to Note 8 to the basic financial statements for more detailed information on short-term debt.

Long-term liabilities increased by $0.235 billion, as a result of the decrease in the pension and OPEB liability for CTPF of $316.8 million, increase in long-term debt totaling $317 million and long term portion of lease liability added $91 million. Refer to Note 9 to the basic financial statements for more detailed information on long-term debt.

Deferred inflows of resources, composed of deferred pension and other postemployment benefit inflows and deferred lease inflows ended with a net increase of $1,485.0 million.

Net position (deficit) decreased by $0.766 billion to $18.144 billion (deficit). Of this amount, CPS recorded a net investment in capital assets of negative $1.870 billion, combined restricted net position of $835.0 million, including $14.3 million for capital assets, $751.8 million for debt service, $16.7 million for grants and donations, and $51.7 million for school internal accounts. Restricted net position represents legal constraints from debt covenants and enabling legislation.

The $17.109 billion of unrestricted deficit represents the shortfall CPS would experience if it had to liquidate all of its non-capital liabilities as of June 30, 2022.

The following table presents the changes in net position to fiscal year 2022 from fiscal year 2021:

Changes in Net Position
(In Millions)

	Governmental Activities			
	2022	**2021**	**Difference**	**% Change**
Revenues:				
Program revenues:				
Charges for services	$ 2	$ 1	$ 1	100.0%
Operating grants and contributions	2,497	2,043	454	22.2%
Capital grants and contributions	38	35	3	8.6%
Total program revenues	$ 2,537	$ 2,079	$ 458	22.0%
General revenues:				
Property taxes	$ 3,342	$ 3,156	$ 186	5.9%
Replacement taxes (PPRT)	610	282	328	116.3%
Non-program state aid	1,651	1,658	(7)	-0.4%
Interest and investment earnings (losses)	(13)	3	(16)	-533.3%
Lease income	5	—	5	100.0%
Other	262	306	(44)	-14.4%
Total general revenues	$ 5,857	$ 5,405	$ 452	8.4%
Total revenues	$ 8,394	$ 7,484	$ 910	12.2%
Expenses:				
Instruction	$ 5,617	$ 5,832	$ (215)	-3.7%
Support Services:				
Pupil Support Services	853	583	270	46.3%
Administrative Support Services	460	444	16	3.6%
Facilities Support Services	742	700	42	6.0%
Instructional Support Services	698	743	(45)	-6.1%
Food Services	234	185	49	26.5%
Community Services	60	63	(3)	-4.8%
Interest expense	496	485	11	2.3%
Total expenses	$ 9,160	$ 9,035	$ 125	1.4%
Change in net position	$ (766)	$ (1,551)	$ 785	50.6%
Beginning net position (deficit)	(17,378)	(15,827)	(1,551)	-9.8%
Ending net position (deficit)	$ (18,144)	$ (17,378)	$ (766)	-4.4%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

Pension Funding

Employees of CPS participate in either the Public School Teachers' Pension and Retirement Fund of Chicago (Pension Fund), or the Municipal Employees Annuity and Benefit Fund of Chicago (Annuity Fund). As of June 30, 2021, the Pension Fund reported $11.926 billion in actuarial assets and $25.1 billion in actuarial liabilities, for a funded ratio of 47.5%. CPS has recorded a net pension liability of $14.727 billion in the accompanying financial statements. For the reasons discussed in Note 12, CPS recorded 100% of the net pension liability for the Pension Fund and does not recognize any proportionate share of the net pension liability for the Annuity Fund. The CTPF property tax levy, in conjunction with the state funding of normal cost, provides two dedicated sources of revenues to fund pensions. In fiscal year 2022, CPS funded 85% of the pension contribution from these two dedicated revenue sources, significantly reducing the burden of the pension contribution on the operating fund.

Capital Assets

At June 30, 2022, CPS had $6.851 billion invested in a broad range of capital assets, including land, buildings, improvements and equipment. This amount represents a net increase of $342.0 million or 5.3% over the prior fiscal year. Refer to Note 6 of the basic financial statements for more detailed information on capital assets.

Capital Assets

(In Millions)	2022	2021	Difference	% Change
Land	$ 423	$ 377	$ 46	12.2%
Construction in progress	1,386	1,195	191	16.0%
Buildings and improvements	10,223	9,925	298	3.0%
Equipment and administrative software	199	209	(10)	-4.8%
Internally developed software	3	3	—	—%
Intangible right to use leased buildings	112	—	112	100.0%
Intangible right to use leased equipment	1	—	1	100.0%
Total capital assets	$ 12,347	$ 11,709	$ 638	5.4%
Less: accumulated depreciation	(5,496)	(5,200)	(296)	-5.7%
Total capital assets, net	$ 6,851	$ 6,509	$ 342	5.3%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

Debt Obligations

In fiscal year 2022, the Board issued fixed rate $500.0 million Unlimited Tax General Obligation Bonds (Dedicated Alternative Revenue), Series 2022A with an original issue premium $62.7 million. The Board also issued fixed-rate $372.2 million Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue), Series 2022B with an original issue premium of $37.6 million.

The debt service on the GO Bonds will be paid from a combination of Evidence Based Funding and Intergovernmental Agreement Revenues. As of June 30, 2022, CPS had $9.6 billion in total debt, including accreted interest versus $9.2 billion last year, an increase of 4.17%. For more detailed information, please refer to Note 9 to the basic financial statements.

Overview of Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CPS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All CPS funds are reported in the g*overnmental funds.*

Governmental Funds

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

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

CPS' fund financial statements provide detailed information about the most significant funds. CPS' governmental funds use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. All of CPS' services are reported in governmental funds, showing how money flows into and out of funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of CPS' operations and the services it provides.

CPS maintains three governmental funds: General Operating, Capital Projects, and Debt Service. The following schedules present a summary of the General Operating Fund, Capital Projects Fund and Debt Service Fund revenues, and other financing sources by type and expenditures by program for the period ended June 30, 2022, as compared with June 30, 2021. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

Governmental Funds
Total Revenues, Other Financing Sources (Uses) and Expenditures
(In Millions)

	2022 Amount	2021 Amount	2022 Percent of Total	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Revenues:					
Property taxes	$ 3,368	$ 3,157	35.7 %	$ 211	6.7%
Replacement taxes	610	282	6.5 %	328	116.3%
State aid	2,345	2,289	24.9 %	56	2.4%
Federal aid	1,504	1,149	15.9 %	355	30.9%
Interest and investment earnings (loss)	(13)	3	(0.1)%	(16)	-533.3%
Lease income	5	—	0.1 %	5	100.0%
Other	626	574	6.6 %	52	9.1%
Subtotal	$ 8,445	$ 7,454	89.6 %	$ 991	13.3%
Other financing sources	985	697	10.4 %	288	41.3%
Total	$ 9,430	$ 8,151	100.0 %	$ 1,279	15.7%
Expenditures:					
Current:					
Instruction	$ 3,840	$ 3,445	42.0 %	$ 395	11.5%
Pupil support services	805	552	8.8 %	253	45.8%
General support services	1,497	1,388	16.4 %	109	7.9%
Food services	221	175	2.4 %	46	26.3%
Community services	59	63	0.6 %	(4)	-6.3%
Teachers' pension and retirement benefits	907	844	9.9 %	63	7.5%
Other	16	12	0.2 %	4	33.3%
Capital outlay	662	592	7.2 %	70	11.8%
Debt service	730	664	8.0 %	66	9.9%
Subtotal	$ 8,737	$ 7,735	95.5 %	$ 1,002	13.0%
Other financing uses	407	133	4.5 %	274	206.0%
Total	$ 9,144	$ 7,868	100.0 %	$ 1,276	16.2%
Net change in fund balances	**$ 286**	**$ 283**			

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

General Operating Fund

The general operating fund supports the day-to-day operation of educational and related activities.

Revenues and Other Financing Sources
(In Millions)

	2022 Amount	2021 Amount	2022 Percent of Total	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Property taxes	$ 3,297	$ 3,097	43.0%	$ 200	6.5%
Replacement taxes (PPRT)	570	243	7.4%	327	134.6%
State aid	1,851	1,817	24.1%	34	1.9%
Federal aid	1,474	1,116	19.2%	358	32.1%
Interest and Investment earnings	1	1	—%	—	—%
Lease income	5	—	0.1%	5	100.0%
Other	461	471	6.0%	(10)	-2.1%
Subtotal	$ 7,659	$ 6,745	99.8%	$ 914	13.6%
Other financing sources	13	—	0.2%	13	100.0%
Total	$ 7,672	$ 6,745	100.0%	$ 927	13.7%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

Property tax revenues increased by $200.0 million in fiscal year 2022 as collections from the existing levies were higher due to growth in the Consumer Price Index for All Urban Consumers (CPI-U) of 1.4% and new property added to the tax base. It is also due to the impact of slightly larger than expected assessment increases in tax year 2021. In the usual circumstance, only collections received on or before August 29, 2022 were recognized as revenues under the modified accrual basis of accounting. In 2022, Cook County extended the deadline for property tax payments. The delayed property tax payment enables property owners an additional five (5) months to pay their taxes from original due date from August 2 to December 30 without any penalties or late fees. Because of this unusual circumstance, CPS extended the property tax revenue recognition through January 19, 2023 for fiscal year 2022. This extension of recognition prevented significantly skewed CPS' financial results with the lower revenue for fiscal year 2022 and higher revenue for fiscal year 2023. See the detailed justification and disclosure in Note 1 Summary of Accounting Policies.

Personal property replacement tax (PPRT) revenues are primarily composed of additional State income taxes on corporations and partnerships. These revenues increased by $327.0 million in fiscal year 2022. This increase was mainly due to the post-COVID economic rebound with increase in both individual and corporate state income taxes and legislative changes in corporate income tax laws, specifically PA 102-658, that drove a significant influx of one time revenues.

State aid revenues increased by $34.0 million due to new funding based on the state' tier funding in the Evidence -Based Funding allocation.

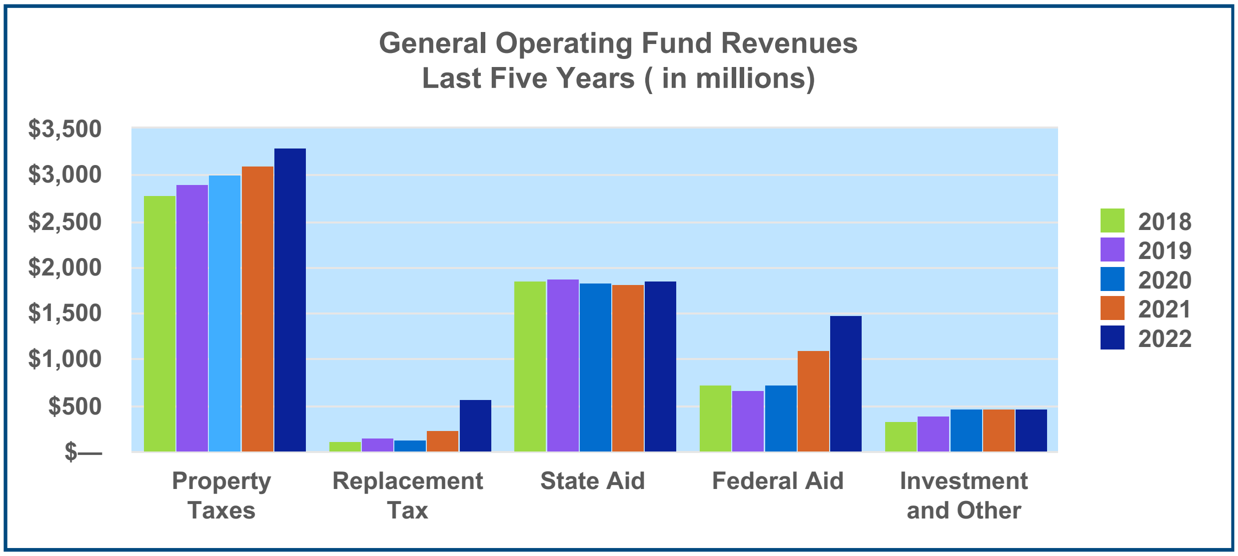
Federal aid increased by $358.0 million in fiscal year 2022. CPS received the revenue from Elementary and Secondary School Emergency Relief Fund (ESSER) as the part of CARES Act to cover new expenditures related to COVID-19. This federal funding, especially, ESSER II and ESSER III, is the main reason for the increase and offset the decrease in the regular expenditures reimbursement.

Interest and investment earnings totaled $1.4 million for fiscal year 2022, similar to the amount in the prior year. The CPS investment policy dictates that investments in the operating fund are to be shorter in duration in order to maintain liquidity.

Lease income totaled $5.3 million was recorded for fiscal year 2022 due to the new standard GASB 87 lease implementation.

Other revenues are derived from local sources such as intergovernmental revenues, Tax Increment Financing (TIF) surplus funds and other miscellaneous revenues. TIF surplus funds received from the City of Chicago, accounted for $95.5 million of the $460.6 million in other revenues recorded in fiscal year 2022. City of Chicago pension contributions to MEABF made on behalf of administrative CPS personnel, were recorded as on-behalf revenue of $136.5 million.

Other financing sources were increased by $13 million due to new Lease payable recorded according to the new GASB 87 Lease implementation. This new standard is based on the foundational principle that leases are financing.



Expenditures
(In Millions)

	2022 Amount	2021 Amount	2022 Percent of Total	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Salaries	$ 3,063	$ 2,858	41.4%	$ 205	7.2%
Benefits	1,866	1,683	25.2%	183	10.9%
Services	1,845	1,543	24.9%	302	19.6%
Commodities	420	291	5.7%	129	44.3%
Other	202	133	2.7%	69	51.9%
Total	$ 7,396	$ 6,508	100.0%	$ 888	13.6%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

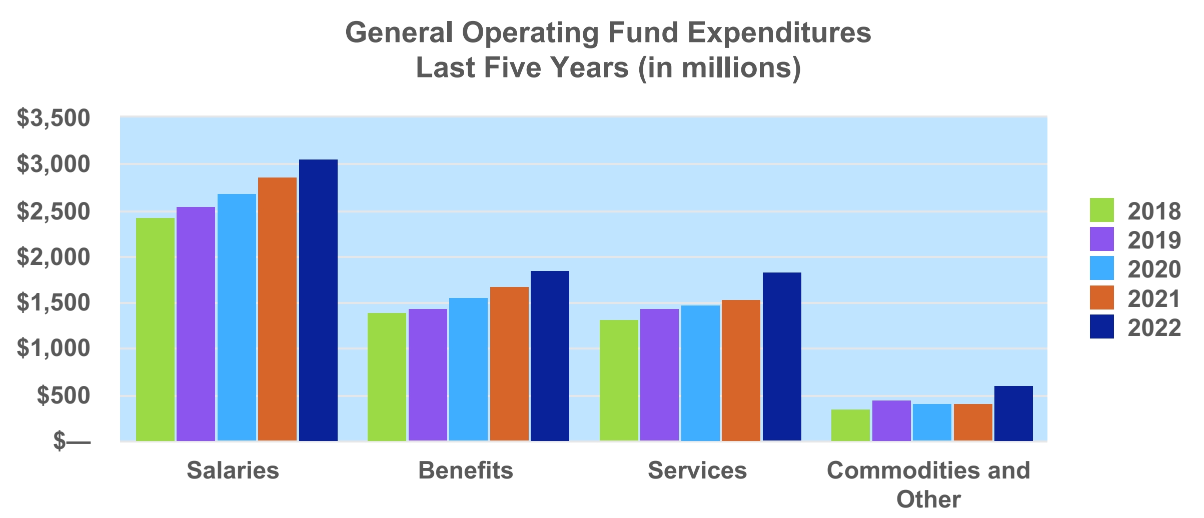
Salaries increased by $205.0 million or 7.2% mainly due to cost of living adjustment for union staff and investment in school-based staff.

Benefits expenses increased by $183.0 million or 10.9% in fiscal year 2022. This change correlates to the increase in overall salaries and increase in health care cost. CPS also realized an $112 million increase in pension expense driven by higher required contributions to CTPF and MEABF.

Services expenses increased by $302.0 million or 19.6%, driven mostly by $90 million in increased payments to charter schools and $93 million in professional services.

Commodities expenses increased by $129.0 million or 44.3%, mainly due to increases in supply costs of $66 million, increase in textbook $30 million and increase in food $32 million.

Other expenditures increased by $69 million or 51.9%, mainly due to the $35 million increase in educational equipment and the $13 million new Capital outlay related to building rental recorded according to new GASB 87 Leases.



Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The use of Capital Projects Funds is required for major capital acquisition and construction activities financed through borrowing or other financing agreements.

Revenues and Other Financing Sources (In Millions)

	2022 Amount	2021 Amount	2022 Percent of Total	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Property Taxes	$ 20	$ 9	3.3%	$ 11	122.2%
State aid	14	17	2.3%	(3)	(17.6)%
Federal aid	11	8	1.8%	3	37.5%
Interest and investment earnings	—	1	—%	(1)	-100.0%
Other	13	4	2.2%	9	225.0%
Subtotal	$ 58	$ 39	9.6%	$ 19	48.7%
Other financing sources	$ 544	$ 533	90.4%	$ 11	2.1%
Total	$ 602	$ 572	100.0%	$ 30	5.2%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

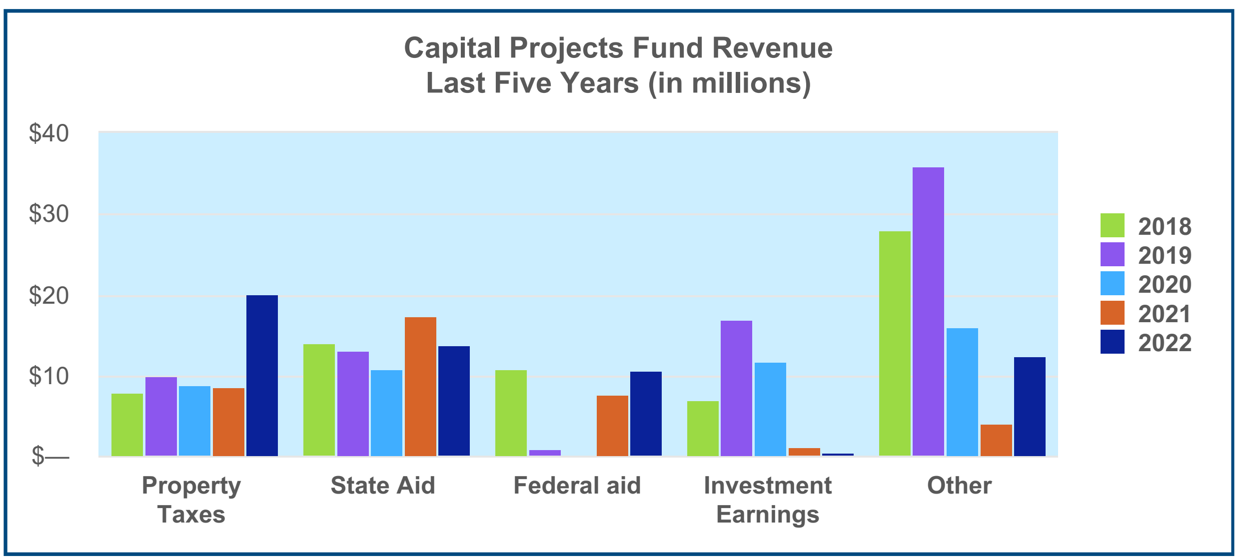
Property tax revenues were collected in the Capital Projects Fund in fiscal year 2022, as a result of the Capital Improvement Tax levy. Net collections received were $20.2 million, higher than the $8.7 million collected in fiscal year 2021.

State aid revenues slightly decreased by $3.0 million from fiscal year 2021.

Federal aid revenues in fiscal year 2022 increased by $3.0 million due to higher E-Rate reimbursements from the Federal Communications Commission.

Other revenues were $9.0 million or 225.0% higher in fiscal year 2022 from 2021, due to an increase in capital project related cash reimbursements from Intergovernmental Agreement (IGA) revenues from the City of Chicago of $12.0 million.

Other financing sources increased $11.0 million or 2.1% because there was no significant increase in debt issued for capital project fund activities in fiscal year 2022 as compared to fiscal year 2021.



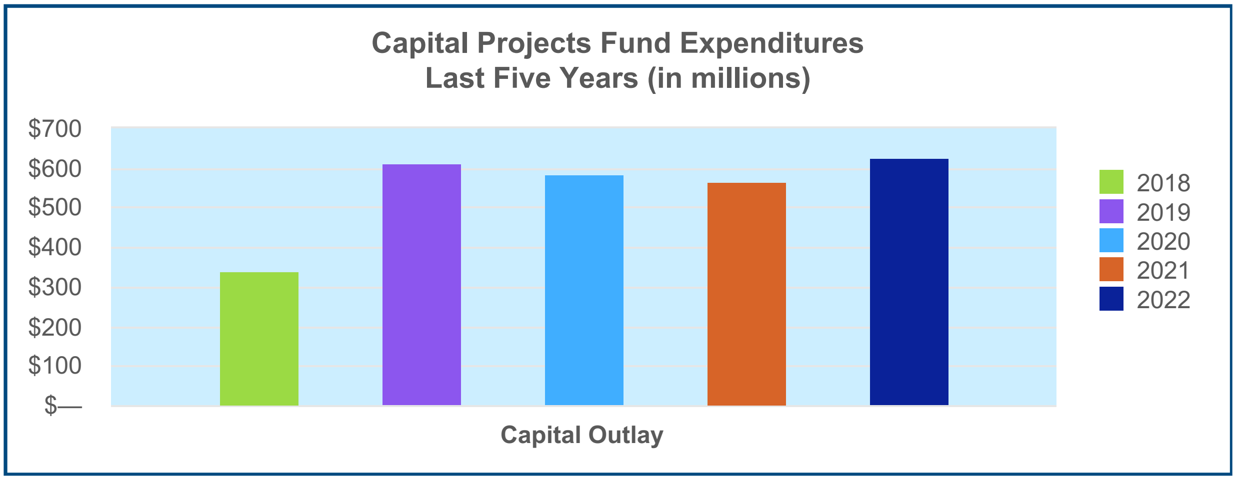
Expenditures
(In Millions)

	2022 Amount	2021 Amount	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Capital Outlay	$ 626	$ 566	$ 60	10.6%

Note: prior year FY21 amount was not restated due to the implementation of GASB 87 during the FY22.

Capital outlay

The actual spending on capital outlay increased $60.0 million in 2022 from the expenditure of bond proceeds and other capital financing sources for approved capital projects.



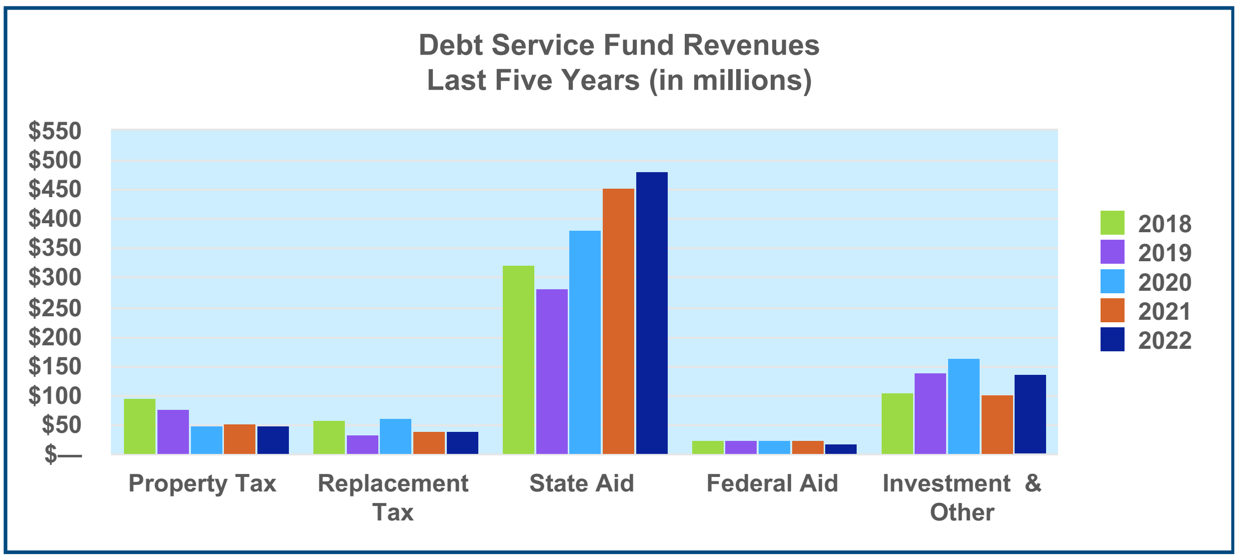
Debt Service Fund

The Debt Service Fund is established to account for annual property tax levies and other revenues that are used for the payment of principal and interest on bonds and lease obligations.

Revenues and Other Financing Sources (In Millions)

	2022 Amount	2021 Amount	2022 Percent of Total	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Property taxes	$ 51	$ 51	4.4%	$ —	—%
Replacement taxes (PPRT)	40	40	3.5%	—	0.0%
State aid	480	454	41.5%	26	5.7%
Federal aid	19	25	1.6%	(6)	-24.0%
Interest and investment earnings	(15)	1	(1.3)%	(16)	-1600.0%
Other	153	100	13.2%	53	53.0%
Subtotal	$ 728	$ 671	62.9%	$ 57	8.5%
Other financing sources	429	165	37.1%	264	160.0%
Total	$ 1,157	$ 836	100.0%	$ 321	38.4%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.



Property tax revenues from the receipt of property tax collections from the CIT Levy being used for debt service payments in fiscal year 2022 were flat with fiscal year 2021.

Personal property replacement tax (PPRT) revenues kept the similar amount.

State aid revenues related to debt service for fiscal year 2022 are comprised of Evidence-Based Funding (EBF) revenues. A total of $480.3 million in revenues from was allocated to support outstanding debt, an increase of $26.0 million from fiscal year 2021.

Federal aid totaled $18.6 million in fiscal year 2022 and decreased from fiscal year 2021. These revenues are attributed to receipts on behalf of Federal subsidies from the issuance of Build America Bonds.

Interest and investment earnings totaled $(14.7) million in 2022, a decrease of $16.0 million over last fiscal year. Changes in the fair value of securities in compliance with applicable GASB standards are recorded here also.

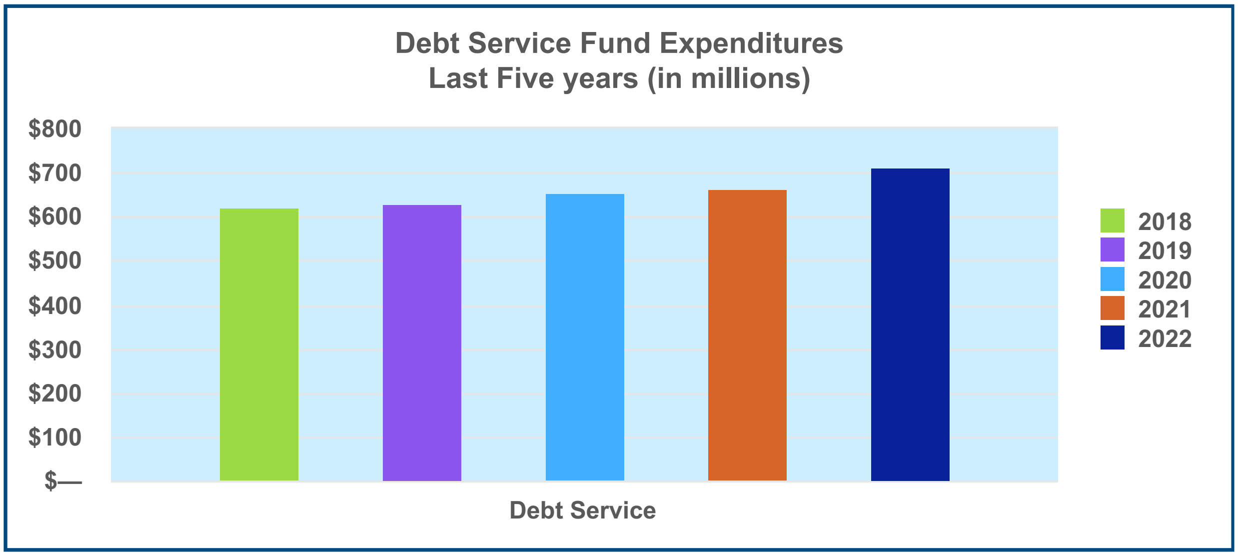
Other revenues account for one-time local revenues and/or the disbursement of property tax revenues from the City of Chicago (based on specific IGAs) allocated for debt service. These revenues increased by $53.0 million from fiscal year 2021.

Other financing sources reflect a increase of $264.0 million in fiscal year 2022 due to net proceeds received from debt issuances (new money and refunded debt) of $428.9 million in the current year versus $165.5 million in the prior year.

Expenditures
(In Millions)

	2022 Amount	2021 Amount	Increase (Decrease) from 2021	Percent Increase (Decrease) from 2021
Debt Service	$ 714	$ 662	$ 52	7.9%
Total expenditures	$ 714	$ 662	$ 52	7.9%
Other financing uses	$ 407	$ 134	$ 273	203.7%
Total	$ 1,121	$ 796	$ 325	40.8%

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.



Debt service costs

The overall debt service cost for fiscal year 2022 increased by $52.0 million, primarily due to the principal repayments on new issues. The amount paid for other fees was similar when compared to fiscal year 2021.

Other Financial Source uses increased by $273.0 million from fiscal year 2021. This was mainly due to the increase in the payment to refunded bond escrow agent by $274 million.

Notes to the Basic Financial Statements

The notes to the basic financial statements follow the statements in the report and complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

Comparative Budgets for General Operating Fund

In August 2020, the Board adopted a balanced operating budget for fiscal year 2021 that reflected total resources, including $22 million of restricted fund balances, and appropriations of $6.894 billion. In August 2021, the Board adopted a balanced operating budget for fiscal year 2022 that reflected total resources, including $22 million of restricted fund balances, and appropriations of $7.822 billion.

General Operating Fund Budget and Actual

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States for the General Operating Fund. All annual unencumbered appropriations lapse at fiscal year-end.

The General Operating Fund ended fiscal year 2022 with a surplus of $275.9 million, which compared favorably with the budget.

The following schedule presents a summary of the operating fund revenues, expenditures, and other financing sources in comparison with the final budget for the period ended June 30, 2022.

Revenues, Other Financing Sources & Expenditures
General Operating Fund
Budget to Actual Comparison
(In millions)

	Fiscal Year 2022 Original Budget	Supplemental Appropriations & Transfers In/ (Out)	Final Appropriations	Fiscal Year 2022 Actual	Over (under) Budget
Revenues:					
Property taxes	$ 3,318	$ —	$ 3,318	$ 3,297	$ (21)
Replacement taxes	195	—	195	570	375
State aid	1,828	—	1,828	1,851	23
Federal aid	2,073	—	2,073	1,474	(599)
Interest and investment earnings	—	—	—	1	1
Lease income	—	—	—	5	5
Other	408	—	408	462	54
Subtotal	$ 7,822	$ —	$ 7,822	$ 7,660	$ (162)
Other financing sources (uses)	10	—	10	13	3
Total	$ 7,832	$ —	$ 7,832 *	$ 7,673	$ (159)
Expenditures:					
Current:					
Salaries	$ 3,180	$ —	$ 3,180	$ 3,063	$ (117)
Benefits	968	—	968	1,866	898
Services	1,616	—	1,616	1,845	229
Commodities	264	—	264	420	156
Other	1,794	—	1,794	203	(1,591)
Total	$ 7,822	$ —	$ 7,822	$ 7,397	$ (425)
Change in fund balances	**$ 10**		**$ 10**	**$ 276**	

Note:
Revenue totals above for original budget and final appropriation do not include $10 million of restricted grant funds included in the fiscal year 2022 budget but received in prior years.

Revenues

Total actual General Operating Fund revenues were $162 million under budget. By including other financing sources, actual GOF revenues and other financing sources were $159 million under budget. The variance is due to the following:

Property tax revenues generated a negative variance of $21 million in fiscal year 2022. This is mainly due to the $96.7 million from the Red-Purple Modernization Phase One Transit Tax Increment Financing (Transit TIF). Under the budget, Transit TIF is classified under property tax, however, under the actual amount, Transit TIF is under Other Revenues.

Personal property replacement taxes (PPRT) revenues received by CPS were $375.0 million higher than budgeted in fiscal year 2022. This was driven largely by a statewide increase in corporate income tax around the State of Illinois versus expectations from a year ago. The corporate income tax laws changed. It drove a significant influx of one-time revenue.

State aid received by CPS in fiscal year 2022 was $23 million greater than anticipated.

Federal aid revenues were $599 million below budget. driven by lower than expected federal nutrition funding and federal relief revenues. Federal nutrition revenues, which is based on the number of meals served, is projected to come in approximately $50 million below budget as meal counts continue to remain below pre-pandemic levels. Additionally, CPS expects federal relief revenues to come in close to $175 million below budget due to unspent operating budget contingencies and lower than expected levels of spending on the district's Moving Forward Together initiative.

Other local revenues are comprised of miscellaneous or one-time receipts such as appropriated fund-balance, TIF surplus funds, rental income, daycare fees, private foundation grants, and school internal account fund transfers, and flow-through employer contributions to the Municipal Employees' Annuity and Benefit Fund of Chicago. Other local revenues were $54 million higher than budget for fiscal year 2022.

Expenditures

Total actual General Operating Fund expenditures were $425 million under budget. This underspend is driven primarily by lower than budgeted spending of CPS' contingency budget for relief funding.

Salaries expenses for the fiscal year 2022 totaled $3.063 billion and $117 million under budget due to position vacancies and less overtime.

Benefits costs are composed of health care (medical, dental, other), unemployment compensation, workers compensation, and pension costs. Benefit costs for fiscal year 2022 were $1.866 billion and $898 million over budget due primarily to increased health care costs in fiscal year 2022, which exceeded budget by $80 million.

Services related to student transportation, tuition for charter schools and special education purposes including contractual and professional services, telephone, printing and equipment rental, were budgeted at $1.616 billion for fiscal year 2022. CPS ended the fiscal year $229 million above budget in this category. Funds transferred were from contingencies - including federal spending on COVID relief measures and proportionate share funding for charter schools - over the course of the FY2022 fiscal year.

Commodities expenditures are derived from utilities, food for school breakfast/lunch, textbooks, and general supplies. Fiscal year 2022 spending on commodities was higher than budgeted by $156 million. This is mainly due to increased spending $141.7 million on supplies in FY2022 to facilitate school cleanliness and higher than expected energy costs. Additionally, schools typically transfer funds from contingency to commodities spending accounts over the course of the school year as needs are identified. Textbook costs also increased by $42 million.

Other expenditures include equipment, facility rental, insurance, repairs, and for budgetary purposes, contingencies for new grants. In total, spending for the "other" category ended the year at $1,591 million under budget. According to the new GASB 87 Lease, the actual amount for Capital outlay related to building rental and equipment rental were increased by $13 million.

Requests for Information

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of CPS' finances and to show CPS' accountability for the money it receives. Additional details can be requested by mail at the following address:

The Chicago Public Schools Department of Finance
42 West Madison Street, 2nd Floor Chicago, Illinois 60602

Or visit our website at: https://www.cps.edu/about/finance/annual-financial-report/ for a complete copy of this report and other financial information.

(Please note that some amounts may not tie to the financial statements due to rounding.)

Chicago
Public
Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF NET POSITION
June 30, 2022
(Thousands of Dollars)

		GOVERNMENTAL ACTIVITIES
Assets:		
Current Assets:		
Cash and investments	$	140,188
Cash and investments in escrow		843,237
Cash and investments held in school internal accounts		51,696
Property taxes receivable, net of allowance		1,539,214
Other receivables:		
Replacement taxes		99,925
State aid, net of allowance		170,621
Federal aid, net of allowance		328,513
Current portion of lease receivable		3,909
Other, net of allowance		99,271
Prepaid expense		11,733
Total current assets	$	3,288,307
Non-current Assets:		
Cash and investments in escrow	$	278,568
Prepaid Item		10,791
Lease receivable		55,961
Land and construction in progress		1,809,561
Buildings, building improvements and equipment, net of accumulated depreciation		4,941,212
Right to use leased asset, net of accumulated amortization		99,807
Total non-current assets	$	7,195,900
Total assets	$	10,484,207
Deferred Outflows of Resources:		
Deferred charge on refunding	$	79,887
Deferred OPEB outflows		587,100
Deferred pension outflows		2,448,718
Total deferred outflow of resources	$	3,115,705

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF NET POSITION (continued)
June 30, 2022
(Thousands of Dollars)

		GOVERNMENTAL ACTIVITIES
Liabilities:		
Current Liabilities:		
Accounts payable	$	714,956
Accrued payroll and benefits		212,291
Due to Teacher's Pension Fund		260,178
Other accrued liabilities		11,485
Unearned revenue		15,317
Interest payable		46,357
Current portion of long-term debt and lease liabilities		299,313
Total current liabilities	$	1,559,897
Long-term liabilities, net of current portion:		
Debt, net of premiums and discounts	$	9,241,293
Lease liabilities		91,020
Other accrued liabilities		18,650
Net pension liability		14,727,410
Total OPEB liability		3,304,981
Other benefits and claims		445,157
Other liability		76,574
Total long-term liabilities:		27,905,085
Total liabilities	$	29,464,982
Deferred Inflows of Resources:		
Deferred OPEB inflows	$	479,271
Deferred pension inflows		1,740,358
Deferred lease inflows		58,842
Total deferred inflow of resources	$	2,278,471
Net position (deficit):		
Net investment in capital assets	$	(1,870,346)
Restricted for:		
Debt service		751,841
Capital projects		14,343
Grants and donations		16,712
School internal accounts		51,696
Unrestricted		(17,107,788)
Total Net Position (deficit)	$	(18,143,542)

The accompanying notes to the basic financial statements are an integral part of this statement.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022
(Thousands of dollars)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction	$ 5,616,791	$ 621	$ 1,495,924	$ 24,843	$ (4,095,403)
Support services:					
Pupil support services	852,701	—	186,583	3,772	(662,346)
Administrative support services	460,219	—	237,211	2,036	(220,972)
Facilities support services	741,900	—	162,338	3,281	(576,281)
Instructional support services	698,053	—	152,744	3,087	(542,222)
Food services	233,879	1,357	249,069	1,034	17,581
Community services	59,766	—	13,078	264	(46,424)
Interest expense	496,619	—	—	—	(496,619)
Total governmental activities	$ 9,159,928	$ 1,978	$ 2,496,947	$ 38,317	$ (6,622,686)

General revenues:	
Taxes:	
Property taxes	$ 3,341,851
Replacement taxes	609,896
Non-program state aid	1,651,473
Interest and investment earnings (loss)	(12,890)
Lease Income	5,315
Other	261,246
Total general revenues	$ 5,856,891
Change in net position	(765,795)
Net position - beginning (deficit)	(17,377,747)
Net position - ending (deficit)	$ (18,143,542)

The accompanying notes to the basic financial statements are an integral part of this statement.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BALANCE SHEET — GOVERNMENTAL FUNDS
June 30, 2022
(Thousands of dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Totals
Assets:				
Cash and investments	$ 58,400	$ —	$ 81,788	$ 140,188
Cash and investments in escrow	563	346,717	774,525	1,121,805
Cash and investments held in school internal accounts	51,696	—	—	51,696
Receivables:				
Property taxes, net of allowance	1,501,406	19,766	18,042	1,539,214
Replacement taxes	99,925	—	—	99,925
State aid, net of allowance	169,793	828	—	170,621
Federal aid, net of allowance	325,422	—	3,091	328,513
Lease receivable, net of allowance	59,870	—	—	59,870
Other, net of allowance	73,766	17,932	7,572	99,270
Prepaid expense	11,733	—	—	11,733
Due from other funds	85,917	—	—	85,917
Total assets	$ 2,438,491	$ 385,243	$ 885,018	$ 3,708,752
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	$ 598,503	$ 116,217	$ 236	$ 714,956
Accrued payroll and benefits	167,534	—	—	167,534
Due to other funds	—	80,606	5,311	85,917
Due to Teacher's Pension Fund	260,178	—	—	260,178
Unearned revenue	8,751	6,566	—	15,317
Interest payable	8	—	—	8
Total liabilities	$ 1,034,974	$ 203,389	$ 5,547	$ 1,243,910
Deferred inflows of resources:				
Unavailable property tax revenue	$ 2,936	$ 186	$ 1,160	$ 4,282
Other unavailable revenue	262,071	17,955	9,273	289,299
Deferred lease inflows	58,842	—	—	58,842
Total deferred inflows	$ 323,849	$ 18,141	$ 10,433	$ 352,423
Fund balances:				
Nonspendable	$ 12,162	$ —	$ —	$ 12,162
Restricted for grants and donations	16,719	—	—	16,719
Restricted for capital improvement program	—	163,713	—	163,713
Restricted for debt service	—	—	787,570	787,570
Restricted for school internal accounts	51,696	—	—	51,696
Assigned for debt service	—	—	81,468	81,468
Assigned for commitments and contracts	92,186	—	—	92,186
Unassigned	906,905	—	—	906,905
Total fund balances	$ 1,079,668	$ 163,713	$ 869,038	$ 2,112,419
Total liabilities, deferred inflows of resources and fund balances	$ 2,438,491	$ 385,243	$ 885,018	$ 3,708,752

The accompanying notes to the basic financial statements are an integral part of this statement.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022
(Thousands of dollars)

Total fund balances - governmental funds		$ 2,112,419
Certain items that are recorded as expenditures in the governmental funds are treated as assets in the Statement of Net Position. These items include:		
Prepaid bond insurance costs		10,791
Deferred outflows of resources applicable to CPS' governmental activities do not involve available financial resourcesand accordingly are not reported on the fund financial statements		3,115,705
The cost of capital assets (land, buildings and improvements, equipment and software) purchased or constructed is reported as an expenditure in the governmental funds. The Statement of Net Position includes those capital assets among the assets of CPS as a whole. The cost of those capital assets are allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in the governmental funds.		
Cost of capital assets		12,346,065
Accumulated depreciation		(5,495,485)
Liabilities applicable to CPS' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Debt, interest payable on debt and other long-term obligations are not recorded in the governmental funds but they are reported in the Statement of Net Position. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Other accrued liabilities	$ (30,135)	
Debt, net of premiums and discounts	(9,529,508)	
Lease liability	(102,118)	
Net pension liability	(14,727,410)	
Total OPEB liability	(3,304,981)	
Other benefits and claims	(489,914)	
Interest payable	(46,349)	
Other liability	(76,574)	
		(28,306,989)
Certain revenues are deferred inflows of resources in the governmental funds because they are not available but are recognized as revenue in the government-wide financial statements.		
Property tax revenue		4,282
Other		289,299
Deferred inflows of resources applicable to CPS' governmental activities do not involve available financial resources and accordingly are not reported on the fund financial statements		(2,219,629)
Net position (deficit)		$(18,143,542)

The accompanying notes to the basic financial statements are an integral part of this statement.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fiscal Year Ended Jun 30, 2022	Total Fiscal Year Ended June 30, 2021
Revenues:					
Property taxes	$ 3,296,967	$ 20,182	$ 50,820	$ 3,367,969	$ 3,157,474
Replacement taxes	570,467	—	39,429	609,896	282,075
State aid	1,850,534	13,821	480,278	2,344,633	2,289,188
Federal aid	1,474,334	10,701	18,613	1,503,648	1,148,945
Interest and investment earnings (loss)	1,421	365	(14,676)	(12,890)	2,883
Lease income	5,315	—	—	5,315	—
Other	460,570	12,512	153,047	626,129	573,898
Total revenues	$ 7,659,608	$ 57,581	$ 727,511	$ 8,444,700	$ 7,454,463
Expenditures:					
Current:					
Instruction	$ 3,839,806	$ —	$ —	$ 3,839,806	$ 3,444,901
Pupil support services	804,631	—	—	804,631	551,884
Administrative support services	419,014	—	—	419,014	408,612
Facilities support services	600,853	—	—	600,853	539,835
Instructional support services	477,210	—	—	477,210	438,769
Food services	220,694	—	—	220,694	175,183
Community services	59,165	—	—	59,165	62,993
Teachers' pension and retirement benefits	907,040	—	—	907,040	844,054
Other	16,172	—	—	16,172	12,304
Capital outlay	35,783	626,240	—	662,023	592,336
Debt service	15,943	—	714,189	730,132	664,224
Total expenditures	$ 7,396,311	$ 626,240	$ 714,189	$ 8,736,740	$ 7,735,095
Revenues in excess of (less than) expenditures	$ 263,297	$ (568,659)	$ 13,322	$ (292,040)	$ (280,632)
Other financing sources (uses):					
Gross amounts from debt issuances	$ —	$ 480,857	$ —	$ 480,857	$ 450,000
Premiums	—	62,668	—	62,668	113,020
Issuance of refunding debt	—	—	391,313	391,313	107,505
Premiums on refunding bonds issued	—	—	37,572	37,572	26,112
Lease value	12,613	—	—	12,613	—
Sales of general capital assets	—	10	—	10	—
Payment to refunded bond escrow agent	—	—	(406,753)	(406,753)	(132,560)
Transfers in / (out)	(10)	18	(8)	—	—
Total other financing sources (uses)	$ 12,603	$ 543,553	$ 22,124	$ 578,280	$ 564,077
Net change in fund balances	$ 275,900	$ (25,106)	$ 35,446	$ 286,240	$ 283,445
Fund balances, beginning of period	803,768	188,819	833,592	1,826,179	1,542,734
Fund balances, end of period	$ 1,079,668	$ 163,713	$ 869,038	$ 2,112,419	$ 1,826,179

The accompanying notes to the basic financial statements are an integral part of this statement.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended 2022
(Thousands of dollars)

Total net change in fund balances - governmental funds		$ 286,240
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceed the depreciation in the period.		
Capital outlay/equipment	$ 556,872	
Depreciation and amortization expense	(312,080)	
		244,792
In the Statement of Activities, gain or loss on disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds are recorded		(3,399)
Proceeds from sales of bonds and lease agreement as leasee are reported in the governmental funds as a source of financing, whereas they are recorded as long-term liabilities in the Statement of Net Position.		(884,783)
Payments to refunded escrow agent are reported in the governmental funds as a source of financing use, whereas they are recorded as reductions of long term liabilities in the Statement of Net Position		406,753
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position		209,226
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities however, interest cost is recognized as the interest accrues, regardless of when it is due		70,387
Governmental funds report the effect of premiums, discounts,gain and loss and similar items when debt is first issued or refunded, whereas these amounts are deferred and amortized in the Statement of Activities		(146,341)
Since some property taxes and intergovernmental amounts will not be collected for several months after CPS' fiscal year end, they are not considered as "available" revenues in the governmental funds and are instead recorded as unavailable revenues. They are, however, recorded as revenues in the Statement of Activities. The following represents the change in related unavailable revenue balances.		
Property taxes		(26,118)
Federal grants		54,136
State grants and other revenues		(67,982)
In the Statement of Activities, pollution remediation obligation, legal settlements, sick pay, vacation pay, workers' compensation and unemployment insurance, general and automobile liability, net pension liability, and other postemployment benefits, including any related related deferred inflows or outflows are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are paid when the amounts become due. The following represents the change during the year for these obligations.		
Pollution remediation obligation		2,599
Vacant property demolition obligation		(8,823)
Tort liabilities and other claims		(12,067)
Sick pay		(51,084)
Vacation pay and other compensation		987
Workers' compensation and unemployment insurance		(942)
General and automobile liability		4,111
Net pension liability		(720,908)
Total OPEB Liability		(122,579)
Change in net position		$ (765,795)

The accompanying notes to the basic financial statements are an integral part of this statement.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Education of the City of Chicago, or the Chicago Public Schools (CPS), is a body politic and corporate, and a school district of the State of Illinois having boundaries coterminous with the boundaries of the City of Chicago. The Board of Education of the City of Chicago (the Board) is established under and governed by the Illinois School Code and maintains a system of schools primarily for kindergarten through twelfth grade.

As a result of legislation passed by the Illinois General Assembly, which became effective on June 30, 1995, the Mayor of the City of Chicago appoints the members of the Board. CPS is excluded from the City's reporting entity because it does not meet the financial accountability criteria for inclusion established by the Governmental Accounting Standards Board (GASB).

The City of Chicago, the Public Building Commission of Chicago and the Public School Teachers' Pension and Retirement Fund of Chicago are deemed to be related organizations, but separate entities, and are not included as part of the CPS reporting entity. No fiscal dependency exists between these organizations. These units are excluded from the CPS reporting entity because they do not meet the criteria for inclusion as established by GASB.

New Accounting Standards

During fiscal year 2022, CPS adopted the following GASB Statements:

GASB 87, Leases. Statement issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard was fully implemented in FY22. It has no effect on the beginning of Net Position and Fund Balance. It has no significant effect on the ending net position and fund balance.

Other accounting standards that CPS is currently reviewing for applicability and potential impact on future financial statements include.

◦ GASB 91, *Conduit Debt Obligations.* Statement issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements. The requirements of this Statement is effective for the District's fiscal year ended June 30, 2022. However, the effective date for implementation of this authoritative guidance has been postponed for one year under GASB 95 for reporting periods beginning after December 15, 2021. Management has not determined what impact, if any, this statement will have on its financial statements.

- GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement issued in March 2020. The objective of this statement is to establish financial reporting and accounting for public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB 94 is effective for the District's fiscal year ended June 30, 2023. Management has not determined what impact, if any, this Statement will have on its financial statements.

- GASB 96, *Subscription-Based Information Technology Arrangements*. Statement issued in May 2020. The objective of this statement is to provide guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases. GASB 96 is effective for the District's fiscal year ended June 30, 2023. Management has not determined what impact, if any, this Statement will have on its financial statements.

- GASB 99*, Omnibus 2022.* Statement issued in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature, which enables governments and other stakeholders easily locate and apply the correct accounting and financial reporting provisions; thereby, improving the consistency with which such provisions are applied. Better consistency and comparability improve the usefulness of information by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements of this Statement apply to the financial statements of all state and local governments. Management has not determined what impact, if any, this Statement will have on its financial statements. This Statement is effective for the District's fiscal year ended as listed below:

    - The requirements in paragraphs 26–32 are effective upon issuance for the extension of the use of LIBOR, accounting for SNAP distributions ,disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63.

    - The requirements in paragraphs 11–25 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter for leases, PPPs and SBITAs

    - The requirements in paragraphs 4-10 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter for financial guarantees and derivative instruments, within scope of GASB 53.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- GASB 100, Accounting Changes and Error Corrections-an Amendment of GASB 62. Statement issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements by providing more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. In this statement; however, accounting changes are defined as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. When a new principle or methodology is changed, it should be justified on the basis that it is preferable to the principle or methodology used before the change for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, as part of those descriptions. That preferability should be based on the qualitative characteristics of financial reporting: understandability, reliability, relevance, timeliness, consistency, and comparability.

  This Statement addresses corrections of errors in previously issued financial statements, and provides the accounting and financial reporting requirements for (1) each type of accounting change and (2) error corrections as follows:

  - Changes in accounting principles must be reported retroactively by restating prior periods, and these requirements apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.
  - Changes in error corrections must be reported retroactively by restating prior periods.
  - Changes in accounting estimates be reported prospectively by recognizing the change in the current period.
  - Changes to or within the financial reporting entity must be reported by adjusting beginning balances of the current period.

  This Statement requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements, and descriptive information be disclosed in the financial statements notes of the (1) nature and (2) quantitative effects on beginning balances of each accounting change and error correction, which should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

  GASB 100 also addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

  - For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

  This Statement is effective for fiscal years beginning after June 15, 2023. Management has not determined what impact, if any, this Statement will have on its financial statements.

- GASB 101, Compensated Absences. Statement issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This objective is achieved by (1) aligning the recognition and measurement guidance under a unified model and (2) amending certain previously required disclosures. For financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement also amends the existing note disclosure requirement to disclose the gross increases and decreases in a liability for compensated absences. Now, Governments entities are allowed to disclose only the net change in the liability, as long as they identify it as a net change, and they are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non cash means. GASB 101 also establishes guidance for measuring a liability for leave that (1) has not been used, generally using an employee's pay rate as of the date of the financial statement and (2) has been used but not yet paid or settled measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

1. For a leave that has not been used, a liability should be recognized, when the (a) leave is attributable to services already rendered when an employee has performed the services required to earn the leave, and (b) leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

2. For leave that has been used but not yet paid in cash or settled through non cash means, a liability should be recognized, and the governmental entity should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences, in estimating the leave that is more likely than not to be used or otherwise paid or settled.

This Statement requires that "No" liabilities for compensated absences be recognized for (3) leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

3. For leave that is more likely than not to be used for time off, paid in cash, settled through noncash means or conversion to defined benefit postemployment benefits, a liability should not be included for compensated absences.

GASB 101 also requires that a liability for (1) certain types of compensated absences, including parental leave, military leave, and jury duty leave not be recognized until the leave commences (2) specific types of compensated absences not be recognized until the leave is used.

This Statement is effective for fiscal years beginning after December 15, 2023. Management has not determined what impact, if any, this Statement will have on its financial statements.

Description of Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position and the Statement of Activities were prepared using the e*conomic resources measurement focu*s and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the GASB requirements of accounting and financial reporting for non-exchange transactions. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods and is reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods and is reported in a separate section after liabilities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside CPS' taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

CPS reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of CPS. Interfund balances have been removed from these statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Measurable means that the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, State aid, Federal aid, replacement taxes, IGA, and other revenue are considered to be available if collected within 60 days of fiscal year end, except for the following:

- During fiscal year 2022, Cook County extended the deadline for second installment property tax payments from August 2 to December 1, without any penalties or late fees. The tax year 2021 tax rates were released and second installment tax bills sent out with a due date of December 30, 2022. This extension of the deadline resulted in a significant amount of Cook County taxpayers paying their taxes after CPS' traditional 60-day revenue recognition period, which would have resulted in a significant decline in property tax collections for CPS in fiscal year 2022. Therefore, under this highly unusual circumstance, CPS extended its' revenue recognition period for fiscal year 2022 from August 29, 2022 (60 days after year end) to January 31, 2023 (215 days after year end) for property taxes.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to derivatives, compensated absences, claims and judgments, other postemployment benefits, pension benefits and pollution remediation obligations, are recorded only when payment is due.

Funds

CPS reports its financial activities through the use of "fund accounting". This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

consistent with legal and managerial requirements. A description of the activities of the various funds is provided below.

Governmental Funds

a. General Operating Fund

The General Operating Fund is established in compliance with the provisions of the Illinois Program Accounting Manual for Local Education Agencies. This fund is the primary operating fund of CPS and is made up of the following programs:

Educational Program
School Lunch Program
Elementary and Secondary Education Act (ESEA) Program
Individuals with Disabilities Education Act (IDEA) Program
Workers' and Unemployment Compensation/Tort Immunity Program
Public Building Commission Operations and Maintenance Program
Chicago Teacher's Pension Fund (CTPF) Pension Levy Program
School Internal Account Program
Elementary and Secondary School Emergency Relief Program
Other Government-Funded Programs

b. Capital Projects Fund

The Capital Projects Fund includes the following programs:
Capital Asset Program — This program is for the receipt and expenditure of the proceeds from the sale of certain Board real estate and other miscellaneous capital projects revenues from various sources as designated by the Board.

Capital Improvement Program — This program is for the receipt and expenditure of proceeds from the sale of Unlimited Tax General Obligation Bonds, Public Building Commission (PBC) Building Revenue Bonds, Dedicated Revenue Capital Improvement Tax Bonds, State of Illinois Construction Grants, Federal E-rate capital subsidies and other revenues for the purpose of building and improving schools as designated by the Board. The bonds are being repaid in the Debt Service Fund.

c. Debt Service Fund

The Debt Service Fund includes the following program:

Bond Redemption and Interest Program — This program is for the receipt and expenditure of Replacement Taxes, City of Chicago Intergovernmental Agreement revenue, State of Illinois Construction Grants, General State Aid and other revenues as designated by the Board for the payment of interest and principal on specific bond issues.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances

Deposits and Investments

CPS' cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. In addition, State statutes authorize CPS to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements and the State Treasurer's Investment Pool. CPS' investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments in Escrow

Certain proceeds of CPS' bond issuances, as well as certain assets set aside for their repayment, are classified as cash and investments in escrow on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Property Tax Receivable

CPS records its property tax receivable amounts equal to the current year tax levy net of an allowance for estimated uncollectible amounts. The allowance is recorded at 3.5% of the gross levy.

A calendar year's property tax levies are billed (extended) in two installments in the subsequent calendar year. Calendar year 2021 property taxes were levied for fiscal year 2022 in August 2021 and were billed in fiscal year 2022. In 2022, the installment due dates were March 1 and August 2 (subsequently revised by Cook County to December 1 without penalty). Property taxes unpaid after these dates accrue interest at the rate of 1.5% per month. The treasurers of Cook and DuPage counties, who distribute such receipts to CPS, receive collections of property tax installments. CPS' property tax becomes a lien on real property on January 1 of the year for which it is levied. CPS does not record a receivable nor related deferred inflows of resources until the Board passes the levy for the current fiscal year.

Prepaid expense

Prepaid expense include payments made to vendors for services that will benefit periods beyond the end of fiscal year. In governmental funds, fund balance equivalent to the year-end prepaid value is classified as nonspendable to indicate that portion of fund balance which is not available in a spendable form.

Interfund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Leases

CPS will record leases for both lessee and lessor based on a single model lease accounting format, with the premise that leases are a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

For all subsequent reporting period after the initial implementation, CPS will apply the key requirements for lease accounting as listed below:

As a lessee, CPS will:

- Amortize the intangible asset over the shorter of useful life or lease term.
- Reduce liability by lease payments (less amount for interest expense).

As a lessor, CPS will:

- Continue to depreciate leased asset (unless indefinite life or required to be returned in its original or enhanced condition).
- Reduce receivable by lease payments (less payment needed to cover accrued interest).
- Recognize revenue over the lease term in a systematic and rational manner.

Lease Modifications:

- When existing leases are modified, such as changes in lease term or estimated payment amounts, As a lessee, CPS will remeasure the lease liability and adjust the right of use lease asset by the difference between modified liability and the liability immediately before the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

modification. As a lessor, CPS will remeasure the lease receivable on the effective date of modification and adjust the deferred inflow of resources by the difference of the two lease receivables.

- If new underlying assets are added and not unreasonably priced, lessor and lessee should report as new lease.

Lease Term Evaluation for Calculation Assessment :

- Non-cancelable period during which lessee has right to use the underlying asset
- Any periods in which the lessee or the lessor has the sole option to extend lease, if reasonably certain the option will be exercised by that party
- Any periods in which the lessee or the lessor has the sole option to terminate lease, if reasonably certain the option will not be exercised by that party
- Cancellable periods during which both lessee and lessor each have the option to terminate, or both parties must agree to extend are excluded.
- Fiscal funding/Cancellation clauses" will be ignored unless it's reasonably certain the clause will be exercised.

Reassessment of lease terms will occur only if one or more of the following conditions exist:

- Lessee/lessor decides to exercise option that was not originally deemed reasonably certain to be exercised
- Lessee/lessor decides not to exercise option that was originally deemed reasonably certain to be exercised
- An event specified in contract that requires an extension or termination has taken place

Capital Assets

Capital assets, which include land, construction in progress, buildings, building improvements and equipment, are reported in the governmental activities columns in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment is a unit cost of $25,000 or more. CPS also capitalizes internally developed software with a capitalization threshold of $75,000 or more. Donated capital assets are recorded at acquisition value.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Beginning in fiscal year 2005, CPS implemented procedures related to impaired assets. Generally, a capital asset is considered impaired when its service utility has declined significantly and the events or changes in the circumstances are unexpected or outside the normal life cycle. See Note 6 for additional information on impairments.

Depreciation of buildings and building improvements of CPS is calculated using the straight-line method. Equipment is depreciated using the straight-line method. CPS' capital assets have the following estimated useful lives:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets	Years
Buildings and building improvements	25-50
Administrative software/systems	20
Internally developed software	3
Equipment	5

Depreciation of buildings and building improvements placed in service prior to fiscal year 2002 was calculated using a composite rate that CPS estimated to be 32 years. For items placed in service subsequent to fiscal year 2001, CPS utilizes the estimated useful lives for specific components within the range noted above.

Vacation and Sick Pay

CPS provides vacation and sick pay benefits for substantially all of its employees. Accrued sick pay benefits were computed using the termination payment method. The liability for accrued vacation pay benefits was computed using the employees' actual daily wages.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as prepaid insurance, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable as reported includes the unamortized balances of bond premiums and discounts. Prepaid insurance costs are reported as other assets and amortized over the term of the related debt.

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

Pensions – In the government-wide financial statements, for purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Teachers' Pension and Retirement Fund of Chicago and the Municipal Employees' Annuity and Benefit Fund of Chicago and additions to/deductions from the Public School Teachers' Pension and Retirement Fund of Chicago and the Municipal Employees' Annuity and Benefit Fund of Chicago fiduciary net position have been determined on the same basis as they are reported by the Public School Teachers' Pension and Retirement Fund of Chicago and the Municipal Employees' Annuity and Benefit Fund of Chicago. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB – In the government-wide financial statements, for purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense and additions to/deductions from the Public School Teachers' Pension and Retirement Fund of Chicago fiduciary net position have been determined on the same basis as they are reported by the Public School Teachers' Pension and Retirement Fund of Chicago.

Fund Balances

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

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

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of CPS' highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless CPS removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. CPS' highest level of decision-making authority rests with CPS' Board of Education. CPS passes formal resolutions to commit their fund balances. There are no committed fund balances as of June 30, 2022.

Assigned – includes amounts that are constrained by CPS' *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) CPS' Board of Education itself or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. As of June 30, 2022, CPS' Board has delegated the authority to assign amounts to be used for specific purposes to the Chief Financial Officer. Within the other governmental fund types (debt service and capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

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

In the General Operating Fund and other governmental funds (capital projects and debt service fund types), it is CPS' policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Net Position

The Statement of Net Position includes the following:

Net investment in capital assets — the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted for debt service — the component of net position with constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Restricted for capital projects — the component of net position with constraints placed on the use of capital project resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Restricted for grants and donations — the component of net position that reports the difference between assets and liabilities of the certain programs that consists of assets with constraints placed on the use of resources are either: a) externally imposed by creditors, (such as through debt covenants) grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Restricted for school internal accounts — the component of net position that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on the use of resources

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are either: a) externally imposed by creditors, (such as through debt covenants) grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted — consists of net position that does not meet the criteria of the preceding categories.

Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CPS' financial statements for the year ending June 30, 2021, from which the summarized information was derived.

Management's Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States for the General Operating, Capital Projects and Debt Service funds. Unencumbered appropriations, in General Operating and Debt Service funds, lapse at fiscal year-end.

Certain funding allocations (primarily Federal and State programs) are made to schools but may not be budgeted by account by the schools at the time the budget is adopted. These allocations are included in other fixed charges for budget purposes. During the fiscal year, upon receiving the appropriate approvals from the Office of Budget and Grants Management, transfers are made to the appropriate accounts. Actual expenditures are reflected in the appropriate accounts.

The appropriated budget is prepared by fund, account and, unit. The legal level of budgetary control is at the account level except for school-based discretionary programs. School-based discretionary program expenditures are governed by specific program policies and procedures. Board approval is required for all funding transfers. In addition, an amended budget is required for increases in total appropriation.

The Capital Projects Fund is budgeted on a project-by-project basis. Budgeted amounts in the Capital Projects Fund represent the entire project budget for projects that were expected to commence in fiscal year 2022. Actual expenditures in the Capital Projects Fund include expenditures on projects that were budgeted in the current and prior fiscal years.

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

a. Property Taxes — CPS levies property taxes using tax levy rates established by statute and an equalized assessed valuation (EAV) estimated by CPS. The maximum billing (extension) of property taxes for the rate-limited Educational Levy in any calendar year is limited to the lesser of the tax rate established by statute multiplied by the EAV known at the time the final calendar year tax bills are calculated by the Cook and DuPage County Clerks, or the tax rates established by statute multiplied by the prior year EAV. Property taxes for the levies that are not rate-limited are levied based on the estimated requirements for such funds.

As part of the annual budgetary process, CPS adopts a resolution each December in which it is determined to levy real estate taxes. In fiscal year 2022, CPS adopted a resolution for tax levy in August 2021. This tax levy resolution imposes property taxes in terms of a dollar amount. The Truth in Taxation Law requires that notice in prescribed form must be published and a public hearing must be held if the aggregate annual levy exceeds 105% of the levy of the preceding year.

Since the 1994 levy year, CPS has been subject to the Property Tax Extension Limitation Law (PTELL). The PTELL, commonly known as the property-tax cap, is designed to limit the increases in property taxes billed for non-home rule taxing districts. The growth in a taxing district's aggregate extension base is limited to the lesser of 5% or the increase in the national Consumer Price Index (CPI) for the year preceding the levy year. The CPI used is for all urban consumers for all items as published by the U.S. Department of Labor, Bureau of Labor Statistics. This limitation can be increased for a taxing body with voter approval. The PTELL allows a taxing district to receive a limited annual increase in tax extensions on existing property, plus an additional amount for new construction. This limit slows the growth of revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation.

Legal limitations on tax rates and the rates extended in calendar years 2022 and 2021 are shown below:

	Maximum 2022 Legal Limit	Tax Rates Extended Per $100 of EAV 2022	Tax Rates Extended Per $100 of EAV 2021
General Operating Fund:			
Educational	(A)	$ 2.786	$ 2.929
Teachers' Pension	(B)	0.532	0.562
Workers' and Unemployment/Tort Immunity	(C)	0.089	0.094
Levy Adjustment	(F)	0.033	—
Debt Service Fund:			
Public Building Commission Leases Program	(D)	—	—
Capital Fund:			
Capital Improvement	(E)	0.021	0.011
Bonds & Interest	(D)	0.055	0.060
		$ 3.517	$ 3.656

A. The maximum legal limit for educational purposes under PTELL cannot exceed $4.00 per $100 of EAV (105 ILCS 5/34-53), and the total amount billed (extended) under the General Operating Fund is subject to the PTELL as described above.

B. The tax cap limitation contained in the PTELL does not apply to the taxes levies by CPS for the Teacher Pension. The law creating the Teacher Pension levy became effective in 2016 (105 ILCS 5/34-53). For calendar years 2021 and 2022, the Teacher Pension levy tax rate cannot exceed $0.567 per $100 of EAV. Property tax collections for the Teacher Pension levy are paid directly to the Chicago Teacher Pension Fund by the County Treasurer.

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE (continued)

C. These tax rates are not limited by law, but are subject to the PTELL as described above.

D. The tax cap limitation contained in the PTELL does not apply to the taxes levied by CPS to make its lease payments related to the certificates of participation debt obligations.

E. The tax cap limitation contained in the PTELL does not apply to the taxes levied by CPS for the Capital Improvement Tax (CIT). Per (105 ILCS 5/34-53.5), the CIT act became effective in 2002 and requires the initial levy of the CIT made by the Board to be authorized by a one-time approval of the Chicago City Council, which approved the CIT in 2015. The CIT Act establishes maximum authorized amounts of the CIT that can be levied each calendar year equal to the cumulative inflationary growth on a base of $142.5 million starting in 2003.

F. The tax cap limitation contained in the PTELL does not apply to the fund for Levy Adjustment. Starting in Tax Year 2021, CPS received an additional Levy Adjustment consisting of refunds that should have been received in prior years.

Note: The City of Chicago established a Transit TIF levy to provide a portion of the matching funds required to leverage more than $1 billion in federal funding for Chicago Transit Authority capital projects. The City received its first Transit TIF distribution on July 11, 2017. A portion of the levy was distributed to various taxing districts within the City including Chicago Public Schools. CPS' portion of the Transit TIF was received in one identifiable agency (091). No levy has been mandated or established by CPS for these funds. The incremental revenue generated by the Transit TIF was $96.7 million at gross. The tax cap limitation contained in the PTELL does not apply to the taxes received by CPS for the Transit TIF.

b. State Aid — the components of State Aid as reported in the financial statements are as follows ($000's):

	Fund Financial Statements	Government-wide Financial Statements
Revenues:		
Evidence based funding unrestricted revenue	$1,727,946	$1,651,372
State pension contribution revenue	277,497	266,893
Other restricted state revenue	339,090	341,802
Total state aid	$2,344,633	$2,260,167
Program revenue:		
Benefit payments		(608,695)
Non-program general state aid		$1,651,472

NOTE 4. CASH DEPOSITS AND INVESTMENTS

Cash and investments held in the name of CPS are controlled and managed by CPS' Treasury Department; however, custody is maintained by the Treasurer of the City of Chicago, who is the designated ex-officio Treasurer of CPS under the Illinois School Code. Custody is not maintained by the Treasurer of the City of Chicago for cash and investments in escrow and the schools' internal accounts. The cash and investments in escrow in the General Fund represent deposits for the repayment of short-term borrowing held by an escrow agent. The cash and investments in escrow in the Debt Service Fund represent the amount available for debt service payments on the Unlimited Tax General Obligation Bonds. The cash and investments in escrow in the Capital Projects Fund represent the unspent proceeds from the Unlimited Tax General Obligation Bonds and other revenues.

Cash and Deposits

With the exception of school internal accounts as designated by the Board, the Municipal Code of Chicago requires that cash be deposited only in chartered banks or savings and loan associations that are on the City of Chicago's approved depository listing. The ordinances allow only regularly organized State or national banks insured by the Federal Deposit Insurance Corporation, and Federal and State savings and loan associations insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation located within the City of Chicago, to be designated depositories.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a financial institution failure, CPS deposits may not be returned. The CPS Investment Policy requires collateral with an aggregate fair value of not less than 110% of the original acquisition price, including principal and accrued interest, on depository account balances, banker's acceptances and certificates of deposit unless the bank meets certain rating requirements and or asset unless either: 1) the bank has assets exceeding $500,000,000; or 2) the applicable instrument is insured at the time of purchase by an entity with long-term ratings in one of the highest two classifications without regard to gradation, in which case collateralization is not required. Collateral for the CPS' bank accounts are held by a third-party custodian in the name of the City of Chicago Treasurer for the benefit of CPS. Collateral shall be only those securities authorized as allowable investments.

As of June 30, 2022, the book amount of CPS' deposit accounts was $166.1 million and the bank balances totaled $180.5 million as of June 30, 2022. The difference between the book and bank balances primarily represents checks that have been issued but have not yet cleared as of June 30, 2022. The bank balance was covered by Federal depository insurance and by collateral held by third-party custodians.

Cash and Investments Held in School Internal Accounts represents the book balance for checking and investments for individual schools.

Investments

CPS' investments are authorized under the Illinois Compiled Statutes Finance Investment Act. CPS' Investment Policy is derived from this Act. The CPS Investment Policy authorizes CPS to invest in obligations guaranteed by the full faith and credit of the U.S. Government, certificates of deposit constituting direct obligations of banks, commercial paper, money market mutual funds, repurchase agreements that mature within 330 days, certain U.S. Government agency securities, and certain State and municipal securities that are rated at the time of purchase at A1/A+ or better by a rating service of nationally recognized expertise in rating bonds of states and their political subdivision. All mutual funds purchased invest in eligible securities outlined in the parameters of the CPS Investment Policy and meet certain other regulatory requirements.

The CPS Investment Policy contains the following stated objectives:

- Safety of Principal. Investments shall be undertaken in a manner that provides for the preservation of principal in the overall portfolio.
- Liquidity. The investment portfolio shall be sufficiently liquid to meet all reasonably anticipated operating and cash flow requirements.

NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

- Rate of Return. The investment portfolio shall be constructed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account investment risk constraints and liquidity needs.
- Diversification. The investment portfolio shall be diversified to avoid incurring unreasonable risks associated with specific securities or financial institutions.

Custodial Credit Risk — All CPS investment securities shall be held by a third party custodian in accordance with municipal ordinances to the extent required by state statute. The CPS treasurer shall periodically review the approved depositories to evaluate counterparty risk. In order to further reduce custodial risk, investments are registered and held in the name of CPS. The collateral requirements for investments with depository balances is the same as those for cash and deposits (disclosed above). Repurchase agreement investments are required to have collateral not less than 102% of the acquisition price.

At June 30, 2022, CPS had the following cash, investments and maturities ($000's):

	Ratings	Carrying Amount	Maturities Less Than 1 Year	Maturities 1 to 5 Years	Maturities 5 to 10 Years
Repurchase Agreements	A3/BBB+	$ 5,593	$ 5,593	$ —	$ —
U.S. Government Agency Securities	Aaa/AA+/AAA	149,778	149,778	—	—
U.S. Government Treasury Notes	AA+/Aaa	526,250	247,682	234,864	43,704
Money Market Mutual Funds	AAAm/Aaa-mf	465,955	465,955	—	—
Total Investments		$ 1,147,576	$ 869,008	$ 234,864	$ 43,704
Cash and CDs		166,113			
Total Cash and Investments		$ 1,313,689			

Interest Rate Risk — The CPS Investment Policy requires maintenance of a two-tiered portfolio which limits the average maturity of the Liquidity Cash Management tier of the portfolio to six months, limits the average maturity of the Enhanced Cash Management tier of the portfolio to five years and limits the maturity of any single issue in the Enhanced Cash Management tier of the portfolio to ten years.

Credit Risk — CPS' Investment Policy limits investment in commercial paper to the top two ratings issued by at least two standard rating services. As of June 30, 2022, Moody's Investment Service rated CPS' investments in banker's acceptances and commercial paper A1+ or A1 by Standard and Poor's, and P-1 by Moody's. As of June 30, 2022, Standard and Poor's rated CPS' investments in money market mutual funds AAAm/Aaa-mf and municipal securities as A1/A+ or better as required by the CPS Investment Policy.

Concentration of Credit Risk — As of June 30, 2022, no issuer represented over 5% of total investments. Investments issued by the U.S. government and government agencies and investments in mutual funds are excluded from the concentration of credit risk.

NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

CPS categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. CPS has the following recurring fair value measurements ($000's) as of June 30, 2022 using a matrix pricing model:

	June 30, 2022	Fair Value Measurement Using Level 1	Level 2	Level 3
Investments by fair value:				
Debt securities				
Repurchase Agreements	$ 5,593	$ —	$ 5,593	$ —
U.S. Government Agency Securities	149,778	—	149,778	—
U.S. Government Treasury Notes	526,250	526,250	—	—
Total Cash and Investments	$ 681,621	$ 526,250	$ 155,371	$ —

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 external investment pools are measured at amortized cost and therefore excluded from the above fair value table. This exclusion includes money market funds, commercial paper, repurchase agreements and agency obligations held by CPS in the amount of $465.9 million.

The following table provides a summary of CPS' total cash and investments by fund type as of June 30, 2022 ($000's):

Fund	Totals
General Operating Fund	$ 110,659
Capital Projects Funds	346,717
Debt Service Funds	856,313
Total Cash and Investments	$ 1,313,689

NOTE 5. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables as of June 30, 2022 for CPS, net of the applicable allowance for uncollectible accounts, are as follows ($000's):

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fund Financial Statements	Government - Wide Financial Statements
Property taxes	$ 1,618,143	$ 20,482	$ 19,895	$ 1,658,520	$ 1,658,520
Replacement taxes	99,925	—	—	99,925	99,925
State aid	169,793	1,541	—	171,334	171,334
Federal aid	325,422	—	3,091	328,513	328,513
Lease Receivable	59,870	—	—	59,870	59,870
Other	79,324	30,383	7,572	117,279	117,279
Total receivables	$ 2,352,477	$ 52,406	$ 30,558	$ 2,435,441	$ 2,435,441
Less: Allowance for uncollectibles – property tax	(116,737)	(716)	(1,853)	(119,306)	(119,306)
Less: Allowance for uncollectibles – state aid	—	(713)	—	(713)	(713)
Less: Allowance for uncollectibles – other	(5,558)	(12,451)	—	(18,009)	(18,009)
Total receivables, net	$ 2,230,182	$ 38,526	$ 28,705	$ 2,297,413	$ 2,297,413

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows ($000's):

Government-wide activities:	Beginning Balance*	Increases	Decreases and Transfers to In-Service	Ending Balance
Capital assets, not being depreciated:				
Land	$ 376,512	$ 46,320	$ (157)	$ 422,675
Construction in progress	1,195,871	482,706	(291,691)	1,386,886
Total capital assets not being depreciated	$ 1,572,383	$ 529,026	$ (291,848)	$ 1,809,561
Capital assets being depreciated or				
Buildings and improvements	$ 9,924,361	$ 304,503	$ (7,200)	$ 10,221,664
Equipment and administrative software	209,449	2,421	(12,882)	198,988
Internally developed software	3,076	—	—	3,076
Intangible right to use leased buildings*	99,280	12,613	—	111,893
Intangible right to use leased equipment*	883	—	—	883
Total capital assets being depreciated or amortized	$ 10,237,049	$ 319,537	$ (20,082)	$ 10,536,504
Total capital assets	$ 11,809,432	$ 848,563	$ (311,930)	$ 12,346,065
Less accumulated depreciation for:				
Buildings and improvements	$ (5,035,314)	$ (292,048)	$ 7,200	$ (5,320,162)
Equipment and administrative software	(161,902)	(7,015)	9,639	(159,278)
Internally developed software	(3,028)	(48)	—	(3,076)
Intangible right to use leased buildings	—	(12,527)	—	(12,527)
Intangible right to use leased equipment	—	(442)	—	(442)
Total accumulated depreciation and amortized	$ (5,200,244)	$ (312,080)	$ 16,839	$ (5,495,485)
Capital assets, net of depreciation and amortization	$ 6,609,188	$ 536,483	$ (295,091)	$ 6,850,580

* Note: The beginning balance of FY22 were restated due to the implementation of GASB 87 in FY22.

Depreciation/amortization and impairment expense were charged to functions/programs of CPS as follows ($000's):

	Depreciation Expenses	Impairment Expenses
Governmental activities:		
Instruction	$ 187,598	$ 2,043
Pupil support services	39,519	431
Administrative support services	20,565	224
Facilities support services	30,107	328
Instructional support services	23,451	255
Food services	10,840	118
Total depreciation expense	$ 312,080	$ 3,399

NOTE 6. CAPITAL ASSETS (continued)

Asset Impairment

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. In the absence of a property appraisal, the book values were adjusted to zero. Management reviews capital assets at year-end for impairment.

During fiscal year 2022, as CPS reviewed pending real estate transactions related to school actions for closed schools or schools to be closed, CPS recognized impairments totaling $3.4 million related to various properties.

Construction Commitments

CPS had active construction projects as of June 30, 2022. These projects include new construction and renovations of schools. At fiscal year-end, CPS had approximately $53.9 million in outstanding construction commitments.

NOTE 7. INTERFUND TRANSFERS AND BALANCES

Interfund Balances

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as “Due to/from Other Funds” on the accompanying governmental fund financial statements ($000’s):

General Operating Fund:		
Due From Capital Improvement Program	$	77,491
Due From Capital Asset Program		3,115
Due From Bond Redemption and Interest Program		5,311
Total — Net due from (to) other funds	$	85,917
Capital Projects Fund:		
Capital Asset Program — Due To General Operating Fund	$	(3,115)
Capital Improvement Program — Due To General Operating Fund		(77,491)
Total — Net due from (to) other funds	$	(80,606)
Debt Service Fund:		
Bond Redemption and Interest Program — Due to General Operating Fund	$	(5,311)

The purpose of interfund balances is to present transactions that are to be repaid between major programs at year-end. The balances result from operating transactions between funds and are repaid during the fiscal year within the normal course of business.

The interfund balance due from the Capital Improvement Program to the General Operating Fund is expected to be repaid through a future bond issue.

Interfund Transfers

In fiscal year 2022, CPS transferred $17.9 thousand to Capital Project Fund including $7.9 thousand debt restructuring savings from the Debt Service Fund and $10 thousand from General Operating Fund.

NOTE 8. SHORT-TERM DEBT

2020 Tax Anticipation Notes

During fiscal year 2022, CPS closed on issuances of 2020 Educational Purposes Tax Anticipation Notes (2020 TANS) with a total par amount of $556 million. The 2020 TANS were issued as follows ($000s):

Description	Issuance Date	Amount
Series 2020B-6	July 2, 2021	$150,000
Series 2020B-7	July 9, 2021	$264,000
Series 2020C-5	August 6, 2021	$142,000

The 2020 TANS were backed by the second installment of CPS' 2020 Education Property Tax Levy. The tax levy collected by the counties was disbursed to a trustee and used to repay the TANS. When balances of the issues were fully repaid, all remaining levy monies were disbursed to CPS. The repayment date for the Series 2020 TANS was October 8, 2021.

2021 Tax Anticipation Notes

During fiscal year 2022, CPS closed on three lines of 2021 Educational Purposes Tax Anticipation Notes (2021 TANS) with a total par amount of $650 million for working capital purposes. The Series 2021 TANS were issued as direct placements with investors. The TANS provided liquidity support within the fiscal year.

The 2021 TANs were issued as follows ($000s):

Description	Issuance Date	Amount
Series 2021A-1	October 27, 2021	$10,000
Series 2021B-1	November 4, 2021	$10,000
Series 2021A-2	December 2, 2021	$100,000
Series 2021C-1	December 23, 2021	$1,000
Series 2021A-3	January 13, 2022	$200,000
Series 2021A-4	February 14, 2022	$90,000
Series 2021B-2	February 14, 2022	$90,000
Series 2021C-2	February 14, 2022	$149,000

Each of the 2021 TANS are backed by CPS' 2021 Education Property Tax Levy collected in two installments in 2021. The tax levy collected by the counties are disbursed to a trustee and used to repay the TANS. When balances of the issues are fully repaid, all remaining levy monies are disbursed to CPS. The first installment property tax collections for tax year 2021 were used to repay $650 million of the 2021 TANS by the end of fiscal year 2022.

NOTE 8. SHORT-TERM DEBT (continued)

Outstanding Short-Term Notes Balances

As of June 30, 2022, no short-term notes were outstanding. The total amount drawn on the issues is reported as a separate line item on the statement of net position and therefore, none of the issues are included in Note 9 summarizing the changes in long-term debt. Any amount of short-term notes drawn and paid off subsequent to year-end is discussed further in Note 17.

Short-term debt activity for the year ended June 30, 2022 was as follows ($000's):

Short-Term Debt	Balance June 30, 2021	Draws	Repayments	Balance June 30, 2022
Tax Anticipation Notes	$ 244,000	$ 1,206,000	$ (1,450,000)	$ —

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NOTE 9. LONG-TERM DEBT

Long-term Obligations

Long-term debt activity for the fiscal year ended June 30, 2022 was as follows ($000's):

	Balance July 1, 2021*	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
Governmental activities:					
General obligation long-term debt	$ 7,498,076	$ 872,170	$ (600,978)	$ 7,769,268	$ 219,152
Capital improvement tax long-term debt	880,480	—	—	880,480	—
Add unamortized premium (discount)	131,674	100,240	(15,640)	216,274	—
Add accretion of capital appreciation bonds	679,899	51,159	(67,572)	663,486	69,063
Subtotal of debt, net of premiums and discounts	$ 9,190,129	$ 1,023,569	$ (684,190)	$ 9,529,508	$ 288,215
Lease Liability*	100,163	12,613	(10,658)	102,118	11,098
Total debt and lease liabilities	$ 9,290,292	$ 1,036,182	$ (694,848)	$ 9,631,626	$ 299,313
Other liabilities:					
Other accrued liabilities	$ 23,912	$ 8,823	$ (2,600)	$ 30,135	$ 11,485
Net pension liability *	15,440,803	1,911,988	(2,625,381)	14,727,410	—
Total other postemployment benefits liability*	2,908,390	471,709	(75,118)	3,304,981	—
Other benefits and claims*	430,918	110,416	(51,420)	489,914	44,757
Other liability	—	87,513	—	87,513	10,939
Total other liabilities	$18,804,023	$ 2,590,449	$(2,754,519)	$18,639,953	$ 67,181
Total long-term obligations	$28,094,315	$ 3,626,631	$(3,449,367)	$28,271,579	$ 366,494

*Note: Other benefits and claims due within one year were included under Accrued payroll and benefits, and Lease Liabilities due within one year were included under Current portion of long-term debt and lease liabilities in the Statement of Net Position. Lease liabilities beginning balance were restated due to the adoption of GASB 87 in FY2022. General Operating funds are mainly used to liquidate pension and OPEB liabilities.

General Obligation and Capital Improvement Tax Bonds

CPS issued the following long-term debt in fiscal year 2022.

Unlimited Tax General Obligation Bonds (Dedicated Alternate Revenue) Series 2022A

In February 2022, CPS issued fixed-rate $500.0 million Unlimited Tax General Obligation Bonds (Dedicated Alternate Revenue), Series 2022A (Series 2022A Bonds) with an original issue premium of $62.7 million.

The proceeds of the Series 2022A Bonds were used to finance continued implementation of the Board's Capital Improvement Program, fund capitalized interest, and pay the costs of issuance.

The Series 2022A Bonds are general obligations of CPS. The full faith and credit and the taxing power of the Board are pledged to the punctual payment of the principal of and interest on the Series 2022A Bonds. The debt service on the Series 2022A Bonds will be paid from Evidence Based Funding.

Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue) Series 2022B

In February 2022, CPS issued fixed-rate $372.2 million Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue), Series 2022B (Series 2022B Bonds) with an original issue premium of $37.6 million.

NOTE 9. LONG-TERM DEBT (continued)

The proceeds of the Series 2022B Bonds were used to refund outstanding debt for economic savings and pay the costs of issuance. The refunding decreased annual debt service payments over twenty years by approximately $149.6 million, resulting in a present value economic gain of approximately $109.1 million.

The Series 2022B Bonds are general obligations of CPS. The full faith and credit and the taxing power of the Board are pledged to the punctual payment of the principal of and interest on the Series 2022B Bonds. The debt service on the Series 2022B Bonds will be paid from Evidence Based Funding.

The current portion of long-term debt and long-term lease liability is comprised of the following ($000's):

Bonds	$ 219,152
Accreted Interest	69,063
Lease liability	11,098
Total Current Portion	$ 299,313

The Unlimited Tax General Obligation Bonds are being repaid in the Debt Service Fund from Evidence Based Funding, Replacement Tax revenue, revenue from Intergovernmental Agreements with the City of Chicago, and subsidies from the federal government, and then from a separate tax levy associated with each series of bonds.

Interest rates on fixed rate bonds range from 1.75% to 7.00%. As of June 30, 2022, there were no variable rate bonds outstanding.

Debt service requirements for the fixed rate Unlimited Tax General Obligation Bonds are scheduled as follows ($000's):

Fiscal Year(s)	Principal	Interest	Total
2023	$ 219,152	$ 458,655	$ 677,807
2024	216,718	446,807	663,525
2025	225,908	438,095	664,003
2026	494,482	432,935	927,417
2027	308,865	420,779	729,644
2028-2032	1,554,128	2,116,612	3,670,740
2033-2037	1,264,170	1,135,114	2,399,284
2038-2042	1,500,670	766,613	2,267,283
2043-2047	1,920,175	295,452	2,215,627
2048	65,000	1,425	66,425
Total	$ 7,769,268	$ 6,512,487	$ 14,281,755

NOTE 9. LONG-TERM DEBT (continued)

Accreted Interest

Interest and maturities include acceptable interest on the Capital Appreciation Bonds as follows ($000's):

Series	Accreted Interest June 30, 2021	Increase	Payment	Accreted Interest June 30, 2022
1998B-1	$ 421,236	$ 30,352	$ (44,693)	$ 406,895
1999A	256,296	18,929	(22,879)	252,346
2019A	2,367	1,878	—	4,245
Total	$ 679,899	$ 51,159	$ (67,572)	$ 663,486

Dedicated Revenue Capital Improvement Tax Bonds

Dedicated Revenue Capital Improvement Tax Bonds (CIT Bonds) issued by the Board are limited obligations payable from and secured by a levy of Capital Improvement Taxes. The CIT Bonds are not general obligations of the Board and neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of the principal of or interest on the CIT Bonds. The CIT bonds were issued at a fixed rated and designated as Dedicated Revenue Unlimited Tax General Obligation Bonds. The proceeds of all series of issued bonds were used to finance permitted capital improvement projects, make a deposit into a consolidated reserve account, fund capitalized interest, and pay costs of issuance.

Debt service requirements for the CIT Bonds are as follows ($000's):

Fiscal Year(s)	Principal	Interest	Total
2023	$ —	$ 51,084	$ 51,084
2024	—	51,084	51,084
2025	—	51,084	51,084
2026	—	51,084	51,084
2027	—	51,084	51,084
2028-2032	—	255,420	255,420
2033-2037	238,525	229,965	468,490
2038-2042	316,060	152,422	468,482
2043-2046	325,895	48,886	374,781
Total	$ 880,480	$ 942,113	$ 1,822,593

Defeased Debt

There was no defeased debt outstanding as of June 30, 2022.

Legal Debt Limit

Per Illinois school code I105 ILCS, Sec.19-1 heading), the legal debt limit of the District was $13.4 billion based upon 13.8 percent of its 2021 equalized assessed valuation of $96.9 billion. The District has no outstanding debt subject to the legal debt margin as of June 30, 2022.

NOTE 9. LONG-TERM DEBT (continued)

The following is a summary of changes in Long-term debt outstanding ($000's):

Series	Original Amount Issued	Debt Purpose	Interest Rate	Final Maturity	Principal Outstanding June 30, 2021
2022B	$ 372,170	Refunding	4.00%	12/1/2041	$ —
2022A	500,000	Capital Improvement	4.00% to 5.00%	12/1/2047	—
2021B	107,505	Refunding	5.00%	12/1/2033	107,505
2021A	450,000	Capital Improvement	5.00%	12/1/2046	450,000
2019B	123,795	Refunding	5.00%	12/1/2041	123,795
2019A	225,284	Refunding	2.89% to 5.00%	12/1/2030	225,284
2018D	313,280	Capital Improvement	5.00%	12/1/2046	313,280
2018C	450,115	Refunding	5.00%	12/1/2046	435,830
CIT 2018	86,000	Capital Improvement	5.00%	4/1/2046	86,000
2018B	10,220	Refunding	6.75% to 7.00%	12/1/2042	9,275
2018A	552,030	Refunding	4.00% to 5.00%	12/1/2035	530,035
2017H	280,000	Capital Improvement	5.00%	12/1/2046	280,000
2017G	126,500	Refunding	5.00%	12/1/2044	126,500
2017F	165,510	Refunding	5.00%	12/1/2024	122,690
2017E	22,180	Refunding	5.00%	12/1/2021	22,180
2017D	79,325	Refunding	5.00%	12/1/2031	68,590
2017C	351,485	Refunding	5.00%	12/1/2034	305,930
2017B	215,000	Refunding	6.75% to 7.00%	12/1/2022	215,000
2017A	285,000	Capital Improvement/Working Capital	7.00%	12/1/2046	285,000
CIT 2017	64,900	Capital Improvement	5.00%	4/1/2046	64,900
CIT 2016	729,580	Capital Improvement	5.75% to 6.10%	4/1/2046	729,580
2016B	150,000	Capital Improvement	6.50%	12/1/2046	150,000
2016A	725,000	Capital Improvement/Refunding	7.00%	12/1/2044	725,000
2015E	20,000	Capital Improvement	5.13%	12/1/2032	20,000
2015C	280,000	Capital Improvement	5.25%	12/1/2039	280,000
2012B	109,825	Refunding	5.00%	12/1/2034	109,825
2012A	468,915	Capital Improvement	5.00%	12/1/2042	468,915
2011A	402,410	Capital Improvement	5.00% to 5.50%	12/1/2041	402,410
2010D	125,000	Capital Improvement	6.52%	3/1/2036	125,000
2010C	257,125	Capital Improvement	6.32%	11/1/2029	257,125
2009G	254,240	Capital Improvement	1.75%	12/15/2025	254,240
2009E	518,210	Capital Improvement	4.682% to 6.14%	12/1/2039	490,205
2009D	75,720	Refunding	1.00% to 5.00%	12/1/2023	2,000
2005A	193,585	Refunding	5.00% to 5.50%	12/1/2031	134,910
1999A	532,553	Capital Improvement/Refunding	4.30% to 5.30%	12/1/2031	267,391
1998B-1	328,714	Capital Improvement	4.55% to 5.22%	12/1/2031	190,161
Total Bonds					$ 8,378,556

NOTE 9. LONG-TERM DEBT (continued)

Series	Accreted Interest	Principal and Accreted Interest June 30, 2021	Issuances	Retirements	Principal Outstanding June 30, 2022	Accreted Interest	Principal and Accreted Interest June 30, 2022
2022B	$ —	$ —	$ 372,170	$ —	$ 372,170	$ —	$ 372,170
2022A	—	—	500,000	—	500,000	—	500,000
2021B	—	107,505	—	(6,530)	100,975	—	100,975
2021A	—	450,000	—	—	450,000	—	450,000
2019B	—	123,795	—	(500)	123,295	—	123,295
2019A	2,367	227,651	—	—	225,284	4,245	229,529
2018D	—	313,280	—	—	313,280	—	313,280
2018C	—	435,830	—	(16,340)	419,490	—	419,490
CIT 2016	—	86,000	—	—	86,000	—	86,000
2018B	—	9,275	—	(4,545)	4,730	—	4,730
2018A	—	530,035	—	(22,870)	507,165	—	507,165
2017H	—	280,000	—	—	280,000	—	280,000
2017G	—	126,500	—	—	126,500	—	126,500
2017F	—	122,690	—	(25,995)	96,695	—	96,695
2017E	—	22,180	—	(22,180)	—	—	—
2017D	—	68,590	—	(5,630)	62,960	—	62,960
2017C	—	305,930	—	(23,340)	282,590	—	282,590
2017B	—	215,000	—	—	215,000	—	215,000
2017A	—	285,000	—	—	285,000	—	285,000
CIT 2017	—	64,900	—	—	64,900	—	64,900
CIT 2016	—	729,580	—	—	729,580	—	729,580
2016B	—	150,000	—	—	150,000	—	150,000
2016A	—	725,000	—	—	725,000	—	725,000
2015E	—	20,000	—	—	20,000	—	20,000
2015C	—	280,000	—	—	280,000	—	280,000
2012B	—	109,825	—	—	109,825	—	109,825
2012A	—	468,915	—	—	468,915	—	468,915
2011A	—	402,410	—	(402,410)	—	—	—
2010D	—	125,000	—	—	125,000	—	125,000
2010C	—	257,125	—	—	257,125	—	257,125
2009G	—	254,240	—	—	254,240	—	254,240
2009E	—	490,205	—	(7,590)	482,615	—	482,615
2009D	—	2,000	—	(2,000)	—	—	—
2005A	—	134,910	—	(9,240)	125,670	—	125,670
1999A	256,295	523,687	—	(32,201)	235,192	252,345	487,536
1998B-1	421,237	611,397	—	(19,607)	170,553	406,896	577,449
Total Bonds	$ 679,899	$ 9,058,455	$ 872,170	$ (600,978)	$ 8,649,749	$663,486	$ 9,313,234
Less Current Portion		(266,140)					(288,215)
For Net Premium/(Discount)		131,674					216,274
Total Long-term Debit, net of current portion and premium/(discount)		$ 8,923,989					$ 9,241,293

NOTE 10. LEASE

Lessee

Real Property

CPS has entered into agreements with various property owners to lease space used for school facilities, office space, storage space, and parking lots. In FY22, CPS had 33 agreements in place with real property landlords. At June 30, 2022, CPS recorded $101.5 million in lease liabilities related to these agreements.

During FY 2022, CPS recognized $10.4 million in lease payments and $2.0 million in interest expenditures related to the lease agreements. For each lease agreement, CPS used an interest rate that ranged from 0.79% to 2.43% depending on the lease term. The interest rates were determined based on an internal analysis performed of CPS's incremental borrowing rates, taking into consideration the interest rates of U.S. Treasury securities as well as the interest rates of recent CPS bond issuances.

The property with the largest lease obligation is for CPS's main office located at One North Dearborn Street, Chicago, Illinois. CPS leases premises in the property from OND Property LLC. The lease agreement took effect on February 11, 2014, and has been amended three (3) times to extend the term and to increase the area of the premises rented. The lease agreement's term ends on November 30, 2034. At June 30, 2022, CPS recorded $69.9 million in lease liabilities related to this agreement with OND Property LLC. During FY 2022, CPS recognized $4.3 million in lease payments and $1.6 million in interest expenditures related to this lease agreement.

Leased Real Property activity for the fiscal year ended June 30, 2022 was as follows ($000's)

Fiscal Year	Leased Real Property		
Ending June 30	Principal ('000)	Interest ('000)	Total ('000)
2023	$ 10,812	$ 2,158	$ 12,970
2024	10,041	1,970	12,011
2025	10,402	1,782	12,184
2026	6,865	1,602	8,467
2027	6,848	1,444	8,292
2028-2042	56,501	5,780	62,281
Total	$ 101,469	$ 14,737	$ 116,206

Office Equipment

CPS has a master lease agreement with Ricoh USA, Inc. for the purchase or lease of output devices in schools and offices throughout CPS. The master lease agreement took effect on July 1, 2020 and had an original term that ended on June 30, 2022. It is cancellable with 30 days of written notice. The agreement also includes two renewal periods of one (1) year each. CPS elected to exercise the first and second options to renew the lease for the option periods commencing July 1, 2023 through June 30, 2025.

The master lease agreement provides for variable pricing throughout the course of the lease as the various locations add or remove devices from service and the total compensation for the remaining renewal periods is capped at $20 million. Upon termination, CPS has the option to purchase equipment or the equipment will be collected and returned to the vendor.

NOTE 10. LEASE (continued)

During FY 2022, CPS recognized $0.24 million in lease payments and $0.01 million in interest expenditures related to the Ricoh master lease agreement. At June 30, 2022, CPS recorded $0.65 million in lease liabilities related to the agreement. CPS used an interest rate of 1.17% for this lease. The interest rate was determined based on an internal analysis performed of CPS's incremental borrowing rates, taking into consideration the interest rates of U.S. Treasury securities as well as the interest rates of recent CPS bond issuances.

Fiscal Year	Leased Equipment		
Ending June 30	Principal ('000)	Interest ('000)	Total ('000)
2023	$ 286	$ 6	$ 292
2024	283	3	286
2025	80	—	80
Total	$ 649	$ 9	$ 658

Lessor

Real Property

CPS has entered into agreements to lease CPS real properties to various organizations for the use of CPS premises as office space, storage space, and parking lots. Each agreement was negotiated and modified, as appropriate, based on the individual tenant's requirements and the availability of the properties. The term of each agreement, together with all renewals, normally does not exceed 10 years. In FY22, CPS had 13 agreements in place with real property tenants. At June 30, 2022, CPS recorded $1.7 million in lease receivable related to these agreements.

During the fiscal year, CPS collected $0.27 million in lease payments and $0.02 million in interest revenue related to the lease agreements. For each agreement, CPS used an annual interest rate that ranged from 0.79% to 2.43% depending on the lease term. The interest rates were determined based on an internal analysis performed of CPS's incremental borrowing rates, taking into consideration the interest rates of U.S. Treasury securities as well as the interest rates of recent CPS bond issuances.

In 2002, CPS entered into a lease agreement with Perspectives Charter School, an Illinois not-for-profit corporation, for premises located at 1915 South Federal Street, Chicago, Illinois. The term of the lease started on August 1, 2002 and will end on June 30, 2042. From August 1, 2002 until June 30, 2034, rent payments amount to $1.00 per year or portion thereof. Starting July 1, 2034 until the end of the lease term, rent payments will amount to $250,000 per year. As the rent paid in FY 2022 was a nominal amount, this lease agreement did not constitute an exchange or exchange-like transaction during the fiscal year. Thus, it was not treated as GASB 87 eligible in FY 2022.

	Real Property Lease Receivable			
	Balance at July 01, 2021 ('000)	Additions ('000)	Deletions ('000)	Balance at June 30, 2022 ('000)
Lease Receivable	$ 1,267	$ 739	$ (274)	$ 1,732
Total leases receivable	$ 1,267	$ 739	$ (274)	$ 1,732

NOTE 10. LEASE (continued)

Lessor

Telecommunications

CPS has entered into lease agreements with various telecommunications carriers for the use of CPS properties, including school sites, for placement of telecommunications equipment. Each agreement was negotiated and modified, as appropriate, based on individual carrier requirements. There are instances in which school sites have multiple agreements with different carriers. The term for each agreement may be comprised of an initial term and renewal terms. The initial term of each agreement, together with all renewals, does not exceed 25 years. The license fees are paid by the carriers to CPS annually at the beginning of each year. In FY22, CPS had 107 agreements in place with telecommunication carriers. At June 30, 2022, CPS recorded $58.1 million in lease receivable related to the agreements.

During the fiscal year, CPS recognized $4.0 million in lease payments and $0.59 million in interest revenue related to the lease agreements. For each lease agreement, CPS used an annual interest rate that ranged from 0.79% to 2.43% depending on the lease term. The interest rates were determined based on an internal analysis performed of CPS's incremental borrowing rates, taking into consideration the interest rates of U.S. Treasury securities as well as the interest rates of recent CPS bond issuances.

	Telecommunication Lease Receivable			
	Balance at July 01, 2021 ('000)	Additions ('000)	Deletions ('000)	Balance at June 30, 2022 ('000)
Lease Receivable	$ 57,002	$ 5,149	$ (4,013)	$ 58,138
Total leases receivable	$ 57,002	$ 5,149	$ (4,013)	$ 58,138

NOTE 11. OTHER BENEFITS AND CLAIMS

Sick Pay Benefits

CPS provides sick pay benefits for substantially all of its employees. Eligible employees were able to accumulate a maximum of 325 sick days granted before July 1, 2012. If an employee either reaches age 65, has a minimum of 20 years of service at the time of resignation or retirement, or dies, the employee is entitled to receive, as additional compensation, all or a portion of their accumulated sick leave days. CPS budgets an amount each year in the General Operating Fund for these estimated payments to employees terminated in the current fiscal year. Effective July 1, 2012 any sick days granted that remain unused at the end of the fiscal year will not be carried over to the next fiscal year, except under the new contract between the Chicago Teacher Union and CPS Article 37-3. The Board shall not pay out to any employee the value or any part of the value of any sick days granted on and after July 1, 2012 that are unused at the time the employee separates from the Board employment for any reason. Under the union contract Article 37-3, sick days awarded on and after July 1, 2012 that remain unused at the end of the fiscal year may be rolled over for future use up to a maximum of two hundred forty-four (244) days and may be used for three purposes: (a) as sick days or for purposes of leave under the Family and Medical Leave Act; (b) to supplement the short-term disability pay in days 31 through 90 to reach 100% income during such period or (c) for pension service credit upon retirement.

Vacation Pay Benefits

At the beginning of fiscal year 2021, for eligible employees, the maximum number of accumulated unused vacation days permitted was 20 days for those employees with up to 10 years of service; 25 days for those with 11 to 20 years of service; and 30 days for those with more than 20 years of service. As of April 28, 2021, the maximum carryover was increased for eligible employees to 10 days. As a result, the maximum number of accumulated unused vacation days permitted is now 25 days for those employees with up to 10 years of service; 30 days for those with 10 to 20 years of service; and 35 days for those with more than 20 years of service. Eligible employees are entitled to receive 100% of accumulated vacation days at their current salary rate. These amounts will be liquidated from the General Operating Fund.

Workers' Compensation, General and Automobile and Tort Liabilities and Other Claims

CPS is substantially self-insured and assumes risk of loss in accordance with the following parameters:

CPS maintains commercial excess property insurance for "all risks" of physical loss or damage with limits of $150.0 million and Boiler and Machinery Insurance with limits of $100.0 million. CPS maintains commercial excess liability insurance with limits of $35.0 million in excess of a $10.0 million self-insured retention per loss for claims arising from commercial general, automobile, school board legal, and miscellaneous professional liability. Policy prices and coverage change each year based on market and economic factors. Additional liability coverage includes special events, fiduciary, foreign travel package, cyber liability, and catastrophic student accident insurance (under Public Act 98-0166, also known as "Rocky's Law"). During fiscal years 2022, 2021, 2019, 2018, and 2017 there were no casualty claims made in excess of the self-insured retention.

For fiscal year 2022, the CPS had the following deductibles/retentions:

Property	$ 5,000,000
Boiler and HVAC	50,000
General Liability	10,000,000
Student Catastrophic Insurance (Rocky's Law)	25,000
Fiduciary	100,000
Cyber	250,000

As discussed in Note 15, there are pending workers' compensation and tort claims involving CPS which have arisen out of the ordinary conduct of business. CPS budgets an amount each year in the Workers' and Unemployment Compensation/Tort Immunity Program for the estimated claims, of which the expenditures are met through an annual tax levy.

NOTE 11. OTHER BENEFITS AND CLAIMS (continued)

CPS' estimate of liabilities for workers' compensation claims and general and automobile claims are actuarially determined based on loss estimates established by the respective claim administrators. Tort liabilities are based on loss estimates established by the respective trial attorneys. CPS accrues for the estimated workers' compensation, general and automobile claims and tort claims in the General Operating Fund when there is likelihood that an unfavorable outcome is probable and those expenditures will be liquidated with expendable available financial resources. Total expenditures reported in the fund financial statements amounted to $18.4 million for claims paid during the fiscal year. No liabilities have been recorded at the fund level for unpaid claims as unpaid claims are not expected to be paid with available financial resources.

The following is a summary of changes to other long-term liabilities ($000's) at the government-wide level:

	Balance July 1, 2021	Increase/ (Decrease)	Payments	Balance June 30, 2022
Accrued sick pay benefits	$ 236,727	$ 71,600	$ (20,516)	$ 287,811
Accrued vacation pay benefits	62,500	6,703	(7,690)	61,513
Accrued workers' compensation claims	87,121	19,314	(18,372)	88,063
Accrued general and automobile claims	26,337	732	(4,842)	22,227
Tort liabilities and other claims	18,233	12,067	—	30,300
Total	$ 430,918	$ 110,416	$ (51,420)	$ 489,914
Less: Current portion of accrued sick pay benefits				(16,827)
Less: Current portion of accrued vacation pay benefits				(5,502)
Less: Current portion of accrued workers' compensation claims				(17,386)
Less: Current portion of accrued general and automobile claims				(5,042)
Total long-term other benefits and claims				$ 445,157

CPS is self-insured for certain employee health insurance costs (reimbursed to a provider on a cost plus fees basis). A net liability of $87.2 million has been recorded for health insurance costs and is reported as part of accounts payable and accrued payroll and benefits in the General Operating Fund, which includes $41.1 million for estimated medical claims incurred but not reported as of June 30, 2022.

The following are the activities related to all claims including medical claims for which CPS is self-insured ($000's):

	Workers' Compensation Claims	General and Automobile Claims	Tort Liabilities and Other Claims	Medical Claims
Balance July 1, 2020	$ 90,692	$ 29,738	$ 8,034	$ 63,111
Increase/(Decrease)	14,171	2,929	10,199	467,262
Payments	(17,742)	(6,330)	—	(455,549)
Balance July 1, 2021	$ 87,121	$ 26,337	$ 18,233	$ 74,824
Increase/(Decrease)	19,314	732	12,067	533,877
Payments	(18,372)	(4,842)	—	(521,495)
Balance June 30, 2022	$ 88,063	$ 22,227	$ 30,300	$ 87,206

NOTE 12. PENSION BENEFITS

Pension legislation (Public Act 96-0889) was approved in April 2010 and established two distinct classes of membership with different retirement eligibility conditions and benefit provisions. For convenience, the Illinois pension funds use a tier concept to distinguish these groups: Tier 1 members are participants that became members before January 1, 2011 and Tier 2 members are participants that became members on or after January 1, 2011. The pension code created a Tier 3 effective August 31, 2017, but due to the uncertainty of whether a resolution or ordinance will be passed, the actuarial valuation only uses Tier 1 and Tier 2.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with CPS' contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

Pension — Certified Teachers and Administrators

Plan Description: Pension benefits for certified teachers and administrators are provided under a defined benefit cost-sharing multiple employer plan administered by the Public-School Teachers' Pension and Retirement Fund of Chicago (CTPF) in which CPS is the major contributor. Copies of the Pension Fund Annual Report are available on the website of the Public-School Teachers' Pension & Retirement Fund of Chicago at http://www.ctpf.org.

Article 17 of the Illinois Pension Code governs the retirement, survivor and disability benefits provided by the CTPF. Participation in the CTPF is mandatory for all certified members of the teaching force, including those employed by charter schools, and employees of the Pension Fund. As of the June 30, 2021, per the CTPF Annual report, there were 27,610 active participants in the Pension Fund, substantially all of whom were employees of CPS.

Benefits Provided: An employee hired before January 1, 2011 (Tier 1) may retire at age 55 with at least 20 years of service or at age 62 with 5 years of service. If retirement occurs before age 60, the service retirement pension is reduced 1/2 of 1% for each month that the age of the member is below 60. However, there is no reduction if the employee has at least 34 years of service.

For service earned before July 1, 1998, the amount of the monthly service retirement pension is 1.67% of highest average salary for the first 10 years, 1.90% for each of the next 10 years, 2.10% for each of the following 10 years, and 2.30% for each year above 30. For service earned after June 30, 1998, the amount of the monthly service retirement pension is 2.2% of highest average salary for each year of service. Service earned before July 1, 1998 can be upgraded to the 2.2% formula through the payment of additional employee contributions of 1% of the teacher's highest salary within the last four years for each year of prior service, up to a maximum of 20%, which upgrades all service years. The number of years for which contributions are required is reduced by one for each three full years of service after June 30, 1998. No contribution is required if the employee has at least 30 years of service. The highest average salary is the average of the 4 highest consecutive years of salary within the last 10 years. The maximum pension payable is 75% of the highest annual salary or $1,500 per month, whichever is greater.

NOTE 12. PENSION BENEFITS (continued)

Pension legislation (Public Act 96-0889) created a second tier of benefits for teachers who first become participants under the fund on or after January 1, 2011. Under this act, such a member is entitled to a pension after attainment of age 67 with at least 10 years of service. However, such a member can elect to retire at age 62 with at least 10 years of service and receive a retirement annuity reduced by 0.5% for each month that his or her age is under 67. In addition, the annual final average salary may not exceed $116,740 for calendar year 2021. The final average salary limit is calculated annually as the Social Security Wage Base at the time Public Act 96-0889 was created, $106,800, increased by the lesser of 3% or one-half of the annual increase in the Consumer Price Index-U during the preceding calendar year.

Contributions: Participating members contribute 9% of salary, allocated as follows: 7.5% for retirement pension, 0.5% for automatic annual increases and 1% for survivor's pension. In fiscal year 2022, total employee contributions were $148.3 million, as in previous fiscal years, CPS paid a portion (7% or $115.4 million) of the required employees' contribution. For employees hired on or after January 1, 2017, there is no employer pickup. A portion of grant funds from the Federal government and General Fund revenues provides the funding for the portion not picked up. The remaining portion is withheld from teachers' salaries.

State law requires statutorily determined employer contributions. Under the Illinois Pension Code, required employer contributions — with the exception of federal funds — are calculated by the Pension Fund's actuary; however, the formula set forth in the Pension Code is not the same as the Annual Required Contribution or the Actuarially Determined Contribution as those terms are defined by GASB. During the fiscal year ended June 30, 2022, total employer contributions to the plan were $667.2 million. Of this amount, $33.6 million were Charter School contributions and $37.5 million were paid from federally-funded programs. On June 30, 2016, PA 99-0521 was signed into law and reinstates the ability of the Board of Education to levy a property tax dedicated to paying teacher pensions. As of June 30, 2022, $260.2 million of levy funds was owed to the CTPF for a fiscal year 2022 statutorily required contribution. This amount was recorded in the Statement of Net Position as an account payable and a deferred outflow of resources by CPS. These funds are included in CPS' contribution to increase the funded ratio to 90%. CPS' employer contributions towards the cost of retirement benefits, and their related sources of funding, including the allocation to health insurance fund $62.0 million in FY2022, are as follows ($000's):

Retirement Benefit Contributions:		
A contribution to increase funded ratio to 90%	$	596,105
A portion of grant funds from the Federal government for teachers paid from certain Federally-funded program		37,513
Charter school contributions		33,562
Total CPS Contributions	$	667,180
Contributions from the State of Illinois		277,497
CPS contributions on-behalf of employees		115,365
Total CTPF Contributions	$	1,060,042

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability recognized by CPS is $14.727 billion or 100%. Further discussions with the State and Pension Fund related to the overall net pension liability will occur to determine a reasonable allocation of future plan costs between the entities that contribute to the plan. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Total pension expense for the 2022 fiscal year was $1.654 billion.

Employer Deferral of Fiscal Year 2022 Pension Contributions: CPS paid $667.2 million in contributions for the fiscal year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date as of June 30, 2021. These contributions were reflected as Deferred Outflows of Resources in the Statement of Net Position as of June 30, 2022.

NOTE 12. PENSION BENEFITS (continued)

As June 30, 2022, CPS reported deferred outflows of resources and deferred inflows of resources related to CTPF from the following sources ($000's)

	Deferred Inflow of Resources	Deferred Outflow of Resources
Difference between expected and actual experience	$ 199,393	$ 8,595
Net difference between projected and actual investment earnings on pension plan investments	1,540,965	—
Changes in assumptions	—	1,772,943
Contributions after the measurement date	—	667,180
Totals	$ 1,740,358	$ 2,448,718

The $667.2 million reported as deferred outflows of resources related to pensions resulting from CPS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The annual difference between expected and actual experience is amortized into pension expense over the average expected remaining service lives of active and inactive members calculated at the beginning of the year in which the difference occurs. The difference between projected and actual investment earnings on pension plan investments is amortized over a five-year closed period beginning in the year in which the difference occurs. The amounts of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows ($000's):

Years Ended June 30:	Amount
2023	$ 273,718
2024	135,429
2025	(36,039)
2026	(331,929)
Totals	$ 41,179

Assumptions and Other Inputs

Actuarial Assumptions: The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions and methods:

Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expense
Projected salary increases	2.75% to 12.60%, varying by age
Inflation	2.25%, general inflation rate 2.75%, wage inflation rate
Cost-of-living adjustments	3% compound for Tier 1 members; the lesser of 3% or one-half of CPI-U, simple, for Tier 2 members

For healthy participants, mortality rates were based on the RP-2014 White Collar Healthy Annuitant mortality table, sex distinct. For disabled participants, mortality rates were based on the RP-2014 Disabled Annuitant mortality table, sex distinct.

NOTE 12. PENSION BENEFITS (continued)

Most of the actuarial assumptions used for the June 30, 2021 funding actuarial valuation were adopted by the Board of Trustees during the September 23, 2021 Board meeting, and were based on the recommendations from an experience review for the five-year period from July 1, 2012 through June 30, 2017 and from the 2021 actuarial assumptions study.

The long-term expected rate of return on pension plan investments was determined under a building-block method by using the current risk-free rate and historical risk premium for each major asset class to develop the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major asset class. Best estimates of geometrically determined real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	61.0%	4.83%
Fixed Income	23.0%	1.25%
Real Estate	9.0%	3.96%
Private Equity	5.0%	7.40%
Infrastructure	2.0%	4.54%
Total	100%	

Discount Rate: For fiscal year 2021, a single discount rate of 5.96% was used to measure the total pension liability. This single discount rate was based on cash flows (employee contributions, employer contributions, benefits, and administrative expenses) using the results of the funding actuarial valuation using an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 1.92%.

The projection of cash flows used to determine this single discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contributions rates under the Fund's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contribution were sufficient to finance the benefit payments through the year 2078. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2078, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of Net Pension Liability to Changes in the Discount Rate: The following presents CPS' net pension liability, calculated using a single discount rate of 5.96%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher ($000's):

1% Decrease 4.96%	Current Discount 5.96%	1% Increase 6.96%
$18,530,105	$14,727,410	$11,607,254

Additional information regarding the CTPF basic financial statements including the Plan Net Position can be found in the CTPF Annual Comprehensive financial report by accessing the website at www.ctpf.org

NOTE 12. PENSION BENEFITS (continued)

Pension — Other Personnel

Plan Description: All career service employees of CPS, except CPS employees who are members of the Public School Teachers' Pension and Retirement Fund, participate in the Municipal Employees' Annuity and Benefit Fund of Chicago (the "MEABF" or the "Annuity Fund"). The Plan is administered under Chapter 40, Act 5, Article 8 of the Illinois Compiled Statutes. Benefit and contribution provisions are established by the Statutes and may be amended only by the Illinois state legislature. MEABF is a defined benefit single employer plan. As of December 31, 2021, CPS employed approximately 19,920 of the 32,925 active participants in MEABF.

Benefits Provided: If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest at 3% per annum, subject to certain exceptions.

Tier 1 employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 60 or more with at least 10 years of service or age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per each year of service times the final average salary (highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of 1% for each month the employee is under age 60 if the employee has less than 25 years of service. The annuity is not discounted if the employee is age 50 with at least 30 years of service. An employee with at least 10, 20, or 30 years of service can withdraw and receive a minimum annuity formula at 60, 55, or 50, respectively. The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRC) §401(a)(17) and §415 limitations. Employees withdrawing from service at age 60 or older with at least 10 years of service are entitled to a minimum annuity of $850 per month.

Tier 2 employees age 67 or more with at least 10 years of service are entitled to receive an unreduced annuity benefit or a reduced annuity benefit at age 62 with 10 years of service. The annuity is discounted ½ percent for each full month the employee is under age 67. Final average salary is calculated using salary from the 8 highest consecutive years within the last 10 years of service prior to retirement.

Tier 3 employees age 65 or more with at least 10 years of service are entitled to receive an unreduced annuity benefit or a reduced annuity benefit at age 60 with 10 years of service. The annuity is discounted ½ percent for each full month the employee is under age 65. Final average salary is calculated using salary from the 8 highest consecutive years within the last 10 years of service prior to retirement.

The highest salary for annuity purposes may not exceed the base of $106,800 beginning in 2011 and shall be adjusted annually by the lesser of a) 3% of that amount, including all prior adjustments, or b) ½ of the annual unadjusted percentage increase in the Consumer Price Index-U for the 12 months ending with the September preceding November 1, including all prior adjustments. Under Tier 2 and Tier 3, pensionable salary rate limitations for fiscal year 2021 and fiscal year 2020 were $116,740 and $115,929, respectively.

Contributions: Except as described below, CPS makes no direct contributions to MEABF, which receives its income from three primary sources: a City of Chicago tax levy; income from investments; and deductions from participating employees' salaries.

Tier 1 and Tier 2 employees are required by Article 8, Chapter 40 of the Illinois Compiled Statutes to contribute 8.5% of their pensionable salary. Tier 3 employees are required to contribute 11.5% of their pensionable salary. The pensionable salary for Tier 1 members has no limitation while Tier 2 and Tier 3 employees' pensionable salary may not exceed the social security wage base of $116,740 adjusted by inflation. In fiscal year 2022, as in previous fiscal years, CPS agreed to pay a portion (7% for union and 5% for non-union members or $39.5 million) of the required employees' contribution for most employees. CPS also receives a portion of the cost of providing pension benefits from grants by the federal government for career service employees paid from certain federally-funded programs. The amount reflected as career service pension expenditures in the accompanying governmental fund financial statements is $237.3 million; $221.8 million is contributed by the City of Chicago through its specific tax levies for pension plans and the remaining $15.5 million is funded under federally-funded

NOTE 12. PENSION BENEFITS (continued)

programs. The portion funded by the City of Chicago and the Federal government is also reflected as revenue in the General Operating Fund.

Employer Proportionate Share of Net Pension Liability: At December 31, 2021, the MEABF reported a net pension liability (NPL) of $14.093 billion. The amount of the proportionate share of the net pension liability recognized for CPS is $0. The proportionate share of the City's net pension liability associated with CPS is $6.428 billion or 45.61%. The net pension liability was measured as of December 31, 2021. The basis of allocation used in the proportionate share of net pension liability was CPS' proportionate share of covered payroll to the plan's total covered payroll for the 2021 calendar year, which approximates CPS' 2022 fiscal year.

Employer Proportionate Share of Pension Expense: The employer's proportionate share of collective pension expense is recognized as on-behalf payments as both revenue and expenditure/expense in CPS' financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported employee contributions made to MEABF during fiscal year 2022. As a result, CPS recognized on-behalf revenue of $136.5 million and on-behalf pension expense of $136.5 million for fiscal year 2022.

Employer Deferral of Fiscal Year 2022 Pension Contributions: CPS paid $15.5 million in federal, trust or grant contributions for the fiscal year ended June 30, 2022. Some contributions were made subsequent to the pension liability measurement date of December 31, 2021. However, the amount is immaterial to the financial statements and has not been recorded as Deferred Outflows of Resources as of June 30, 2022. Total pension expense for fiscal year 2022 was $237.3 million.

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2012 — December 31, 2016. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Methods and Assumptions

Actuarial valuation date	December 31, 2021
Actuarial assumptions:	
Investment rate of return	7.00%, net of investment expense
Projected salary increases	3.50% - 7.75% for year 2023, (1.50% to 6.50% for years 2020-2022), varying by years of service
Inflation	2.50%
Municipal bond index	2.06% based on the Bond Buyer 20-Bond Index of general obligation
Cost of living adjustments.	Tier 1: 3.0% compound Tier 2 & 3: the lesser of 3.0% or one-half the change in CPI, simple

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. The mortality rates for pre-retirement were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a 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.

NOTE 12. PENSION BENEFITS (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	26%	7.4%
International Equity	17%	7.4%
Global Equity	5%	6.8%
Fixed Income	25%	2.0%
Real Estate	10%	5.8%
Private Equity	5%	11.4%
Hedge Funds	10%	5.6%
Infrastructure	2%	7.0%
Total	**100%**	

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

Sensitivity of MEABF's Net Pension Liability to Changes in the Discount Rate: The amount of the proportionate share of the net pension liability recognized for CPS is $0. Therefore, changes in the discount rate would not affect CPS. However, regarding the sensitivity of MEABF's net pension liability to changes in the single discount rate, the following presents the Plan's net pension liability, calculated using a single discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher ($000's):

1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
$16,366,262	$14,093,311	$12,203,640

Additional information regarding the MEABF basic financial statements including the Plan Net Position can be found in the MEABF Annual Comprehensive Financial Report by accessing the website at www.meabf.org.

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefits (OPEB)

Plan Description: Healthcare benefits for certified teachers and administrators are provided under a cost sharing multiple employer plan administered by the Pension Fund. The actuarial analysis is contained in the Pension Fund Annual Report and is available via the website of the Public School Teachers' Pension & Retirement Fund at http://www.ctpf.org/. Only CPS and the State of Illinois (a nonemployer contributor) make direct contributions to the Pension Fund and a special funding situation is deemed not to exist with the State. Therefore, 100% of the collective net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense is allocated to CPS.

Benefits Provided: The Pension Fund administers a health insurance program that includes three external health insurance providers. A recipient of a retirement pension, survivor pension, or disability pension may be eligible to participate in a health insurance program and premium rebate sponsored by the Pension Fund, provided the Pension Fund is the recipient's final pension system prior to retirement. The purpose of this program is to help defray the retired member's premium cost for health insurance.

Funding Policy and Annual Other Postemployment Benefit Cost: The member is responsible for paying the cost of the insurance and may purchase insurance from the Pension Fund's providers or other outside providers. Each year, the Board of Trustees of the Pension Fund establishes a rebate percentage that is used to defray a portion of the cost of the insurance. The rebate percentage was 50% of the individual member's cost for calendar years 2018, 2017 and 2016. There was no rebate for calendar year 2019. The rebate percentage for fiscal year 2021 and 2020 was 50%. In accordance with Illinois Compiled Statutes (ILCS) Article 40 Chapter 5 Article 17 Section 142.1, the total health insurance benefits provided in any one year may not exceed $65.0 million plus any previous year amounts authorized but not yet expended. The Pension Fund has total discretion over the program, and no direct contributions are made for the subsidy. In fiscal year 2022, the Pension Fund allocated $62.0 million to the Health Insurance Fund. Although CPS does not contribute directly to retirees' health care premiums, the impact does require increased contributions by CPS to build assets to the 90% requirement. This provision reduces the net position of the Pension Fund. As of June 30, 2020, the Chicago Teachers' Pension Fund Retiree Health Insurance Program had 16,248 retirees and beneficiaries currently receiving health benefits and 11,767 retirees and beneficiaries entitled to but not yet receiving health benefits. The assets in the Health Insurance Program are not in a qualifying trust nor are those amounts restricted legally or otherwise required to be used solely to pay OPEB benefits. Therefore there are no assets accumulated in a trust.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB

The total OPEB liability, as reported at June 30, 2022, was measured as of June 30, 2021, with an actuarial valuation as of June 30, 2020. At June 30, 2022, CPS recorded a total OPEB liability of $3.305 billion.

Schedule of Changes in Total OPEB Liability: Below is the schedule of changes in the total OPEB liability, as reported by at June 30, 2022 ($000's):

Beginning Balance, OPEB Liability	$ 2,908,390
Service cost	100,087
Interest on total OPEB Liability	71,857
Changes of benefit terms	—
Differences between expected and actual experience	(24,402)
Changes in assumptions	299,765
Benefit payments	(50,716)
Ending Balance, OPEB Liability	$ 3,304,981

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Deferral of Fiscal Year 2022 OPEB Contributions: CPS recognized OPEB expense for the year ended June 30, 2022, of $173.9 million. At June 30, 2022, CPS reported deferred outflows and deferred inflows of resources, from the following sources ($000's):

Deferred outflows of resources	Amount
Changes in assumptions	$ 587,100
Total deferred outflows of resources	$ 587,100

Deferred inflows of resources	Amount
Changes in assumptions	$ 14,119
Differences between expected and actual experience	465,152
Total deferred inflows of resources	$ 479,271

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows ($000's):

Years Ended June 30:	Amount
2023	$ 1,351
2024	11,096
2025	30,500
2026	29,738
2027	35,144
Thereafter	—
Totals	$ 107,829

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified.

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal
Inflation rate	2.25%
Projected salary increases	2.75% - 12.60%, varying by age
Discount rate	1.92%
Experience Study	An experience study of the 5 year period 2012 – 2017.
Mortality	Healthy (Non-Disabled) Post-Retirement Mortality: RP-2014 White Collar Healthy Annuitant mortality table, sex distinct, scaled at 108% for males and 94% for women, with rates projected back from 2014 to 2006 using the MP-2014 projection scale and projected from 2006 using scale MP- 2017. Disabled Post-Retirement Mortality: RP-2014 Disabled Annuitant mortality table, sex distinct, scaled at 103% for males and 106% for women, with rates projected back from 2014 to 2006 using the MP-2014 projection scale and projected from 2006 using scale MP-2017.
Healthcare cost trend rate	The trend rates applicable July 1, 2021 are 7.00% and 8.00% for pre- and post-Medicare, respectively, and decrease by 0.25% each year to an ultimate trend rate of 4.25%. Medicare Part A and Part B premiums are assumed to increase by 4.50% each year.

Discount rate: A single discount rate of 1.92% at June 30, 2021, and 2.45% at June 30, 2020, was used to measure the total OPEB liability. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The rates at June 30, 2021 and June 30, 2020 were based on Fidelity Index's 20-year Municipal GO AA Index.

Sensitivity of the Total OPEB Liability to Changes in the Single Discount Rate: The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 1.92%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point higher (2.92%) or lower (0.92%) than the current rate ($000's):

1% Decrease 0.92%	Current Single Discount Rate Assumption 1.92%	1% Increase 2.92%
$3,994,251	$3,304,981	$2,770,558

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percentage point higher or lower than the current healthcare cost trend rates ($000's):

1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
$2,684,111	$3,304,981	$4,152,338

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (continued)

The summary of current assumed health care cost trend rates applicable July 1, 2021 from Actuarial Methods and Assumptions above and used in the above analysis are as follow:

	Initial	Ultimate
Pre-Medicare	7.00%	4.25%
Post-Medicare	8.00%	4.25%
Medicare Part A	4.50%	4.50%
Medicare Part B	4.50%	4.50%

NOTE 14. FUND BALANCE CLASSIFICATIONS AND NET POSITION RESTRICTIONS

a. Fund Balance Classifications

1) At the end of the 2022 fiscal year, the General Operating Fund reported:

- $12.2 million of nonspendable fund balance for donations and prepaid expense in which the principal may not be spent.
- Restricted fund balance consisted of $16.7 million for grants and donations and $51.7 million for school internal accounts.
- Assigned fund balance consisted of $92.2 million for commitments and contracts. Those commitments and contracts support multiple functions including $81.2 million for Instruction, the rest of $11 million for other miscellaneous functions.

2) At the end of the 2022 fiscal year, the Debt Service Fund reported assigned fund balance of $81.5 million for debt service stabilization and restricted fund balance of $787.6 million for debt service.

3) At the end of the 2022 fiscal year, the Capital Projects Fund reported restricted fund balance of $163.7 million for capital improvement program.

b. Statement of Net Position

The Statement of Net Position reports $834.6 million of restricted net position, of which $751.8 million is restricted for debt service, $14.3 million is restricted for capital projects, $16.7 million is restricted for programs funded by grants and donations, and $51.7 million is restricted for school internal accounts.

NOTE 15. LITIGATION AND CONTINGENCIES

a. State and Federal Aid Receipts

State and Federal aid is generally subject to review by the responsible governmental agencies for compliance with the agencies' regulations governing the aid. In the opinion of CPS management any potential adjustments to the Federal or State aid recorded by CPS through June 30, 2022 resulting from a review by a responsible government agency will not have a material effect on CPS' financial statements at June 30, 2022.

b. *Pollution Remediation Obligation*

In fiscal year 2022 CPS recorded a pollution remediation obligation of $11.5 million as current year expense in the Statement of Activities.

Several CPS facilities contain hazardous contaminates such as lead and asbestos, which is continually monitored by the school district. CPS' pollution remediation obligation is primarily related to the removal of lead and asbestos during the remodeling and/or expansion of CPS facilities. The pollution remediation obligation is derived from construction contracts and the amount assumes no unexpected change orders.

c. *Vacant Property*

In fiscal year 2013, CPS closed 47 schools of which some of the schools were identified to be demolished. In accordance with GASB 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* CPS recorded a liability for the estimated demolition cost of $18.7 million at June 30, 2013. In fiscal years 2016 and 2018, a total of six (6) of the buildings identified to be demolished were sold, decreasing the estimated liability to $9.9 million. In fiscal year 2022, there were no buildings sold, however as a result of one (1) Building being transferred, as of June 30, 2022, the estimated liability was $7.6 million which represents a decrease of $2.3 million. The originally established Liability was reversed given the low probability of future demolition. Based upon GASB Statement No. 83 “Certain Asset Retirement Obligations,”,there was no ARO required given that it does not apply to “idling” Buildings. Therefore, in FY22 the Demolition Liability was adjusted in the amount of $8.82 million.

d. *Other Litigation and Claims*

There are six (6) lawsuits that represent issues in which the financial loss to CPS has been determined to be a potential liability by CPS' law department in fiscal year 2022.

There are numerous other claims and pending legal actions involving CPS, including actions concerned with civil rights of employees, workers' compensation, torts and other matters, arising out of CPS' ordinary conduct of its business. Certain actions involve alleged damages in substantial amounts. The amounts of liability, if any, on these claims as of June 30, 2022, in excess of related insurance coverage with respect to certain claims, are not determinable at this time. However in fiscal year 2016, CPS had recorded a general accrual not specific to any pending legal action for these amounts and it remains in fiscal year 2022. In the opinion of CPS management and legal counsel, the final resolution of these claims and legal actions will not be material to CPS' financial statements as of June 30, 2022.

The liability for other litigation and claims, not including workers' compensation and general liability, increased by $12.1 million from $18.2 million in fiscal year 2021 to $30.3 million in fiscal year 2022.

NOTE 16. TAX ABATEMENT

Tax abatements are a reduction in tax revenue that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Various tax incentive programs exist between Cook County and local businesses and developers that effect tax revenues received by CPS. These programs are Class 6b, Class 7a, Class 7b, Class 8 and Class 9 and are subject to approval by Cook County's Assessor Office based on applicable criteria. Businesses and developers are granted these incentives based on property classification.

The purpose of the Class 6b program is to encourage industrial development throughout Cook County by offering a real estate tax incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. Properties receiving a Class 6b incentive are assessed at 10% of market value for the first 10 years, 15% in the 11th year, 20% in the 12th year and 25% in subsequent years. In calendar year 2021, there were 368 parcels receiving this incentive in the City of Chicago.

The purpose of the Class 7a and Class 7b programs are to encourage commercial development throughout Cook County in need of commercial development, which would not be economically feasible without the incentive. Properties receiving a Class 7a or 7b incentive are assessed at 10% of market value for the first 10 years, 15% in the 11th year, 20% in the 12th year and 25% in subsequent years. In calendar year 2021, there were 173 parcels receiving this incentive in the City of Chicago.

The purpose of the Class 8 programs are to encourage commercial and industrial development throughout Cook County, in areas of severe economic stagnation. Properties receiving a Class 8 incentive are assessed at 10% of market value for the first 10 years, 15% in the 11th year, 20% in the 12th year and 25% in subsequent years. In calendar year 2021, there were 12 parcels receiving this incentive in the City of Chicago.

The purpose of the Class 9 programs are to reduce the assessment rate on rental projects for low-income multifamily rental buildings that involve substantial rehab or new construction, and where at least 35% of the units have 'affordable rents.' Properties receiving a Class 9 incentive are assessed at 10% of market value for an initial 10 year period, renewable upon application for additional 10 year periods. In calendar year 2021, there were 795 parcels receiving this incentive in the City of Chicago.

The goal of these programs are to attract new industry, commercial and real estate entities, stimulate expansion and retention of existing businesses, and increase employment opportunities.

In the absence of these incentives, the property tax would be assessed at 25% of its market value. These incentives constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For the 2022 fiscal year, the total estimated impact of these incentives to the District is a reduction in property taxes for those properties in the amount of $45.6 million.

NOTE 17. SUBSEQUENT EVENTS

Ratings Agency Actions

There have been no rating changes related to the long-term debt of CPS occurring after June 30, 2022.

Repayment of 2021 Tax Anticipation Notes

To finance cash flow deficits in fiscal year 2022, CPS issued and repaid multiple series of 2021 Tax Anticipation Notes (the 2021 TANS). At the end of fiscal year 2022, CPS had no outstanding 2021 TANS. In fiscal year 2023 in July, September and October 2022, CPS issued an additional $950 million. A delay of the Cook County second installment property tax due date from August 1 to December 30, 2022 significantly delayed property tax distribution timing and the repayment of the 2021 TANS. On October 26, 2022, the Board authorized entering into agreements with lenders to extend the final maturity of the 2021 TANS from December 31, 2022 to January 31, 2023. As of January 10, 2023 CPS has repaid all 2021 TANS.

Issuance of 2022 Tax Anticipation Notes

After the end of fiscal year 2022, for fiscal year 2023 the Board approved a levy of ad valorem property taxes of approximately $3.06 billion for educational purposes (2022 Tax Levy) to be collected in calendar year 2023 and authorized the issuance of an aggregate principal amount outstanding from time to time of not to exceed $1.25 billion of 2022 Tax Anticipation Notes (2022 TANS) in anticipation of the collection of the 2022 Tax Levy.

As of January 10, 2023, CPS has issued and has outstanding 2022 TANS in the total aggregate amount of $300.0 million. CPS expects to issue additional TANS throughout fiscal year 2023 to fund its cash flow needs in an amount up to the authorized amount of $1.25 billion.

The Series 2022 TANS series designations are as follows: (1) $450 million Series 2022A tax anticipation notes closed on November 30, 2022. The Series 2022A TANS were privately placed with PNC Bank and carry a variable interest rate of 79% of the Bloomberg Short-Term Bank Yield Index rate (BSBY) plus 0.45%. (2) $500 million Series 2022B tax anticipation notes closed on January 26, 2023. The Series 2022B TANS were privately placed with Bank of America and carry a variable interest rate of 80% of the BSBY plus 0.40%.

Principal of and interest on the 2022 TANS is payable on the respective sub-series maturity date of each series of the 2022 TANS from the revenues from the 2022 Tax Levy. The 2022 Tax Levy will be intercepted by a trustee, and it will be used to repay all issuances of 2022 TANS. Property taxes are payable in two installments, the first traditionally due on March 1 and the second traditionally due on August 1. The first installment is an estimated bill calculated at 55% of the prior year’s tax bill. The second installment is for the balance of the current year’s tax bill. The maturity date of the 2022A and 2022B TANS is the earlier of 60 days past the second installment tax penalty date or December 29, 2023.

Chicago Public Schools

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Required Supplementary Information

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT, OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2022
(Thousands of Dollars)

	Original Budget	Supplemental Appropriations Transfers In/(Out)	Final Budget	Fiscal Year 2022 Actual	Over (Under) Budget
Revenues:					
Property taxes	$ 3,318,089	$ —	$ 3,318,089	$ 3,296,967	$ (21,122)
Replacement taxes	195,458	—	195,458	570,467	375,009
State aid	1,827,590	—	1,827,590	1,850,534	22,944
Federal aid	2,073,125	—	2,073,125	1,474,334	(598,791)
Interest and investment earnings	—	—	—	1,421	1,421
Lease income	—	—	—	5,315	5,315
Other	407,343	—	407,343	460,570	53,227
Total revenues	$ 7,821,605	$ —	$ 7,821,605	$ 7,659,608	$ (161,997)
Expenditures:					
Salaries					
Teachers' salaries.	$ 2,341,174	$ —	$ 2,341,174	$ 2,253,233	$ (87,941)
Career service salaries	838,392	—	838,392	810,384	(28,008)
Commodities					
Energy	70,335	—	70,335	66,329	(4,006)
Food	106,989	—	106,989	83,785	(23,204)
Textbook	52,588	—	52,588	95,804	43,216
Supplies	33,433	—	33,433	175,152	141,719
Other	965	—	965	261	(704)
Services					
Professional and special services	447,948	—	447,948	633,417	185,469
Charter Schools	908,286	—	908,286	910,419	2,133
Transportation	120,459	—	120,459	133,609	13,150
Tuition	73,881	—	73,881	64,703	(9,178)
Telephone and telecommunications	19,977	—	19,977	40,239	20,262
Other	45,481	—	45,481	63,265	17,784
Equipment - educational	17,648	—	17,648	125,498	107,850
Building and Sites					
Repair and replacements	34,675	—	34,675	36,466	1,791
Capital outlay	—	—	—	12,667	12,667
Benefits					
Teachers' pension	379,315	—	379,315	1,060,042	680,727
Career service pension	125,388	—	125,388	276,573	151,185
Hospitalization and dental insurance	377,578	—	377,578	459,705	82,127
Medicare	46,384	—	46,384	44,169	(2,215)
Unemployment compensation	10,981	—	10,981	6,542	(4,439)
Workers compensation	27,898	—	27,898	17,607	(10,291)
Rent	21,036	—	21,036	5,547	(15,489)
Debt service	11,800	—	11,800	15,538	3,738
Other	1,708,994	—	1,708,994	5,357	(1,703,637)
Total expenditures.	$ 7,821,605	$ —	$ 7,821,605	$ 7,396,311	$ (425,294)
Revenues in excess of (less than) expenditures	$ —	$ —	$ —	$ 263,297	$ 263,297
Other financing sources (uses):					
Lease value…	$ —	$ —	$ —	$ 12,613	$ 12,613
Transfers in / (out)	$ 10,000	$ —	$ 10,000	$ (10)	$ (10,010)
Total other financing sources (uses)	$ 10,000	$ —	$ 10,000	$ 12,603	$ 2,603
Net change in fund balances	$ 10,000	$ —	$ 10,000	$ 275,900	$ 265,900
Fund balances, beginning of period	803,768	—	803,768	803,768	—
Fund balances, end of period	$ 813,768	$ —	$ 813,768	$ 1,079,668	$ 265,900

Note:

*Budget amount for Property tax include the $78.3 million from the Red-Purple Modernization Phase one Transit Tax Increment Financing (Transit TIF). Under actual amount, Transit TIF is under Other Revenues.

See Independent Auditor's Report.

Chicago Public Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CPS' PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Eight Fiscal Years Ended June 30, 2022
(Thousands of dollars)

Public School Teachers' Pension and Retirement Fund of Chicago:

	2015 (1)	2016	2017	2018
CPS' Proportion of the Net Pension Liability	100.00%	100.00%	100.00%	100.00%
CPS' Proportionate Share of the Net Pension Liability	$ 9,501,206	$ 10,023,263	$ 11,011,400	$ 12,382,417
State of Illinois' Proportionate Share of the Net Pension Liability associated with CPS	—	—	—	—
Total	$ 9,501,206	$ 10,023,263	$ 11,011,400	$ 12,382,417
CPS' Covered Payroll	$ 2,233,281	$ 2,273,551	$ 2,281,269	$ 2,030,175
CPS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	425.44%	440.86%	482.69%	609.92%
CTPF Plan Net Position as a Percentage of Total Pension Liability	53.23%	51.61%	47.78%	49.46%

NOTES:

1) CPS implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.
2) In CTPF's Actuarial valuation of June 30, 2020, the assumptions for investment return was reduced from 7.00% to 6.75% and the discount rate was reduced from 6.72% to 6.37%.
3) The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See Independent Auditors' Report

2019	2020	2021	2022
100.00%	100.00%	100.00%	100.00%
$ 13,442,717	$ 14,127,342	$15,440,803	$ 14,727,410
—	—	—	—
$ 13,442,717	$ 14,127,342	$15,440,803	$ 14,727,410
$ 2,111,982	$ 2,179,055	$2,249,491	$ 2,372,167
636.50%	648.32 %	686.41%	620.84 %
45.23%	43.86 %	41.46%	47.59 %

Municipal Employees' Annuity and Benefit Fund of Chicago:

	2015 (1)	2016	2017	2018
CPS' portion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
CPS' Proportionate Share of the Net Pension Liability	$ —	$ —	$ —	$ —
Nonemployer Contributing Entities' Proportionate Share of the Net Pension Liability associated with CPS	2,779,767	7,829,700	7,529,116	4,848,718
Total	$ 2,779,767	$ 7,829,700	$ 7,529,116	$ 4,848,718
Covered Payroll	$ 625,161	$ 691,178	$ 657,649	$ 697,242
CPS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
MEABF Plan Net Position as a Percentage of Total Pension Liability	42.09%	20.30%	19.05%	27.97%

NOTES:

1) CPS implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.
2) The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See Independent Auditors' Report

2019	2.02	2021	2022
0.00%	0.00%	0.00%	0.00%
$ —	$ —	$ —	$ —
5,132,885	5,372,904	5,826,081	6,427,959
$ 5,132,885	$ 5,372,904	$5,826,081	$ 6,427,959
$ 690,490	$ 734,934	$790,323	$ 912,739
0.00%	0.00%	0.00%	0.00%
23.29%	23.64%	22.96%	23.41%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CPS' CONTRIBUTIONS TO DEFINED BENEFIT PENSION PLANS
For the Eight Fiscal Years Ended June 30, 2022
(Thousands of dollars)

Public School Teachers' Pension and Retirement Fund of Chicago

Year Ended	CPS' Contractually Required Contributions	Contributions made on behalf of CPS by the State of Illinois	CPS Contributions related to the Contractually required contributions	Total Contributions	Contribution Deficiency (Excess)	CPS' Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	$ 944,677	$ 277,497	$ 667,180	$ 944,677	$ —	$ 2,522,166	37.45%
June 30, 2021	885,894	266,893	619,001	885,894	—	2,372,167	37.35%
June 30, 2020	854,500	257,349	597,151	854,500	—	2,249,491	37.99%
June 30, 2019	808,570	238,869	569,701	808,570	—	2,196,918	36.80%
June 30, 2018	784,402	232,992	551,410	784,402	—	2,111,982	37.14%
June 30, 2017	745,386	1,016	733,200	734,216	11,170	2,030,175	36.17%
June 30, 2016	687,965	12,105	675,860	687,965	—	2,281,269	30.16%
June 30, 2015	696,522	62,145	634,377	696,522	—	2,273,551	30.64%

Municipal Employees' Annuity and Benefit Fund of Chicago

Year Ended	Contractually Required Contributions	Contributions made on behalf of CPS by the City of Chicago	Total Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	$ 525,576	$ 221,807	$ 221,807	$ 303,768	$ 912,739	24.30%
June 30, 2021	475,508	156,278	156,278	319,230	790,323	19.77%
June 30, 2020	436,749	147,107	147,107	289,642	734,934	20.02%
June 30, 2019	417,940	106,278	106,278	311,662	690,490	15.39%
June 30, 2018	415,674	76,700	76,700	338,974	697,242	11.00%
June 30, 2017	387,381	61,382	61,382	325,999	657,649	9.33%
June 30, 2016	288,660	61,885	61,885	226,775	691,178	8.95%
June 30, 2015	327,225	58,200	58,200	269,025	625,161	9.31%

NOTE:

CPS implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

See independent Auditors' report

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CPS' PROPORTIONATE SHARE OF TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS

For the Five Fiscal Years Ended June 30, 2022
(Thousands of dollars)

Public School Teachers' Pension and Retirement Fund of Chicago

	2022	2021	2020	2019	2018
District's Proportion of the Total OPEB Liability	100.00%	100.00%	100.00%	100.00%	100.00%
District's Proportionate Share of the Collective Total OPEB Liability	$ 3,304,981	$ 2,908,390	$2,554,892	$ 2,272,125	$2,270,891
Total	$3,304,981	$2,908,390	$2,554,892	$ 2,272,125	$2,270,891
Covered payroll	$2,372,167	$2,249,491	$2,179,055	$ 2,111,982	$2,030,176
District's proportionate share of the Total OPEB liability as a percentage of covered payroll	139.32 %	129.29 %	117.25 %	107.58%	111.86 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

Public School Teachers' Pension and Retirement Fund of Chicago

	2022	2021	2020	2019	2018
Contractually required contribution	$ 62,017	$ 51,351	$ 51,963	$ 59,089	$ 66,868
Contributions in relation to the contractually required contribution	62,017	51,351	51,963	59,089	66,868
Contribution Deficiency (Excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 2,522,166	$ 2,372,167	$ 2,249,491	$ 2,179,055	$ 2,111,982
Contributions as a Percentage of covered payroll	2.46%	2.16%	2.31%	2.71%	3.17%

NOTES:

CPS implemented GASB No. 75 in fiscal year 2018. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

*The amount is updated according to GRS GASB 75 report for Employer's FY June 30, 2022.

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See Independent Auditors' Report.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

General Operating Fund

The General Operating Fund is the primary operating fund of the Board. It was created in response to the provisions of P.A. 89-15 which consolidated all of the rate-limited tax levies into the Board's general education tax levy. All information in this fund is presented in accordance with the provisions of the Illinois Program Accounting Manual for Local Education Agencies. The General Operating Fund includes all the revenues and expenditures of the following programs: Educational Program; Supplementary General State Aid Program; Chicago Teacher's Pension Program; School Lunch Program; Elementary and Secondary Education Act Program; Individuals with Disabilities Education Act Program; Workers' and Unemployment Compensation/Tort Immunity Program; Public Building Commission Operations and Maintenance Program, ARRA American Recovery and Reinvestment Act Program, Elementary and Secondary School Relief Program, and Other Government-funded Programs.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education
GENERAL OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS AND ACTUAL
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Thousands of dollars)

	Final Budget	Fiscal Year 2022 Actual	Over (Under) Budget	Fiscal Year 2021 Actual	2022 Over (Under) 2021
Revenues:					
Property taxes	$ 3,318,089	$ 3,296,967	$ (21,122)	$ 3,097,307	$ 199,660
Replacement taxes	195,458	570,467	375,009	242,643	327,824
State aid	1,827,590	1,850,534	22,944	1,817,275	33,259
Federal aid	2,073,125	1,474,334	(598,791)	1,116,343	357,991
Interest and investment earnings	—	1,421	1,421	584	837
Lease income	—	5,315	5,315	—	5,315
Other	407,343	460,570	53,227	470,381	(9,811)
Total revenues	$ 7,821,605	$ 7,659,608	$ (161,997)	$ 6,744,533	$ 915,075
Expenditures:					
Teachers' salaries	$ 2,341,174	$ 2,253,233	$ (87,941)	$ 2,133,813	$ 119,420
Career service salaries	838,392	810,384	(28,008)	723,876	86,508
Energy	70,335	66,329	(4,006)	63,294	3,035
Food	106,989	83,785	(23,204)	51,663	32,122
Textbook	52,588	95,804	43,216	65,859	29,945
Supplies	33,433	175,152	141,719	109,334	65,818
Other commodities	965	261	(704)	609	(348)
Professional and special services	447,948	633,417	185,469	540,289	93,128
Charter Schools	908,286	910,419	2,133	820,187	90,232
Transportation	120,459	133,609	13,150	67,948	65,661
Tuition	73,881	64,703	(9,178)	68,264	(3,561)
Telephone and telecommunications	19,977	40,239	20,262	27,752	12,487
Other services	45,481	63,265	17,784	18,787	44,478
Equipment - educational	17,648	125,498	107,850	61,102	64,396
Equipment - lease	—	—	—	—	—
Repair and replacements	34,675	36,466	1,791	36,222	244
Capital outlay	—	12,667	12,667	12	12,655
Teachers' pension	379,315	1,060,042	680,727	1,003,935	56,107
Career service pension	125,388	276,573	151,185	221,022	55,551
Hospitalization and dental insurance	377,578	459,705	82,127	398,385	61,320
Medicare	46,384	44,169	(2,215)	40,797	3,372
Unemployment compensation	10,981	6,542	(4,439)	1,490	5,052
Workers compensation	27,898	17,607	(10,291)	17,619	(12)
Rent	21,036	5,547	(15,489)	17,151	(11,604)
Debt service	11,800	15,538	3,738	8,527	7,011
Other fixed charges	1,708,994	5,357	(1,703,637)	9,921	(4,564)
Total expenditures	$ 7,821,605	$ 7,396,311	$ (425,294)	$ 6,507,858	$ 888,453
Revenues in excess of (less than) expenditures	$ —	$ 263,297	$ 263,297	$ 236,675	$ 26,622
Other financing sources (uses):					
Lease value…	$ —	$ 12,613	$ 12,613	$ —	$ 12,613
Transfers in (out)	10,000	(10)	(10,010)	—	(10)
Total other financing sources (uses)	$ 10,000	$ 12,603	$ 2,603	$ —	$ 12,603
Net change in fund balances	$ 10,000	$ 275,900	$ 265,900	$ 236,675	$ 39,225
Fund balances, beginning of period	803,768	803,768	—	567,093	236,675
Fund balances, end of period	$ 813,768	$ 1,079,668	$ 265,900	$ 803,768	$ 275,900

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Capital Projects Fund

The Capital Projects Fund is for the receipts and expenditures of revenues for Board capital projects. This fund includes the Capital Asset Program and the Capital Improvement Program.

Capital Asset Program:

This program is for the receipts and expenditures of proceeds from the sale of certain Board real estate, and other miscellaneous capital project revenues from various sources as designated by the Board.

Capital Improvement Program:

This program is for the receipts and expenditures of proceeds from the sale of Unlimited Tax General Obligation Bonds, Public Building Commission Building Revenue Bonds, State of Illinois construction grant receipts and federal E-rate capital subsidies for the purpose of building and improving schools at the designation of the Board.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2022
(Thousands of dollars)

	Capital Asset Program	Capital Improvement Program	Total
Revenues:			
Property taxes	$ —	$ 20,182	$ 20,182
State aid	—	13,821	13,821
Federal aid	—	10,701	10,701
Interest and investment earnings	—	365	365
Other	—	12,512	12,512
Total revenues	$ —	$ 57,581	$ 57,581
Expenditures:			
Capital outlay	$ —	$ 626,240	$ 626,240
Total expenditures	$ —	$ 626,240	$ 626,240
Revenues less than expenditures	$ —	$ (568,659)	$ (568,659)
Other financing sources (uses):			
Gross amounts from debt issuances	$ —	$ 480,857	$ 480,857
Premiums	—	62,668	62,668
Sales of general capital assets	$ 10	$ —	$ 10
Transfers in / (out)	—	18	18
Total other financing sources (uses)	$ 10	$ 543,543	$ 543,553
Net change in fund balances	$ 10	$ (25,116)	$ (25,106)
Fund balances, beginning of period	57,605	131,214	188,819
Fund balances, end of period	$ 57,615	$ 106,098	$ 163,713

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CAPITAL ASSET PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES AND NET CHANGE IN FUND BALANCE-FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2022	Variance	Fiscal Year 2021	2022 Over (Under) 2021
Revenues:					
Other	$ —	$ —	$ —	$ 46	$ (46)
Total revenues	$ —	$ —	$ —	$ 46	$ (46)
Expenditures:					
Services	$ —	$ —	$ —	$ —	$ —
Capital outlay	—	—	—	6	(6)
Total expenditures	$ —	$ —	$ —	$ 6	$ (6)
Revenues less than expenditures	$ —	$ —	$ —	$ 40	$ (40)
Other financing sources:					
Sales of general capital assets	$ —	$ 10	$ 10	$ —	$ 10
Total other financing sources	$ —	$ 10	$ 10	$ —	$ 10
Net change in fund balance	$ —	$ 10	$ 10	$ 40	$ (30)
Fund balance, beginning of period	57,605	57,605	—	57,565	40
Fund balance, end of period	$ 57,605	$ 57,615	$ 10	$ 57,605	$ 10

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CAPITAL IMPROVEMENT PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,
OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCE
FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2022	Variance	Fiscal Year 2021	2022 Over (Under) 2021
Revenues:					
Property taxes	$ 5,000	$ 20,182	$ 15,182	$ 8,696	$ 11,486
State aid	23,272	13,821	(9,451)	17,463	(3,642)
Federal aid	10,000	10,701	701	7,639	3,062
Interest and investment earnings	—	365	365	1,108	(743)
Other	14,000	12,512	(1,488)	4,001	8,511
Total revenues	$ 52,272	$ 57,581	$ 5,309	$ 38,907	$ 18,674
Expenditures:					
Salaries	$ 1,446	$ 1,323	$ (123)	$ 1,317	$ 6
Services	—	13,767	13,767	38,102	(24,335)
Textbook	—	—	—	—	—
Educational equipment	—	—	—	1,703	(1,703)
Capital outlay	704,797	620,377	(84,420)	506,988	113,389
Pension	180	209	29	207	2
Hospitalization and dental insurance	132	157	25	114	43
Medicare	21	18	(3)	18	—
Unemployment compensation	5	3	(2)	1	2
Workers compensation	13	8	(5)	9	(1)
Other	—	(9,622)	(9,622)	17,230	(26,852)
Total expenditures	$ 706,594	$ 626,240	$ (80,354)	$ 565,689	$ 60,551
Revenues less than expenditures	$ (654,322)	$ (568,659)	$ 85,663	$ (526,782)	$ (41,878)
Other financing sources (uses):					
Gross amounts from debt issuances	$ 450,000	$ 480,857	$ 30,857	$ 419,156	$ 61,701
Premiums	—	62,668	62,668	113,020	(50,352)
Transfers in	—	18	18	1,284	(1,266)
Total other financing sources (uses)	$ 450,000	$ 543,543	$ 93,543	$ 533,460	$ 10,083
Net change in fund balance	$ (204,322)	$ (25,116)	$ 179,206	$ 6,678	$ (31,794)
Fund balance, beginning of period	131,214	131,214	—	124,536	6,678
Fund balance, end of period	$ (73,108)	$ 106,098	$ 179,206	$ 131,214	$ (25,116)

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Debt Service Fund

The Debt Service Fund is established to account for annual property tax levies and other revenues that are used for the payment of principal and interest and redemption for general obligation bonds by the Board and for lease payments to the Public Building Commission. The fund includes the Bond Redemption and Interest Program.

Bond Redemption and Interest Program:

This program is for the receipt and expenditure of replacement taxes, City of Chicago Intergovernmental Agreement Revenue, State of Illinois construction grant receipts and other revenues as designated by the Board for the payment of interest and principal on specific bond issues.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2022
(Thousands of dollars)

		Bond Redemption and Interest Program
Revenues:		
Property taxes	$	50,820
Replacement taxes		39,429
State aid		480,278
Federal aid		18,613
Interest and investment earnings (losses)		(14,676)
Other		153,047
Total revenues	$	727,511
Expenditures:		
Current:		
Debt service	$	714,189
Total expenditures	$	714,189
Revenues less than expenditures	$	13,322
Other financing sources (uses):		
Gross amounts from debt issuances	$	391,313
Premiums		37,572
Payment to refunded bond escrow agent		(406,753)
Transfers in (out)		(8)
Total other financing sources (uses)		22,124
Net change in fund balances	$	35,446
Fund balances, beginning of period		833,592
Fund balances, end of period	$	869,038

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BOND REDEMPTION AND INTEREST PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT,
OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCE
FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Thousands of Dollars)

	Final Appropriations	Fiscal Year 2022	Variance	Fiscal Year 2021	2022 Over (Under) 2021
Revenues:					
Property taxes	$ 51,084	$ 50,820	$ (264)	$ 51,471	$ (651)
Replacement taxes	39,429	39,429	—	39,432	(3)
State aid	480,412	480,278	(134)	454,450	25,828
Federal aid	24,731	18,613	(6,118)	24,963	(6,350)
Interest and investment earnings (loss)	—	(14,676)	(14,676)	1,191	(15,867)
Other	142,300	153,047	10,747	99,470	53,577
Total revenues	$ 737,956	$ 727,511	$ (10,445)	$ 670,977	$ 56,534
Expenditures:					
Debt Service	$ 763,447	$ 714,189	$ (49,258)	$ 661,542	$ 52,647
Total expenditures	$ 763,447	$ 714,189	$ (49,258)	$ 661,542	$ 52,647
Revenues less than expenditures	$ (25,491)	$ 13,322	$ 38,813	$ 9,435	$ 3,887
Other financing sources (uses):					
Gross amounts from debt issuances	$ —	$ 391,313	$ 391,313	$ 138,349	$ 252,964
Premiums	—	37,572	37,572	26,112	11,460
Payment to refunded bond escrow agent	—	(406,753)	(406,753)	(132,560)	(274,193)
Transfers in (out)	—	(8)	(8)	(1,284)	1,276
Total other financing sources (uses)	$ —	$ 22,124	$ 22,124	$ 30,617	$ (8,493)
Net change in fund balance	$ (25,491)	$ 35,446	$ 60,937	$ 40,052	$ (4,606)
Fund balance, beginning of period	833,592	833,592	—	793,540	40,052
Fund balance, end of period	$ 808,101	$ 869,038	$ 60,937	$ 833,592	$ 35,446

Chicago Public Schools

Statistical Section

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATISTICAL SECTION

This part of CPS' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about CPS' overall financial position.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how CPS' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess CPS' major revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of CPS' current levels of outstanding debt and CPS' 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 CPS' financial activities take place.

Operating Information

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

Sources:

Unless otherwise noted, the information contained herein is derived from the annual comprehensive financial reports for the relevant year.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPONENTS OF NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014	2015	2016 (1) (as restated)
Net investment in capital assets	$ 80,009	$ (37,194)	$ (159,007)	$ (342,529)
Restricted for:				
Capital projects	—	—	—	—
Debt service	345,399	368,794	445,663	510,743
Restricted for school internal accounts	—	—	—	—
Grants and donations	63,862	61,451	64,584	65,282
Workers' comp/tort immunity	64,985	19,838	41,373	35,116
Teacher's Pension Contributions	—	—	—	—
Unrestricted	(3,358,734)	(4,372,335)	(11,604,516)	(12,362,437)
Total net position (deficit)	$ (2,804,479)	$ (3,959,446)	$ (11,211,903)	$ (12,093,825)

1) Certain items in the FY2016 financial statements were restated to reflect the effects of GASB 82 adopted in FY2017.
2) Certain items in the FY2017 financial statements were restated to reflect the effects of GASB 75 adopted in FY2018.
3) Certain items in the FY2020 financial statements were restated to reflect the effects of GASB 84 adopted in FY2020.

2017 (2) (as restated)	2018	2019	2020 (3) (as restated)	2021	2022
$ (644,224)	$ (743,406)	$ (1,425,566)	$ (1,560,713)	$ (1,757,203)	$ (1,870,346)
125,516	167,172	106,701	62,028	47,925	14,343
630,308	744,517	715,845	706,872	718,477	751,841
—	—	—	—	48,230	51,696
52,287	52,333	16,183	13,553	12,143	16,712
27,344	—	—	—	—	—
—	9,287	14,125	14,323	4,217	—
(13,497,487)	(14,286,782)	(14,223,061)	(15,112,632)	(16,451,536)	(17,107,788)
$ (13,306,256)	$ (14,056,879)	$ (14,795,773)	$ (15,876,569)	$ (17,377,747)	$ (18,143,542)

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014	2015	2016
Governmental Activities:				
Expenses:				
Instruction	$ 4,040,352	$ 4,139,906	$ 4,217,996	$ 3,870,330
Pupil support services	494,076	487,139	484,745	470,316
Administrative support services	211,294	241,913	249,662	318,736
Facilities support services	490,381	654,971	477,892	454,652
Instructional support services	491,137	474,926	492,232	468,999
Food services	234,659	205,989	207,834	211,288
Community services	39,946	37,507	37,997	36,967
Interest expense	337,053	335,237	332,023	365,136
Other	7,043	6,134	6,319	7,388
Total governmental activities	$ 6,345,941	$ 6,583,722	$ 6,506,700	$ 6,203,812
Program revenues:				
Charges for services				
Instruction	$ 700	$ 657	$ 571	$ 612
Food services	5,554	3,485	1,303	1,336
Operating grants and contributions	963,325	1,086,885	1,051,655	1,147,750
Capital grants and contributions	186,394	162,403	356,189	109,766
Total program revenues	$ 1,155,973	$ 1,253,430	$ 1,409,718	$ 1,259,464
Revenues (less than) expenditures	$ (5,189,968)	$ (5,330,292)	$ (5,096,982)	$ (4,944,348)
General revenues and other changes in net position:				
Taxes:				
Property taxes	$ 2,156,943	$ 2,218,033	$ 2,302,881	$ 2,399,287
Replacement taxes	185,884	188,040	202,148	161,535
Non-program state aid	1,688,611	1,572,564	1,492,019	1,442,822
Interest and investment earnings (loss)	7,879	15,563	(47,720)	(18,706)
Gain on sale of capital assets	—	—	—	10,058
Lease Income	—	—	—	—
Other	143,350	181,125	125,638	190,480
Total general revenues	$ 4,182,667	$ 4,175,325	$ 4,074,966	$ 4,185,476
Change in net position	$ (1,007,301)	$ (1,154,967)	$ (1,022,016)	$ (758,872)

2017	2018	2019	2020	2021	2022
$ 4,024,653	$ 4,449,069	$ 4,770,114	$ 5,036,763	$ 5,831,771	$ 5,616,791
472,176	481,371	513,667	564,302	582,704	852,701
301,053	171,493	215,700	353,496	443,736	460,219
465,170	455,563	536,053	668,369	700,399	741,900
460,568	496,199	585,280	606,146	742,780	698,053
213,920	219,809	231,401	238,660	184,966	233,879
39,625	39,863	42,641	43,691	63,151	59,766
448,126	544,857	504,458	505,157	485,888	496,619
12,691	10,015	15,322	17,690	—	—
$ 6,437,982	$ 6,868,239	$ 7,414,636	$ 8,034,274	$ 9,035,395	$ 9,159,928
$ 647	$ 698	$ 734	$ 452	$ 501	$ 621
1,522	3,356	2,698	1,808	358	1,357
1,156,382	1,322,703	1,553,775	1,612,177	2,043,353	2,496,947
57,658	60,896	49,773	18,307	34,706	38,317
$ 1,216,209	$ 1,387,653	$ 1,606,980	$ 1,632,744	$ 2,078,918	$ 2,537,242
$ (5,221,773)	$ (5,480,586)	$ (5,807,656)	$ (6,401,530)	$ (6,956,477)	$ (6,622,686)
$ 2,696,046	$ 2,889,401	$ 3,041,009	$ 3,075,049	$ 3,155,962	$ 3,341,851
227,921	168,254	187,232	202,452	282,075	609,896
1,212,143	1,451,897	1,605,783	1,666,153	1,658,276	1,651,473
5,442	19,022	47,250	47,514	2,883	(12,890)
7,008	8,674	—	—	—	—
—	—	—	—	—	5,315
156,369	192,715	187,488	329,566	306,080	261,246
$ 4,304,929	$ 4,729,963	$ 5,068,762	$ 5,320,734	$ 5,405,276	$ 5,856,891
$ (916,844)	$ (750,623)	$ (738,894)	$ (1,080,796)	$ (1,551,201)	$ (765,795)

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPONENTS OF FUND BALANCE
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014	2015	2016
General operating fund				
Nonspendable	$ 1,720	$ 429	$ 429	$ 429
Restricted for grants and donations	63,434	61,022	64,155	64,854
Restricted for workers' comp/tort immunity	64,985	19,838	41,373	35,116
Restricted for teacher's pension contributions	—	—	—	—
Restricted for school internal accounts	—	—	—	—
Assigned for appropriated fund balance	562,682	267,652	79,225	—
Assigned for commitments and contracts	105,664	87,067	73,101	—
Unassigned	150,658	—	102,002	(227,031)
Total general operating fund	$ 949,143	$ 436,008	$ 360,285	$ (126,632)
All other governmental funds				
Nonspendable	$ 4,388	$ —	$ —	$ —
Restricted for capital improvement program	169,368	—	—	107,248
Restricted for debt service	466,966	491,552	545,383	535,116
Assigned for debt service	269,167	193,877	57,057	—
Unassigned (deficit)	—	(91,953)	(131,111)	(65,809)
Total all other governmental funds	$ 909,889	$ 593,476	$ 471,329	$ 576,555

NOTES:
1) Certain items in the FY2020 financial statements were restated to reflect the effects of GASB 84 adopted in FY2020.

2017	2018	2019	2020 (1)	2021	2022
$ 429	$ 429	$ 429	$ 429	$ 429	$ 12,162
51,858	52,333	16,183	13,518	12,143	16,719
27,344	—	—	—	—	—
—	9,287	14,125	14,324	4,217	—
—	—	—	50,023	48,230	51,696
—	—	—	—	—	—
—	18,044	94,733	109,944	135,314	92,186
(354,861)	243,671	346,296	378,855	603,435	906,905
$ (275,230)	$ 323,764	$ 471,766	$ 567,093	$ 803,768	$ 1,079,668
$ 2,356,000	$ —	$ —	$ —	$ —	$ —
792,586	895,111	716,747	182,101	188,819	163,713
660,501	785,176	753,962	747,627	769,537	787,570
—	341	20,080	45,913	64,055	81,468
(85,691)	—	—	—	—	—
$ 3,723,396	$ 1,680,628	$ 1,490,789	$ 975,641	$ 1,022,411	$ 1,032,751

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014 (1)	2015	2016
Revenues:				
Property taxes	$ 2,211,568	$ 2,204,252	$ 2,304,656	$ 2,408,416
Replacement taxes	185,884	188,041	202,148	161,535
State aid	1,815,798	1,840,805	1,847,069	1,552,325
Federal aid	845,796	907,241	798,931	808,999
Interest and investment earnings (loss)	7,303	15,596	(92,825)	(95,650)
Lease Income	—	—	—	—
Other	322,128	286,472	377,286	437,042
Total revenues	$ 5,388,477	$ 5,442,407	$ 5,437,265	$ 5,272,667
Expenditures:				
Current:				
Instruction	$ 3,034,509	$ 3,126,689	$ 3,253,484	$ 2,970,553
Pupil support services	454,240	457,939	459,672	448,254
General support services	941,270	987,048	972,526	1,044,740
Food services	215,739	193,642	197,084	201,377
Community services	39,656	37,460	38,003	37,497
Teachers' pension and retirement benefits	227,766	593,225	676,078	664,123
Other	7,043	6,134	6,319	7,388
Capital outlay	519,604	534,980	391,953	308,091
Debt service:				
Principal	73,423	148,272	214,707	139,096
Interest	304,788	315,927	310,923	310,778
Other charges	12,198	3,705	7,863	31,545
Total expenditures	$ 5,830,236	$ 6,405,021	$ 6,528,612	$ 6,163,442
Revenues (less than) expenditures	$ (441,759)	$ (962,614)	$ (1,091,347)	$ (890,775)
Other financing sources (uses):				
Gross amounts from debt issuances	$ 982,720	$ 131,600	$ 561,880	$ 724,999
Premiums on bonds issued	47,271	—	—	—
Insurance proceeds	—	—	—	—
Lease value	—	—	—	—
Sales of general capital assets	723	7,301	37,504	15,012
Payment to refunded bond escrow agent	(480,597)	—	(386,710)	(120,856)
Discounts on bonds issued	—	—	(12,502)	(110,071)
Total other financing sources (uses)	$ 550,117	$ 138,901	$ 200,172	$ 509,084
Net changes in fund balances	$ 108,358	$ (823,713)	$ (891,175)	$ (381,691)
Debt service as a percentage of noncapital expenditures	7.02%	7.64%	8.47%	7.61%

NOTES:
1) Fiscal year 2014 was restated due to a change in the revenue recognition period in fiscal year 2015.

2017	2018	2019	2020	2021	2022
$ 2,714,956	$ 2,897,870	$ 2,984,026	$ 3,074,091	$ 3,157,474	$ 3,367,969
227,921	168,254	187,232	202,451	282,075	609,896
1,708,865	2,196,956	2,182,942	2,239,807	2,289,188	2,344,633
783,943	767,928	705,355	747,356	1,148,945	1,503,648
5,442	19,022	47,250	47,514	2,883	(12,890)
—	—	—	—	—	5,315
387,045	461,692	536,349	622,101	573,898	626,129
$ 5,828,172	$ 6,511,722	$ 6,643,154	$ 6,933,320	$ 7,454,463	$ 8,444,700
$ 2,859,105	$ 3,108,443	$ 3,263,334	$ 3,247,193	$ 3,444,901	$ 3,839,806
441,324	453,389	486,490	537,732	551,884	804,631
948,943	888,314	1,025,546	1,231,120	1,387,216	1,497,077
199,944	207,042	219,159	227,422	175,183	220,694
39,607	40,047	42,919	43,985	62,993	59,165
708,941	762,816	787,183	835,399	844,054	907,040
12,691	10,016	15,322	17,689	12,304	16,172
217,303	352,028	625,306	599,122	592,336	662,023
152,638	144,717	144,542	171,755	176,315	198,568
375,679	443,886	428,290	483,474	486,019	489,139
77,377	62,802	63,382	5,953	1,890	42,425
$ 6,033,552	$ 6,473,500	$ 7,101,473	$ 7,400,844	$ 7,735,095	$ 8,736,740
$ (205,380)	$ 38,222	$ (458,319)	$ (467,524)	$ (280,632)	$ (292,040)
$ 879,580	$ 2,152,150	$ 849,395	$ 349,079	$ 557,505	$ 872,170
—	65,353	33,399	50,391	139,132	100,240
224	—	—	—	—	—
—	—	—	—	—	12,613
6,272	9,442	1,251	166	—	10
—	(1,321,865)	(457,035)	(401,956)	(132,560)	(406,753)
(36,097)	(33,432)	(10,528)	—	—	—
$ 849,979	$ 871,648	$ 416,482	$ (2,320)	$ 564,077	$ 578,280
$ 644,599	$ 909,870	$ (41,837)	$ (469,844)	$ 283,445	$ 286,240
8.97%	9.48%	8.72%	9.44%	9.11%	7.40%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

REVENUES BY SOURCE — ALL PROGRAMS
Last Ten Fiscal Years
(Thousands of dollars)

	2013		2014 (as restated)	
	Amount	Percent of Total	Amount	Percent of Total
Revenues:				
Property taxes	$ 2,211,568	41.1%	$ 2,204,252	40.5%
Replacement taxes	185,884	3.4%	188,041	3.5%
State aid	1,815,798	33.7%	1,840,805	33.9%
Federal aid	845,796	15.7%	907,241	16.7%
Interest and investment earnings (loss)	7,303	0.1%	15,596	0.3%
Lease Income	—	—%	—	—%
Other	322,128	6.0%	286,472	5.3%
Total revenues	$ 5,388,477	100.0%	$ 5,442,407	100.0%

	2018		2019	
	Amount	Percent of Total	Amount	Percent of Total
Revenues:				
Property taxes	$ 2,897,870	44.5%	$ 2,984,026	44.9%
Replacement taxes	168,254	2.6%	187,232	2.8%
State aid	2,196,956	33.7%	2,182,942	32.9%
Federal aid	767,928	11.8%	705,355	10.6%
Interest and investment earnings (loss)	19,022	0.3%	47,250	0.7%
Lease Income	—	—%	—	—%
Other	461,692	7.1%	536,349	8.1%
Total revenues	$ 6,511,722	100.0%	$ 6,643,154	100.0%

NOTES:
This schedule was prepared using the modified accrual basis of accounting.

2015		2016		2017	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
$ 2,304,656	42.4%	$ 2,408,416	45.7%	$ 2,714,956	46.6%
202,148	3.7%	161,535	3.1%	227,920	3.9%
1,847,069	34.0%	1,552,325	29.4%	1,708,865	29.3%
798,931	14.7%	808,999	15.3%	783,943	13.5%
(92,825)	(1.7%)	(95,650)	(1.8%)	5,443	0.1%
—	—%	—	—%	—	—%
377,286	6.9%	437,042	8.3%	387,045	6.6%
$ 5,437,265	100.0%	$ 5,272,667	100.0%	$ 5,828,172	100.0%

2020		2021		2022	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
$ 3,074,091	44.3%	$ 3,157,474	42.4%	$ 3,367,969	39.9%
202,451	2.9%	282,075	3.8%	609,896	7.2%
2,239,807	32.3%	2,289,188	30.7%	2,344,633	27.8%
747,356	10.8%	1,148,945	15.4%	1,503,648	17.8%
47,514	0.7%	2,883	—%	(12,890)	(0.2%)
—	—%	—	—%	5,315	0.1%
622,101	9.0%	573,898	7.7%	626,129	7.4%
$ 6,933,320	100.0%	$ 7,454,463	100.0%	$ 8,444,700	100.0%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

EXPENDITURES BY FUNCTION — ALL PROGRAMS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013		2014 (as restated)	
	Amount	Percent of Total	Amount	Percent of Total
Expenditures:				
Current:				
Instruction	$ 3,034,509	52.0%	$ 3,126,689	48.8%
Pupil support services	454,240	7.9%	457,939	7.1%
General support services	941,270	16.1%	987,048	15.4%
Food services	215,739	3.7%	193,642	3.0%
Community services	39,656	0.7%	37,460	0.6%
Teachers' pension and retirement benefits	227,766	3.9%	593,225	9.3%
Other	7,043	0.1%	6,134	0.1%
Capital outlay	519,604	8.9%	534,980	8.4%
Debt service	390,409	6.7%	467,904	7.3%
Total expenditures	$ 5,830,236	100.0%	$ 6,405,021	100.0%

	2018		2019	
	Amount	Percent of Total	Amount	Percent of Total
Expenditures:				
Current:				
Instruction	$ 3,108,443	48.0%	$ 3,263,334	45.9%
Pupil support services	453,389	7.0%	486,490	6.9%
General support services	888,314	13.7%	1,025,546	14.4%
Food services	207,042	3.2%	219,159	3.1%
Community services	40,047	0.6%	42,919	0.6%
Teachers' pension and retirement benefits	762,816	11.8%	787,183	11.1%
Other	10,016	0.2%	15,322	0.2%
Capital outlay	352,028	5.4%	625,306	8.8%
Debt service	651,405	10.1%	636,214	9.0%
Total expenditures	$ 6,473,500	100.0%	$ 7,101,473	100.0%

2015 Amount	2015 Percent of Total	2016 Amount	2016 Percent of Total	2017 Amount	2017 Percent of Total
$ 3,253,484	49.9%	$ 2,970,553	48.1%	$ 2,859,105	47.5%
459,672	7.1%	448,254	7.3%	441,324	7.3%
972,526	14.9%	1,044,740	17.0%	984,943	16.3%
197,084	3.0%	201,377	3.3%	199,944	3.3%
38,003	0.6%	37,497	0.6%	39,607	0.7%
676,078	10.4%	664,123	10.8%	708,941	11.7%
6,319	0.1%	7,388	0.1%	12,691	0.2%
391,953	6.0%	308,091	5.0%	217,303	3.6%
533,493	8.0%	481,419	7.8%	569,694	9.4%
$ 6,528,612	100.0%	$ 6,163,442	100.0%	$ 6,033,552	100.0%

2020 Amount	2020 Percent of Total	2021 Amount	2021 Percent of Total	2022 Amount	2022 Percent of Total
$ 3,247,193	43.8%	$ 3,444,901	44.5%	$ 3,839,806	44.0%
537,732	7.3%	551,884	7.1%	804,631	9.2%
1,231,120	16.5%	1,387,216	17.9%	1,497,077	17.1%
227,422	3.1%	175,183	2.3%	220,694	2.5%
43,985	0.6%	62,993	0.8%	59,165	0.7%
835,399	11.3%	844,054	10.9%	907,040	10.4%
17,689	0.2%	12,304	0.2%	16,172	0.2%
599,122	8.3%	592,336	7.7%	662,023	7.6%
661,182	8.9%	664,224	8.6%	730,132	8.4%
$ 7,400,844	100.0%	$ 7,735,095	100.0%	$ 8,736,740	100.0%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2022	Fiscal Year 2021	2022 Over (Under) 2021
Revenues:			
Local taxes:			
Property taxes	$ 3,296,967	$ 3,097,307	$ 199,660
Replacement taxes	570,467	242,643	327,824
Total revenue from local taxes	$ 3,867,434	$ 3,339,950	$ 527,484
Local nontax revenue:			
Interest and investment earnings	$ 1,421	$ 584	$ 837
Lunchroom operations	1,099	867	232
Other	464,786	469,514	(4,728)
Total nontax revenue	$ 467,306	$ 470,965	(3,659)
Total local revenue	$ 4,334,740	$ 3,810,915	$ 523,825
State grants and subsidies:			
Evidence based funding	$ 1,247,667	$ 1,203,827	$ 43,840
Other	325,370	346,555	(21,185)
CTPF - Pension contribution	277,497	266,893	10,604
Total state grants & subsidies	$ 1,850,534	$ 1,817,275	$ 33,259
Federal grants and subsidies:			
Elementary and Secondary Education Act (ESEA)	$ 290,301	$ 319,938	$ (29,637)
Elementary and Secondary School Emergency Relief Fund	764,654	515,243	249,411
School lunch program	193,058	105,672	87,386
Individuals with Disabilities Education Act (IDEA)	104,762	110,091	(5,329)
Other	121,559	65,399	56,160
Total federal grants and subsidies	$ 1,474,334	$ 1,116,343	$ 357,991
Total revenues	$ 7,659,608	$ 6,744,533	$ 915,075

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2022	Fiscal Year 2021	2022 Over (Under) 2021
Expenditures:			
Instruction:			
Salaries	$ 2,165,775	$ 2,042,852	$ 122,923
Commodities	101,685	66,841	34,844
Services	894,743	748,136	146,607
Equipment - educational	66,033	25,843	40,190
Building and sites	1,816	1,458	358
Fixed charges	609,754	559,771	49,983
Total instruction	$ 3,839,806	$ 3,444,901	$ 394,905
Pupil support services:			
Salaries	$ 356,408	$ 288,272	$ 68,136
Commodities	80,536	12,539	67,997
Services	236,962	150,601	86,361
Equipment - educational	1,687	1,024	663
Building and sites	1,715	763	952
Fixed charges	127,323	98,685	28,638
Total pupil support services	$ 804,631	$ 551,884	$ 252,747
Administrative support services:			
Salaries	$ 107,115	$ 123,081	$ (15,966)
Commodities	30,346	27,599	2,747
Services	204,420	216,684	(12,264)
Equipment - educational	37,471	7,773	29,698
Building and sites	3,323	436	2,887
Fixed charges	36,339	33,039	3,300
Total administrative support services	$ 419,014	$ 408,612	$ 10,402

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2022	Fiscal Year 2021	2022 Over (Under) 2021
Facilities support services:			
Salaries	$ 47,177	$ 38,306	$ 8,871
Commodities	89,456	83,475	5,981
Services	359,498	353,322	6,176
Equipment - educational	3,628	2,960	668
Building and sites	53,733	22,476	31,257
Fixed charges	47,361	39,296	8,065
Total facilities support services	$ 600,853	$ 539,835	$ 61,018
Instructional support services:			
Salaries	$ 292,871	$ 280,185	$ 12,686
Commodities	27,784	30,932	(3,148)
Services	58,266	35,780	22,486
Equipment - educational	13,282	16,014	(2,732)
Building and sites	2,641	2,019	622
Fixed charges	82,366	73,839	8,527
Total instructional support services	$ 477,210	$ 438,769	$ 38,441
Food services:			
Salaries	$ 73,986	$ 67,624	$ 6,362
Commodities	81,407	51,372	30,035
Services	3,602	3,310	292
Equipment - educational	1,494	482	1,012
Fixed charges	60,205	52,395	7,810
Total food services	$ 220,694	$ 175,183	$ 45,511

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2022	Fiscal Year 2021	2022 Over (Under) 2021
Community services:			
Salaries	$ 15,617	$ 13,528	$ 2,089
Commodities	2,909	9,954	(7,045)
Services	33,197	28,773	4,424
Equipment - educational	2,302	6,340	(4,038)
Building and sites	2	—	2
Fixed charges	5,138	4,398	740
Total community services	$ 59,165	$ 62,993	$ (3,828)
Teacher's Pension:			
Fixed charges	$ 907,040	$ 844,054	$ 62,986
Total teachers' pension	$ 907,040	$ 844,054	$ 62,986
Capital outlay:			
Salaries	$ 3,402	$ 3,601	$ (199)
Commodities	2,955	8,031	(5,076)
Services	3,848	4,045	(197)
Equipment - educational	436	666	(230)
Building and sites	23,748	9,083	14,665
Fixed charges	1,394	1,215	179
Total capital outlay	$ 35,783	$ 26,641	$ 9,142
Debt service:			
Fixed charges	$ 15,943	$ 2,682	$ 13,261
Total debt service	$ 15,943	$ 2,682	$ 13,261

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2022	Fiscal Year 2021	2022 Over (Under) 2021
Other:			
Fixed charges	$ 16,172	$ 12,304	$ 3,868
Total other	$ 16,172	$ 12,304	$ 3,868
Total expenditures	$ 7,396,311	$ 6,507,858	$ 888,453

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Chicago Public Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

OTHER FINANCING SOURCES AND (USES)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014	2015	2016
General operating fund:				
Insurance proceeds	$ —	$ —	$ —	$ —
Lease value	—	—	—	—
Transfers in/(out)	439	161	(12,915)	50,162
Total general operating fund	$ 439	$ 161	$ (12,915)	$ 50,162
All other governmental funds:				
Gross amounts from debt issuances	$ 982,720	$ 131,600	$ 561,880	$ 724,999
Premiums on bonds issued	47,271	—	—	—
Issuance of refunding debt	—	—	—	—
Premiums on refunding bonds issued	—	—	—	—
Sales of general capital assets	723	7,301	37,504	15,012
Payment to refunded bond escrow agent	(480,597)	—	(386,710)	(120,856)
Transfers in/(out)	(439)	(161)	12,915	(50,162)
Discounts on bonds issued	—	—	(12,502)	(110,071)
Total all other governmental funds	$ 549,678	$ 138,740	$ 213,087	$ 458,922

2017	2018	2019	2020	2021	2022
$ 224	$ —	$ 33	$ —	$ —	$ —
—	—	—	—	—	12,613
58,350	286,828	475	11,010	—	(10)
$ 58,574	$ 286,828	$ 508	$ 11,010	$ —	$ 12,603
$ 879,580	$ 2,152,150	$ 849,395	$ —	$ 450,000	$ 480,857
—	65,353	33,366	—	113,020	62,668
—	—	—	349,079	107,505	391,313
—	—	—	50,391	26,112	37,572
6,273	9,442	1,251	166	—	10
—	(1,321,865)	(457,035)	(401,956)	(132,560)	(406,753)
(58,350)	(286,828)	(475)	(11,010)	—	10
(36,097)	(33,432)	(10,528)	—	—	—
$ 791,406	$ 584,820	$ 415,974	$ (13,330)	$ 564,077	$ 565,677

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

RATIO OF DEBT SERVICE TO NON-CAPITAL EXPENDITURES
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

Fiscal Year	Debt Service	Non-Capital	Ratio (1)
2013	$ 390,409	$ 5,385,859	0.07 : 1
2014	467,904	6,079,578	0.08 : 1
2015	533,493	6,208,609	0.09 : 1
2016	481,419	5,910,440	0.08 : 1
2017	569,694	5,886,744	0.10 : 1
2018	651,405	6,208,226	0.10 : 1
2019	636,214	6,870,816	0.09 : 1
2020	661,182	6,941,728	0.10 : 1
2021	664,224	7,273,175	0.09 : 1
2022	730,132	8,179,868	0.09 : 1

NOTES:
1) Ratio of total debt service is calculated as Total Debt Service Expenditures, calculated as the sum of principal and interest expenditures, divided by total non-capital expenditures which are calculated as the difference between total expenditures and capitalized capital outlay expenditures, as per GASB S44; 12b.

Chicago Public Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per $100 of equalized assessed valuation)

School Direct Rates	2013	2014	2015	2016
Education	3.309	3.519	3.409	3.205
Worker's and Unemployment Compensation/Tort Immunity	0.031	0.067	0.169	0.111
Public Building Commission	0.082	0.085	0.082	0.075
Capital Improvement	0.000	0.000	0.000	0.064
Teacher Pension	0.000	0.000	0.000	0.000
Bonds & Interest (A)	0.000	0.000	0.000	0.000
Levy Adjustment (B)	0.000	0.000	0.000	0.000
Total direct rate	3.422	3.671	3.660	3.455
City of Chicago	1.425	1.496	1.473	1.806
Chicago City Colleges	0.190	0.199	0.193	0.177
Chicago Park District	0.395	0.420	0.415	0.382
Metropolitan Water Reclamation District	0.370	0.417	0.430	0.426
Cook County	0.531	0.560	0.568	0.552
Cook County Forest Preserve	0.063	0.069	0.069	0.069
Total for all governments	6.396	6.832	6.808	6.867

Source: Cook County Clerk's Office

NOTES:

A) Beginning in fiscal year 2018, CPS issued a Bond Resolution Series Levy.

B) For fiscal year 2022, CPS received a new fund named Levy Adjustment consisting of refunds that should have been received in prior years.

2017	2018(A)	2019	2020	2021	2022
3.115	3.161	2.845	2.893	2.929	2.786
0.107	0.039	0.093	0.090	0.094	0.089
0.072	0.069	0.036	0.000	0.000	0.000
0.065	0.011	0.011	0.011	0.011	0.021
0.367	0.551	0.511	0.565	0.562	0.532
0.000	0.059	0.056	0.060	0.060	0.055
0.000	0.000	0.000	0.000	0.000	0.033
3.726	3.890	3.552	3.620	3.656	3.517
1.880	1.894	1.812	1.893	1.886	1.838
0.169	0.164	0.147	0.149	0.151	0.145
0.368	0.358	0.330	0.326	0.329	0.311
0.406	0.402	0.396	0.389	0.378	0.382
0.533	0.496	0.489	0.454	0.453	0.446
0.063	0.062	0.060	0.059	0.058	0.058
7.145	7.266	6.786	6.890	6.911	6.697

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Thousands of dollars)

Tax Year of Levy (C/D)	Fiscal Year of Extension	Total Tax Extension	Collected within the Fiscal Year of Extension (A) Amount	Collected within the Fiscal Year of Extension (A) Percentage of Extension	Collections in Subsequent Years	Total Collections to Date (B) Amount	Total Collections to Date (B) Percentage of Extension
2012	2013	$ 2,232,684	$ 1,090,274	48.83%	$ 1,045,103	$ 2,135,377	95.64%
2013	2014	2,289,250	1,134,859	49.57%	1,087,378	2,222,237	97.07%
2014	2015	2,375,822	1,177,370	49.56%	1,134,538	2,311,908	97.31%
2015	2016	2,451,566	1,230,423	50.19%	1,110,836	2,341,259	95.50%
2016	2017	2,757,651	1,242,377	42.05%	1,449,481	2,691,858	97.61%
2017	2018	2,988,432	1,453,350	48.63%	1,469,218	2,922,568	97.80%
2018	2019	3,066,309	1,574,691	51.35%	1,446,735	3,021,426	98.54%
2019	2020	3,178,626	1,600,502	50.35%	1,545,905	3,146,407	98.99%
2020	2021	3,272,336	1,687,838	51.58%	1,680,232	3,368,070	102.93%
2021	2022	3,641,612	1,790,288	49.16%	—	—	

NOTES:

A) The amount does not represent a full year's tax collection.

B) The total amount collected to date is net of refunds.

C) Tax Year 2015 contains Capital Improvement Tax amounts that were not levied in prior years.

D) Tax Year 2016 contains CTPF (Chicago Teacher Pension Fund) amounts that were not levied in prior years.

Chicago Public Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Thousands of dollars)

		Assessed Values (A)				
Tax Year Levy	**Fiscal Year**	**Class 2 (B)**	**Class 3 (C)**	**Class 5 (D)**	**Other (E)**	**Total**
2012	2013	$ 15,560,876	$ 1,252,635	$ 10,201,554	$ 454,593	$ 27,469,658
2013	2014	15,440,622	1,282,342	10,137,795	453,201	27,313,960
2014	2015	15,416,908	1,345,482	10,096,651	487,529	27,346,570
2015	2016	17,319,503	1,589,995	11,240,864	541,183	30,691,545
2016	2017	17,219,809	1,863,312	11,316,868	562,402	30,962,391
2017	2018	17,196,902	1,905,033	11,370,329	497,856	30,970,120
2018	2019	19,759,176	2,329,709	13,321,105	626,755	36,036,745
2019	2020	19,705,845	2,552,750	13,908,306	666,850	36,833,751
2020	2021	17,874,896	2,657,697	13,139,430	660,097	34,332,120
2021	2022	21,394,731	3,284,731	15,064,489	774,983	40,518,934

NOTES:

A. *Source*: Cook County Assessor’s Office

B. Residential, six units and under

C. Residential, seven units and over and mixed-use

D. Industrial/Commercial

E. Vacant, not-for-profit and industrial/commercial incentive class

F. *Source*: Cook County Clerk's Office

G. *Source*: Cook County Clerk’s Office - Total equalized assessed value is net of exemptions and includes assessment of pollution control facilities. Excludes DuPage County Valuation.

H. *Source:* Cook County Clerk's Office - Property in the City of Chicago is reassessed once every three years. Tax rates are per $100 of equalized assessed value.

I. Source: The Civic Federation - Excludes railroad property. This data was delayed for fiscal year 2020 and was unavailable at the time of publishing.

N/A: Not available at publishing.

State Equalization Factor (F)	Total Equalized Assessed Value (G)	Total Direct Tax Rate (H)	Total Estimated Fair Cash Value (I)	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value (%)
2.8056	$ 65,250,387	3.422	$ 206,915,723	31.53%
2.6621	62,363,876	3.671	236,695,475	26.35%
2.7253	64,908,057	3.660	255,639,792	25.39%
2.6685	70,963,289	3.455	278,076,449	25.52%
2.8032	74,016,506	3.726	293,121,793	25.25%
2.9627	76,765,303	3.890	306,074,351	25.08%
2.9109	86,326,179	3.552	323,128,274	26.72%
2.9160	87,816,177	3.620	335,856,711	26.15%
3.2234	89,514,969	3.656	N/A	N/A
3.0027	96,913,881	3.517	N/A	N/A

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PRINCIPAL PROPERTY TAX PAYERS, BASED ON EQUALIZED ASSESSED VALUATION
Prior Fiscal Year and Nine Years Ago
(Thousands of dollars)

	2021		
Property	**Equalized Assessed Valuation**	**Rank**	**Percentage of Total Equalized Assessed Valuation**
Wanxiang Sterling LLC	$ 405,889	1	0.42%
601 W Companies LLC	362,135	2	0.37%
CBRE Suite 2530	347,671	3	0.36%
HCSC Blue Cross J Kaye	311,235	4	0.32%
300 Lasalle LLC	273,340	5	0.28%
Merchandise Mart - 222 Mer Mart Plaza	265,728	6	0.27%
Merchandise Mart - 320 N Wells	264,188	7	0.27%
227 Monroe Street LLC	263,986	8	0.27%
River Point LLC	260,819	9	0.27%
110 North Wacker Title	236,476	10	0.24%
Willis Tower	—	—	—%
Water Tower Place	—	—	—%
Chase Tower	—	—	—%
Three First National Plaza	—	—	—%
Citadel Center	—	—	—%
	$ 2,991,468		3.07%

	2012		
Property	**Equalized Assessed Valuation**	**Rank**	**Percentage of Total Equalized Assessed Valuation**
Wanxiang Sterling LLC	$ 234,964	3	0.36%
601 W Companies LLC	255,347	2	0.39%
CBRE Suite 2530	—	—	—%
HCSC Blue Cross J Kaye	205,275	4	0.31%
300 Lasalle LLC	—	—	—%
Merchandise Mart - 222 Mer Mart Plaza	201,246	5	0.31%
Merchandise Mart - 320 N Wells	179,804	10	0.28%
227 Monroe Street LLC	—	—	—%
River Point LLC	—	—	—%
110 North Wacker Title	—	—	—%
Willis Tower	386,266	1	0.59%
Water Tower Place	192,985	7	0.30%
Chase Tower	200,708	6	0.31%
Three First National Plaza	184,596	9	0.28%
Citadel Center	187,449	8	0.29%
	$ 2,228,640		3.42%

Source: Cook County Treasurer's Office and Cook County Assessor's Office

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF REPLACEMENT TAX DATA
Last Ten Fiscal Years

		Statewide Replacement Tax Data (A)			
Calendar Year	**Invested Capital Tax Collections**	**Business Income Tax Collections (Net of Refunds)**	**Net Adjustments (C)**	**Total Replacement Tax Allocations to Local Govts.**	**Board Percent (E)**
2013 (A)	$ 210,557,060	$ 1,293,732,061	$ (172,528,019)	$ 1,331,761,102	14.00%
2014 (A)	208,039,618	1,243,163,624	(80,317,444)	1,370,885,798	14.00%
2015 (A)(F)	257,022,234	1,483,335,576	(279,011,561)	1,461,346,249	14.00%
2016 (F) (H) (I)	201,320,237	1,273,378,669	(179,819,398)	1,294,879,508	14.00%
2017 (F) (H) (I)	225,978,196	1,313,576,023	(213,645,696)	1,325,908,524	14.00%
2018(F)	215,967,153	1,329,867,705	(302,697,315)	1,243,137,542	14.00%
2019(F)	252,232,576	1,574,405,797	(281,114,723)	1,545,523,650	14.00%
2020 (F)	177,854,220	1,253,192,231	(99,726,402)	1,331,320,048	14.00%
2021 (F)	182,659,103	1,990,655,391	121,294,116	2,294,608,610	14.00%
2022 (F)	214,369,226	4,030,422,115	(226,348,133)	4,018,443,208	14.00%

NOTES:

A) Source: Illinois Department of Revenue

B) Source: Board of Education of the City of Chicago

C) Consists of adjustments for administrative fees, interest earned on deposits, interfund transfers, timing of collections and payments and related items.

D) Reflects reductions to pay applicable Statutory Claims. All Statutory Claims with respect to debt service have been paid and, under the Statute Revenue Sharing Act, no future Statutory Claims with respect to the debt service will paid and, under the Statute Revenue Sharing Act, no future Statutory Claims with respect to the debt service will arise or need to be paid.

E) Percentage rounded.

F) Replacement tax collection for calendar year indicated within chart, beginning January 1, 20XX – December 31, 20XX, respectively. Note that these amounts may change over time as taxes are collected subsequent to issuance of this report. As such, tax collection is finalized and updated by the Illinois Department of Revenues and the table is updated, as required.

G) Total allocations to the Board of Education in the month of December are unavailable at the time of issuance for each calendar year provided. As the total allocations are not available, an estimate is calculated for this value, based upon historic allocations over the prior 9 years. As this amount is an estimate, updates to these values may occur over time.

H) The Statewide Replacement Tax Data for calendar years 2016 and 2017 was not made available from the Illinois Department of Revenue (IDOR) at time of publishing; Data is obtained from the Illinois' Office of the Comptroller online ledger. The data for total distributions to local governments is retrieved from IDOR monthly tax distributions online database.

I) As noted above, the values within this table relate to payments made on statutory claims. As such, some values may require periodic update as statutory claims relating to previous calendar years are settled and paid.

Board Replacement Tax Data (B)

Allocations To Board	Pro-Forma Pledged Revenues (D)	Fiscal Year Recorded Revenue
$ 186,499,892	$ 186,499,892	$ 185,883,929
191,978,921	191,978,921	188,040,647
204,647,028	204,647,028	202,147,157
181,335,025	181,335,025	161,535,119
191,493,223	191,493,223	227,920,163
174,089,034	174,089,034	168,253,658
216,435,135	216,435,135	187,232,486
194,276,084	194,276,084	202,451,572
329,393,479	329,393,479	282,074,815
567,429,274	567,429,274	609,895,866

Monthly Summary of the Total Allocations to the Board of Education

Year	January	March	April	May	July	August	October	December (G)	Total
2013	$25,661,184	$ 8,031,048	$40,687,665	$36,710,938	$35,870,312	$ 3,762,361	$26,213,949	$ 9,562,435	$186,499,892
2014	32,365,778	9,605,194	42,927,880	31,682,731	31,920,320	3,433,503	31,625,454	8,418,061	191,978,921
2015	28,059,669	8,010,311	49,024,542	40,392,319	33,183,298	4,472,067	33,357,743	8,147,079	204,647,028
2016	26,524,204	10,652,765	37,937,134	30,650,698	33,320,166	3,878,948	30,306,843	8,064,267	181,335,025
2017	29,970,202	19,251,991	49,042,057	31,582,995	32,296,122	1,489,085	22,047,768	5,813,003	191,493,223
2018	19,792,771	17,558,226	36,093,602	36,791,094	28,668,109	2,897,394	25,943,635	6,344,203	174,089,034
2019	21,270,279	8,389,907	41,715,300	50,715,636	29,956,132	3,593,551	52,136,107	8,658,223	216,435,135
2020	31,659,279	6,293,914	43,458,906	27,784,353	28,867,239	21,331,766	27,042,714	7,837,913	194,276,084
2021	33,287,342	12,026,626	56,195,179	72,420,237	52,771,907	6,710,885	87,925,010	8,056,293	329,393,479
2022	55,294,647	72,415,799	85,610,204	114,619,591	82,523,378	9,421,668	111,145,972	36,398,015	567,429,274

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS
For the Fiscal Year Ended June 30, 2022

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2021 EAV $	% Change in EAV (for 2021)
Addison South	5/9/2007	2031	$ 70,940,232	$ 199,740,612	181.6 %
Archer Courts	5/12/1999	2023	85,326	7,951,345	9,218.8 %
Archer/Central	5/17/2000	2024	37,646,911	48,762,980	29.5 %
Archer/Western	2/11/2009	2033	117,506,250	169,276,480	44.1 %
Armitage/Pulaski	6/13/2007	2031	17,643,508	22,704,948	28.7 %
Austin/Commercial	9/27/2007	2031	72,287,864	105,655,561	46.2 %
Avalon Park/South Shore	7/31/2002	2026	22,180,151	35,516,749	60.1 %
Avondale	7/29/2009	2033	40,425,634	46,401,924	14.8 %
Belmont/Central	1/12/2000	2024	137,304,682	234,137,977	70.5 %
Belmont/Cicero	1/12/2000	2024	33,673,880	59,681,223	77.2 %
Bronzeville	11/4/1998	2022	46,166,304	166,064,052	259.7 %
Bryn Mawr/Broadway	12/11/1996	2032	17,829,852	68,262,568	282.9 %
Foster/California	4/2/2014	2038	15,399,717	13,923,544	(9.6)%
Canal/Congress	11/12/1998	2022	36,872,487	856,361,125	2,222.5 %
Central West	2/16/2000	2024	85,481,254	665,744,519	678.8 %
Chicago/Central Park	2/27/2002	2026	84,789,947	237,711,244	180.4 %
Chicago/Kingsbury	4/12/2000	2024	38,520,706	597,457,878	1,451.0 %
Cicero/Archer	5/17/2000	2024	19,629,324	34,879,414	77.7 %
Clark/Montrose	7/7/1999	2023	23,433,096	100,991,568	331.0 %
Cortland/Chicago River	4/10/2019	2043	87,383,901	161,430,070	84.7 %
Clark/Ridge	9/29/1999	2023	39,619,368	101,810,588	157.0 %
Commercial Ave.	11/13/2002	2026	40,748,652	63,520,913	55.9 %
Devon/Sheridan	3/31/2004	2028	45,541,834	86,995,717	91.0 %
Devon/Western	11/3/1999	2023	71,430,503	145,222,870	103.3 %
Diversey/Narragansett	2/5/2003	2027	34,746,231	80,568,081	131.9 %
Diversey/Chicago River	10/5/2016	2040	—	3,288,262	— %
Division/Homan	6/27/2001	2025	24,683,716	74,634,709	202.4 %
Edgewater/Ashland	10/1/2003	2027	1,875,282	13,699,048	630.5 %
Elston/Armstrong Industrial Corridor	7/19/2007	2031	45,742,226	70,335,310	53.8 %
Englewood Mall	11/29/1989	2025	3,868,736	15,803,396	308.5 %
Englewood Neighborhood	6/27/2001	2025	59,546,351	108,330,256	81.9 %
Ewing Avenue	3/10/2010	2034	52,994,264	47,570,341	(10.2)%
Foster/Edens	2/28/2018	2042	25,904,768	56,627,763	118.6 %
Fullerton/Milwaukee	2/16/2000	2024	85,157,390	368,428,055	332.6 %
Galewood/Armitage Industrial	7/7/1999	2023	48,056,697	176,975,544	268.3 %
Goose Island	7/10/1996	2032	13,676,187	141,221,115	932.6 %
Greater Southwest (West)	4/12/2000	2024	115,603,413	108,980,098	(5.7)%
Harrison/Central	7/26/2006	2030	43,430,700	69,065,751	59.0 %
Hollywood/Sheridan	11/7/2007	2031	158,696,916	214,388,008	35.1 %
Homan/Arthington	2/5/1998	2022	2,658,362	15,354,550	477.6 %
Humbolt Park Commercial	6/27/2001	2025	32,161,252	130,334,321	305.3 %
Jefferson Park	9/9/1998	2022	23,970,085	52,774,121	120.2 %
Jefferson/Roosevelt	8/30/2000	2024	52,292,656	271,486,174	419.2 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)
For the Fiscal Year Ended June 30, 2022

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2021 EAV $	% Change in EAV (for 2021)
Kennedy/Kimball	3/12/2008	2032	$ 72,841,679	$ 102,664,779	40.9 %
Kinzie Industrial Corridor	6/10/1998	2022	144,961,719	1,602,678,911	1,005.6 %
Lake Calumet Area Industrial	12/13/2000	2024	172,789,519	230,587,081	33.4 %
Lakefront	3/27/2002	2026	—	8,065,375	— %
LaSalle/Central	11/15/2006	2030	4,192,597,468	6,354,556,775	51.6 %
Lawrence/Broadway	6/27/2001	2025	38,499,977	144,439,666	275.2 %
Lawrence/Kedzie	2/16/2000	2024	110,395,843	286,844,912	159.8 %
Lawrence/Pulaski	2/27/2002	2026	43,705,743	81,484,524	86.4 %
Lincoln Avenue	11/3/1999	2023	63,741,191	120,524,188	89.1 %
Little Village East	4/22/2009	2033	44,751,945	48,950,896	9.4 %
Little Village Industrial Corridor	6/13/2007	2031	88,054,895	116,303,549	32.1 %
Madden/Wells	11/6/2002	2026	1,333,582	29,305,010	2,097.5 %
Madison/Austin Corridor	9/29/1999	2023	48,748,259	119,749,470	145.6 %
Michigan Ave/Cermak	9/13/1989	2025	5,858,634	65,724,274	1,021.8 %
Midway Industrial Corridor	2/16/2000	2024	48,652,950	121,653,400	150.0 %
Midwest	5/17/2000	2036	216,733,898	520,087,629	140.0 %
Montclare	8/30/2000	2024	792,770	7,076,460	792.6 %
Montrose/Clarendon	6/30/2010	2034	—	22,739,118	— %
Near North	7/30/1997	2033	41,373,938	652,178,112	1,476.3 %
North Ave./Cicero	7/30/1997	2021	5,658,542	36,170,607	539.2 %
North Branch/North	7/2/1997	2021	23,295,672	154,739,983	564.2 %
North Branch/South	2/5/1998	2022	27,606,885	202,662,154	634.1 %
North Pullman	6/30/2009	2033	44,582,869	95,805,903	114.9 %
NW Industrial Corridor	12/2/1998	2022	146,115,991	393,186,643	169.1 %
Ogden/Pulaski	4/9/2008	2032	221,709,034	208,369,387	(6.0)%
Ohio/Wabash	6/7/2000	2024	1,278,143	30,716,306	2,303.2 %
Peterson/Cicero	2/16/2000	2024	1,116,653	11,474,530	927.6 %
Peterson/Pulaski	2/16/2000	2024	40,112,395	67,047,837	67.1 %
Pilsen Industrial Corridor	6/10/1998	2022	111,394,217	606,724,826	444.7 %
Portage Park	9/9/1998	2022	65,084,552	136,984,837	110.5 %
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	2028	16,414,897	31,938,069	94.6 %
Pulaski Industrial Corridor	6/9/1999	2023	82,778,075	217,179,271	162.4 %
Randolph/Wells	6/9/2010	2034	72,140,805	275,290,725	281.6 %
River South	7/30/1997	2021	53,597,202	423,139,368	689.5 %
River West	1/10/2001	2025	50,463,240	600,547,164	1,090.1 %
Roosevelt/Cicero Industrial Corridor	2/5/1998	2022	45,179,428	166,459,647	268.4 %
Roosevelt/Racine (DOH)	11/4/1998	2034	6,992,428	65,123,816	831.3 %
Roosevelt/Union	5/12/1999	2022	4,369,258	113,035,355	2,487.1 %
Roosevelt/Clark	4/10/2019	2043	83,236,930	105,386,606	26.6 %
Roseland/Michigan	1/16/2002	2026	29,627,768	34,514,529	16.5 %
Sanitary Drain & Ship	7/24/1991	2027	10,722,329	41,507,786	287.1 %
South Chicago	4/12/2000	2024	14,775,992	28,602,225	93.6 %
Stevenson/Brighton Park	4/11/2007	2031	216,330,994	343,683,228	58.9 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)
For the Fiscal Year Ended June 30, 2022

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2021 EAV $	% Change in EAV (for 2021)
Stockyards-Southeast Quadrant Industrial	2/26/1992	2028	$ 27,527,305	$ 67,699,034	145.9 %
Stony Island Commercial/ Burnside Industrial	6/10/1998	2034	46,058,038	109,355,855	137.4 %
Southwest Ind. Corridor	3/10/1999	2023	17,662,923	38,759,584	119.4 %
Touhy/Western	9/13/2006	2030	55,187,828	69,681,557	26.3 %
Washington Park	10/8/2014	2038	72,073,855	101,739,349	41.2 %
West Irving Park	1/12/2000	2024	36,446,831	67,115,144	84.1 %
West Woodlawn	5/12/2010	2034	127,750,505	101,098,629	(20.9)%
Western Ave. South	1/12/2000	2024	69,504,372	279,127,621	301.6 %
Western Ave. North	1/12/2000	2024	71,260,546	248,044,511	248.1 %
Western/Ogden	2/5/1998	2021	41,536,306	293,248,564	606.0 %
Western/Rock Island	2/8/2006	2030	102,358,411	125,609,314	22.7 %
Wilson Yard	6/27/2001	2025	56,194,225	256,309,732	356.1 %
Woodlawn	1/20/1999	2023	28,865,833	114,214,036	295.7 %
105th/Vincennes	10/3/2001	2025	108,828,811	134,546,595	23.6 %
107th/Halsted	4/2/2014	2038	122,435,316	121,976,656	(0.4)%
111th/Kedzie	9/29/1999	2023	14,456,141	30,646,639	112.0 %
116th/Avenue O	10/31/2018	2042	3,144,479	13,560,849	331.3 %
119th/Halsted	2/6/2002	2026	63,231,728	64,873,006	2.6 %
119th/I-57	11/6/2002	2026	100,669,561	134,265,044	33.4 %
24th/Michigan	7/21/1999	2023	15,897,585	103,776,442	552.8 %
26th/King Drive	1/11/2006	2030	—	16,568,498	— %
35th/Halsted	1/14/1997	2021	81,212,182	356,013,306	338.4 %
35th/State	1/14/2004	2028	3,978,955	45,829,312	1,051.8 %
35th/Wallace	12/15/1999	2023	9,047,402	40,531,068	348.0 %
43rd/Cottage Grove	7/8/1998	2022	13,728,931	89,508,998	552.0 %
47th/Ashland	3/27/2002	2026	53,606,185	108,513,117	102.4 %
47th/Halsted	5/29/2002	2026	39,164,012	105,144,531	168.5 %
47th/King Drive	3/27/2002	2026	61,269,066	254,916,931	316.1 %
47th/State	7/21/2004	2028	19,279,360	67,691,827	251.1 %
51st/Archer	5/17/2000	2024	29,522,751	57,218,904	93.8 %
51st/Lake Park	11/15/2012	2036	2,320,971	20,693,633	791.6 %
53rd St.	1/10/2001	2025	20,916,553	108,516,350	418.8 %
63rd/Ashland	3/29/2006	2030	47,496,362	56,175,770	18.3 %
63rd/Pulaski	5/17/2000	2024	56,171,856	93,572,609	66.6 %
67th/Cicero	10/2/2002	2026	—	6,477,796	— %
67th/Wentworth	5/4/2011	2035	210,005,927	153,927,647	(26.7)%
71st/Stony Island	10/7/1998	2022	53,336,063	118,579,044	122.3 %
73rd/University	9/13/2006	2030	16,998,947	18,088,015	6.4 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)
For the Fiscal Year Ended June 30, 2022

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2021 EAV $	% Change in EAV (for 2021)
79th Street Corridor	7/8/1998	2022	$ 21,576,305	$ 45,858,143	112.5 %
79th/Cicero	6/8/2005	2029	8,018,405	17,344,040	116.3 %
79th/SW Highway	10/3/2001	2025	36,347,823	71,328,652	96.2 %
79th/Vincennes	9/27/2007	2031	32,132,472	36,374,165	13.2 %
83rd/Stewart	3/31/2004	2028	10,618,689	31,320,191	195.0 %
87th/Cottage Grove	11/13/2002	2026	53,959,824	81,792,613	51.6 %
95th/Western	7/13/1995	2031	16,035,773	40,382,608	151.8 %
			$10,733,308,921	$25,640,434,535	

NOTES:

State law empowers cities to create Tax Increment Financing Districts (TIFs) to finance redevelopment of blighted areas or areas at risk of blight. Taxes subsequently generated by new development and increases in property valuesin TIF districts are reinvested for further development. Increased tax revenues pay for general improvements such as roadways, viaducts, sewers, and sidewalk replacements or for financial assistance for developers.

State law requires the City to call a meeting of the Joint Review Board in order for the City to legally create any TIF.

The Chicago Public Schools serves on this committee.

Source: Office of The County Clerk Tax Increment Agency

Total 2021 EAV for the City of Chicago is $96,913,880,556 - Source: The Cook County Report

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF NEW PROPERTY EAV AS A PERCENTAGE OF OVERALL EAV
Last Ten Fiscal Years
(Thousands of dollars)

			Components of New Property by Tax Levy Year (B)				
Tax Year Levy	Fiscal Year	Agency Overall Equalized Assessed Value (A)	New Property	Recovered Tax Increment Value	Expired Incentives	Total New Property (A)	New Property percentage of overall EAV
2012	2013	$65,257,093	$ 213,120	$ 41,499	$ 19,845	$ 274,464	0.42%
2013	2014	62,370,205	279,426	244,388	10,066	533,880	0.86%
2014	2015	64,913,774	414,558	1,040,246	9,912	1,464,716	2.26%
2015	2016	70,968,533	339,649	21,038	16,432	377,119	0.53%
2016	2017	74,020,998	397,527	39,040	10,667	447,234	0.60%
2017	2018	76,768,955	624,331	17,836	9,144	651,311	0.85%
2018	2019	86,335,882	555,209	320,198	82,544	957,952	1.11%
2019	2020	87,825,670	848,073	307,773	11,780	1,167,627	1.33%
2020	2021	89,524,130	712,787	74,752	71,657	859,196	0.96%
2021	2022	94,918,460	699,107	708,076	42,237	1,449,420	1.53%

NOTES:

A) Source: Cook County Clerk's Office - Agency Tax Rate Report.

B) Source: Cook County Clerk's Office - PTELL New Property, Annexed Property, Disconnected Property, Recovered Tax Increment Report by Town Within Agency.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

Tax Increment Financing (TIF) Agreements in Support of Chicago Public Schools
Capital Intergovernmental Agreements as of June 30, 2022

School	Total Benefit To CPS From IGA with Interest	Total Benefit Received By CPS	Amounts Pending To Be Paid To CPS	Parent TIF
Modern Schools Across Chicago Program Additional Agreements				
Al Raby	$ 631,434	$ —	$ —	Chicago/ Central Park
Brighton Park II Elementary	25,420,000	7,737,740	17,682,260	Stevenson/ Brighton
Laura Ward Project (Westinghouse High School)	9,181,143	—	2,924,670	Chicago/ Central Park
MSAC Subtotal	**$ 35,232,577**	**$ 7,737,740**	**$ 20,606,930**	
Other Capital Intergovernmental Agreements				
Amundsen Athletic Field	$ 1,400,000	$ —	$ 1,400,000	Western Ave. North
Farnsworth Rehabilitation and Improvements	400,000	—	—	Elston/Armstrong
Foreman Renovation and Improvements	1,842,000	—	1,379,177	Belmont/Cicero
Hibbard/Albany Park/Edison Regional Gifted Playground and Improvements	3,500,000	—	—	Lawrence/Kedzie
Jones/NTA Turf Field	4,600,000	4,116,907	—	Michigan/Cermak
McClellan Rehabilitation and Improvements	4,000,000	1,277,567	—	35th/Wallace
New South Loop School Escrow	48,333,000	48,333,000	—	River South
New South Loop School	10,667,000	9,136,000	—	River South
Peterson Athletic Field	1,000,000	—	127,176	Lawrence/Kedzie
Schurz Athletic Field	2,700,000	1,860,678	—	Portage Park
Senn Rehabilitation and Improvements	3,000,000	3,000,000	—	Clark Street/Ridge Avenue
Vaughn Rehabilitation and Improvements	55,000	—	55,000	West Irving Park
Whitney Young Athletic Field	4,300,000	4,300,000	—	Central West
Other Capital IGA Subtotal	**$ 85,797,000**	**$ 72,024,152**	**$ 2,961,353**	
Grand Total	**$ 121,029,577**	**$ 79,761,892**	**$ 23,568,283**	

NOTES:

Based on intergovernmental agreements approved by City Council and executed by the City of Chicago and Chicago Public Schools as of June 30, 2022.

*City of Chicago refunded bonds to cover future principal and interest payments, no additional amounts to be paid to CPS.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS
For the Fiscal Year Ended June 30, 2022
(Thousands of dollars)

Series	Debt Type	Pledged Revenue Source	Issued
1998 B-1	Unlimited Tax G.O. Bonds	IGA	10/28/1998
1999A	Unlimited Tax G.O. Bonds	PPRT/IGA	2/25/1999
2005A	Unlimited Tax G.O. Bonds	State Aid	6/27/2005
2009D	Unlimited Tax G.O. Bonds	State Aid	7/30/2009
2009E	Unlimited Tax G.O. Build America Bonds	State Aid/Federal Subsidy	9/24/2009
2009G	Qualified School Construction G.O. Bonds	State Aid	12/17/2009
2010C	Qualified School Construction G.O. Bonds	State Aid/Federal Subsidy	11/2/2010
2010D	Unlimited Tax G.O. Build America Bonds	State Aid/Federal Subsidy	11/2/2010
2011A	Unlimited Tax G.O. Bonds	State Aid	11/1/2011
2012A	Unlimited Tax G.O. Bonds	State Aid	8/21/2012
2012B	Unlimited Tax G.O. Bonds	State Aid	12/21/2012
2015C	Unlimited Tax G.O. Bonds	State Aid	4/29/2015
2015E	Unlimited Tax G.O. Bonds	State Aid	4/29/2015
2016A	Unlimited Tax G.O. Bonds	State Aid	2/8/2016
2016B	Unlimited Tax G.O. Bonds	State Aid	7/29/2016
2016CIT	Capital Improvement Tax	CIT Levy	1/4/2017
2017CIT	Capital Improvement Tax	CIT Levy	11/30/2017
2017A	Unlimited Tax G.O. Bonds	State Aid	11/30/2017
2017B	Unlimited Tax G.O. Bonds	State Aid	11/30/2017
2017C	Unlimited Tax G.O. Bonds	State Aid	11/30/2017
2017D	Unlimited Tax G.O. Bonds	State Aid	11/30/2017
2017E	Unlimited Tax G.O. Bonds	PPRT	11/30/2017
2017F	Unlimited Tax G.O. Bonds	IGA	11/30/2017
2017G	Unlimited Tax G.O. Bonds	PPRT/State Aid	11/30/2017
2017H	Unlimited Tax G.O. Bonds	PPRT/IGA/State Aid	11/30/2017
2018A	Unlimited Tax G.O. Bonds	State Aid	6/1/2018
2018B	Unlimited Tax G.O. Bonds	State Aid	6/1/2018
2018C	Unlimited Tax G.O. Bonds	State Aid	12/13/2018
2018D	Unlimited Tax G.O. Bonds	PPRT/State Aid	12/13/2018
2018CIT	Capital Improvement Tax	CIT Levy	12/13/2018
2019A	Unlimited Tax G.O. Bonds	IGA	9/12/2019
2019B	Unlimited Tax G.O. Bonds	State Aid	9/12/2019
2021A	Unlimited Tax G.O. Bonds	State Aid/IGA	2/11/2021
2021B	Unlimited Tax G.O. Bonds	State Aid	2/11/2021
2022A	Unlimited Tax G.O. Bonds	State Aid	2/1/2022
2022B	Unlimited Tax G.O. Bonds	State Aid	2/1/2022
	Grand Total Direct Debt		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS
For the Fiscal Year Ended June 30, 2022
(Thousands of dollars)

Final Maturity	Interest Rate	Outstanding at June 30, 2021 (A)	Issued or (Redeemed)	Outstanding at June 30, 2022 (A)
12/1/2031	4.55%-5.22%	$ 190,161	$ (19,607)	$ 170,553
12/1/2031	4.30%-5.3%	267,393	(32,201)	235,191
12/1/2031	5.00%-5.50%	134,910	(9,240)	125,670
12/1/2023	1.00%-5.00%	2,000	(2,000)	—
12/1/2039	4.682%-6.14%	490,205	(7,590)	482,615
12/15/2025	1.75%	254,240	—	254,240
11/1/2029	6.32%	257,125	—	257,125
3/1/2036	6.52%	125,000	—	125,000
12/1/2041	5.00%-5.50%	402,410	(402,410)	—
12/1/2042	5.00%	468,915	—	468,915
12/1/2034	5.00%	109,825	—	109,825
12/1/2039	5.25%-6.00%	280,000	—	280,000
12/1/2039	5.13%	20,000	—	20,000
12/1/2044	7.00%	725,000	—	725,000
12/1/2046	6.50%	150,000	—	150,000
4/1/2046	5.75%-6.10%	729,580	—	729,580
4/1/2046	5.00%	64,900	—	64,900
12/1/2046	7.00%	285,000	—	285,000
12/1/2042	6.75%-7.00%	215,000	—	215,000
12/1/2034	5.00%	305,930	(23,340)	282,590
12/1/2031	5.00%	68,590	(5,630)	62,960
12/1/2021	5.00%	22,180	(22,180)	—
12/1/2024	5.00%	122,690	(25,995)	96,695
12/1/2044	5.00%	126,500	—	126,500
12/1/2046	5.00%	280,000	—	280,000
12/1/2035	4.00%-5.00%	530,035	(22,870)	507,165
12/1/2022	4.00%-5.00%	9,275	(4,545)	4,730
12/1/2032	5.00%	435,830	(16,340)	419,490
12/1/2046	5.00%	313,280	—	313,280
4/1/2046	5.00%	86,000	—	86,000
12/1/2030	2.89%-5.00%	225,284	—	225,284
12/1/2033	5.00%	123,795	(500)	123,295
12/1/2041	5.00%	450,000	—	450,000
12/1/2036	5.00%	107,505	(6,530)	100,975
12/1/2047	4.00%-5.00%	—	500,000	500,000
12/1/2041	5.00%	—	372,170	372,170
		$ 8,378,557	**$ 271,192**	**$ 8,649,748**

NOTES: A. Excludes total accreted interest in the following series:

Series	Accreted Interest
1998B-1	$ 406,895
1999A	252,346
2019A	4,245
Total	**$ 663,486**

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES
As of June 30, 2022
(Thousands of dollars)

Bond Authorization	Amount Authorized	Amount Issued	Retired	Principal Outstanding June 30, 2022[1]		Remaining Authorization[2]
1997 Alternate Bond Authorization	$ 1,500,000	$ 1,497,703	$1,091,959	$ 405,744	(A)	$ 2,297
2006 Alternate Bond Authorization	750,000	634,258	634,258	—	(B)	115,742
2008 Alternate Bond Authorization	1,900,000	1,899,990	1,163,135	736,855	(C)	10
2009 Alternate Bond Authorization	2,300,000	1,906,180	1,055,140	851,040	(D)	393,820
2012 Alternate Bond Authorization	750,000	709,825	300,000	409,825	(E)	40,175
2015 Alternate Bond Authorization	1,160,000	1,160,000	—	1,160,000	(F)	—
2016 Alternate Bond Authorization	945,000	945,000	5,490	939,510	(G)	—
2019 Alternate Bond Authorization	1,900,000	1,057,505	6,530	1,050,975	(H)	842,495
Alternate Refunding Bond Series Authorized by Statute[1]	N/A	2,513,299	297,980	2,215,319	(I)	N/A
TOTAL	**$11,205,000**	**$12,323,760**	**$4,554,492**	**$ 7,769,268**		**$ 1,394,539**

[1] Debt Reform Act Section 15 of the State of Illinois states that Alternate bonds may, upon meeting certain requirements of the Debt Reform Act, be issued to refund previously issued Alternate Bonds without utilizing additional authorization.

[2] Remaining authorization not used to issue alternate bonds within three years expires and is no longer available.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)
As of June 30, 2022
(Thousands of dollars)

NOTES:

A. The total issued and outstanding debt for the 1997 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds Series 1997A	12/3/1997	$ 499,995	$ —
Unlimited Tax GO Bonds Series 1998	9/24/1998	14,000	—
Unlimited Tax GO Bonds Series 1998 B-1	10/28/1998	328,714	170,553
Unlimited Tax GO Bonds Series 1999A	2/25/1999	532,554	235,191
Unlimited Tax GO Bonds, IDFA Series 1999A	12/22/1999	12,000	—
Unlimited Tax GO Bonds, Series 2000D	9/7/2000	101,000	—
Unlimited Tax GO Bonds, Series 2001B	10/24/2001	9,440	—
		$ 1,497,703	$ 405,744

B. The total issued and outstanding debt for the 2006 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2006B	9/27/2006	$ 54,488	$ —
Unlimited Tax GO Refunding Bonds, Series 2007A	9/5/2007	162,785	—
Unlimited Tax GO Refunding Bonds, Series 2007C	9/5/2007	6,870	—
Unlimited Tax GO Bonds, Series 2007D	12/13/2007	238,720	—
Unlimited Tax GO Refunding Bonds, Series 2009B	6/25/2009	75,410	—
Unlimited Tax GO Refunding Bonds, Series 2009C	6/25/2009	20,265	—
Unlimited Tax GO Refunding Bonds, Series 2009D	7/30/2009	75,720	—
		$ 634,258	$ —

C. The total issue and outstanding debt for the 2008 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Refunding Bonds, Series 2008A	5/13/2008	$ 262,785	$ —
Unlimited Tax GO Refunding Bonds, Series 2008B	5/13/2008	240,975	—
Unlimited Tax GO Refunding Bonds, Series 2008C	5/1/2008	464,655	—
Unlimited Tax GO Refunding Bonds, Series 2009A	3/18/2009	130,000	—
Unlimited Taxable GO Bonds, Series 2009E	9/24/2009	518,210	482,615
Unlimited Tax GO Bonds, Series 2009F	9/24/2009	29,125	—
Unlimited Tax GO Bonds, Series 2009G	12/17/2009	254,240	254,240
		$ 1,899,990	$ 736,855

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)
As of June 30, 2022
(Thousands of dollars)

D. The total issued and outstanding debt for the 2009 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Refunding Bonds, Series 2010A	2/17/2010	$ 48,910	$ —
Unlimited Tax GO Refunding Bonds, Series 2010B	2/17/2010	157,055	—
Unlimited Tax GO Bonds, Series 2010C	11/2/2010	257,125	257,125
Unlimited Tax GO Bonds, Series 2010D	11/2/2010	125,000	125,000
Unlimited Tax GO Refunding Bonds, Series 2010F	11/2/2010	183,750	—
Unlimited Tax GO Refunding Bonds, Series 2010G	11/2/2010	72,915	—
Unlimited Tax GO Bonds, Series 2011A	11/1/2011	402,410	—
Unlimited Tax GO Refunding Bonds, Series 2011C	12/20/2012	95,100	—
Unlimited Tax GO Refunding Bonds, Series 2011D	12/16/2011	95,000	—
Unlimited Tax GO Bonds, Series 2012A	8/21/2012	468,915	468,915
		$ 1,906,180	$ 851,040

E. The total issued and outstanding debt for the 2012 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Refunding Bonds, Series 2012B	12/21/2012	$ 109,825	$ 109,825
Unlimited Tax GO Short-term Line of Credit, Series 2013B	12/20/2013	150,000	—
Unlimited Tax GO Short-term Line of Credit, Series 2013C	12/20/2013	150,000	—
Unlimited Tax GO Bonds, Series 2015C	4/29/2015	280,000	280,000
Unlimited Tax GO Bonds, Series 2015E	4/29/2015	20,000	20,000
		$ 709,825	$ 409,825

F. The total issued and outstanding debt for the 2015 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2016A	2/8/2016	$ 725,000	$ 725,000
Unlimited Tax GO Bonds, Series 2016B	7/29/2016	150,000	150,000
Unlimited Tax GO Bonds, Series 2017A	7/11/2017	285,000	285,000
		$ 1,160,000	$ 1,160,000

G. The total issued and outstanding debt for the 2016 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2017B	11/30/2017	$ 215,000	$ 215,000
Unlimited Tax GO Bonds, Series 2017G	11/30/2017	126,500	126,500
Unlimited Tax GO Bonds, Series 2017H	11/30/2017	280,000	280,000
Unlimited Tax GO Bonds, Series 2018B	6/1/2018	10,220	4,730
Unlimited Tax GO Bonds, Series 2018D	12/13/2018	313,280	313,280
		$ 945,000	$ 939,510

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)
As of June 30, 2022
(Thousands of dollars)

H. The total issued and outstanding debt for the 2019 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax G.O. Bonds, Series 2021A	2/11/2021	$ 450,000	$ 450,000
Unlimited Tax G.O. Bonds, Series 2021B	2/11/2021	107,505	100,975
Unlimited Tax G.O. Bonds, Series 2022A	2/1/2022	500,000	500,000
		$ 1,057,505	$ 1,050,975

I. The total issued and outstanding debt for the 2016 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2005A	6/27/2005	$ 193,585	$ 125,670
Unlimited Tax GO Bonds, Series 2017C	11/30/2017	351,485	282,590
Unlimited Tax GO Bonds, Series 2017D	11/30/2017	79,325	62,960
Unlimited Tax GO Bonds, Series 2017F	11/30/2017	165,510	96,695
Unlimited Tax GO Bonds, Series 2018A	6/1/2018	552,030	507,165
Unlimited Tax GO Bonds, Series 2018C	12/13/2018	450,115	419,490
Unlimited Tax GO Bonds, Series 2019A	9/12/2019	225,284	225,284
Unlimited Tax GO Bonds, Series 2019B	9/12/2019	123,795	123,295
Unlimited Tax GO Bonds, Series 2022B	2/1/2022	372,170	372,170
		$ 2,513,299	$ 2,215,319

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

OUTSTANDING DEBT PER CAPITA
Last Ten Fiscal Years
As of June 30, 2022
(Thousands of dollars, except per capita)

Fiscal Year	General Obligation Bonds	Premium / (Discount)	Capital Improvement Tax Bonds	Accretion of Capital Improvement Bonds	Leases Securing PBC Bonds	Leases	Total Primary Government
2013	$ 6,058,398	$ 125,768	$ —	$ 581,787	$ 267,330	$ 1,750	$ 7,035,033
2014	5,944,516	115,684	—	601,702	232,940	1,575	6,896,417
2015	6,073,049	93,117	—	619,171	196,470	1,400	6,983,207
2016	6,578,983	(26,250)	—	634,157	157,780	1,225	7,345,895
2017	7,198,734	(65,492)	729,580	646,787	116,850	1,050	8,627,509
2018	7,281,448	(46,486)	794,480	667,795	73,520	875	8,771,632
2019	7,475,068	(36,309)	880,480	687,718	27,675	700	9,035,332
2020	7,247,856	8,187	880,480	692,306	—	525	8,829,354
2021	7,498,076	131,674	880,480	679,899	—	—	9,190,129
2022	7,769,268	216,274	880,480	663,486	—	102,118	9,631,626

NOTES:

(A) Starting in FY2013, CPS will include information about accumulated resources that are restricted to repaying the principal of outstanding general bonded debt. These accumulated resources will be subtracted from the total primary government amount in order to calculate a net total primary amount.

(B) For all years prior to FY2013, the total net outstanding debt per capita ratio is the total primary government amount divided by population.

(C) CPS implemented the GASB 87 leases in FY2022, the prior year balance was not restated due to this implementation.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

OUTSTANDING DEBT PER CAPITA
Last Ten Fiscal Years
As of June 30, 2022
(Thousands of dollars, except per capita)

Accumulated Resources Restricted to Repaying the Principal of General Bonded Debt	Net Total Primary Government	Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Population	Total Net General Bonded Debt Per Capita	Total General Obligation Debt Per Capita
$ 144,852	$ 6,890,181	4.62%	22.64%	2,695,598	$ 2,293.60	$ 2,247.52
167,270	6,729,147	4.35%	21.98%	2,695,598	2,230.21	2,205.27
167,270	6,815,937	4.01%	19.89%	2,695,598	2,264.30	2,252.95
97,695	7,248,200	4.30%	21.45%	2,695,598	2,463.38	2,440.64
124,217	8,503,292	4.92%	25.58%	2,716,450	2,916.31	2,650.05
158,585	8,613,047	4.75%	26.61%	2,705,994	2,953.35	2,690.86
171,755	8,863,577	4.67%	22.30%	2,693,976	3,048.34	2,774.73
169,462	8,659,892	4.14%	23.18%	2,746,388	3,153.19	2,639.05
190,553	8,999,576	4.13%	20.21%	2,696,555	3,036.47	2,780.61
205,807	9,425,819	N/A	N/A	N/A	N/A	N/A

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
As of June 30, 2022
(Thousands of dollars)

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	$ 9,005,479	$ 8,607,088	$ 8,958,101	$ 9,793,658
General obligation	342,830	290,849	238,820	186,823
Less: amount set aside for repayment of bonds	(34,790)	(35,201)	(34,684)	(34,866)
Total net debt applicable to limit (A)	$ 308,040	$ 255,648	$ 204,136	$ 151,957
Legal debt margin	$ 8,697,439	$ 8,351,440	$ 8,753,965	$ 9,641,701
Total net debt applicable to the limit as a percentage of debt limit	3.42 %	2.97 %	2.28 %	1.55 %

(A) Pursuant to Section 15 of the Debt Reform Act, this table does not reflect the following alternate bonds because these bond series do not count against the debt limit until the tax levy supporting them is extended for collection:

$328.7 million Series 1998B-1
$532.5 million Series 1999A
$193.5 million Series 2005A
$547.3 million Series 2009E
$254.2 million Series 2009G
$257.1 million Series 2010C
$125.0 million Series 2010D
$468.9 million Series 2012A
$109.8 million Series 2012B
$280.0 million Series 2015C
$20.0 million Series 2015E
$725.0 million Series 2016A
$150.0 million Series 2016B
$285.0 million Series 2017A
$215.0 million Series 2017B
$351.5 million Series 2017C
$79.3 million Series 2017D
$165.5 million Series 2017F
$126.5 million Series 2017G
$280.0 million Series 2017H
$552.0 million Series 2018A
$10.2 million Series 2018B
$450.1 million Series 2018C
$313.3 million Series 2018D
$225.3 million Series 2019A
$123.8 million Series 2019B
$450.0 million Series 2021A
$107.5 million Series 2021B
$500.0 million Series 2022A
$372.2 million Series 2022B

(B) Per Illinois School Code Section 19-1, no school districts maintaining grades K through 12 shall become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the a taxable property aggregate exceeding 13.8% on the value of the taxable property therein to be incurring of such indebtedness, ascertained by the last assessment for State and county taxes or, until January 1, 1983, if greater, the sum that is produced by incurred by such indebtedness.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 10,214,898	$ 10,594,116	$ 11,914,352	$ 12,119,942	$ 12,354,330	$ 13,374,748
134,803	82,734	30,636	—	—	—
(32,761)	(35,452)	(23,173)	—	—	—
$ 102,042	$ 47,282	$ 7,463	$ —	$ —	$ —
$ 10,112,856	$ 10,546,834	$ 11,906,889	$ 12,119,942	$ 12,354,330	$ 13,374,748
1.00 %	0.45 %	0.06 %	0.00 %	0.00 %	0.00 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2022
(Thousands of Dollars)

Governmental Unit	Debt Outstanding (A)	Estimated Percentage Applicable (B)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Chicago	$ 5,856,239	100.00 %	$ 5,856,239
City Colleges of Chicago	303,071	96.19 %	291,524
Chicago Park District	823,735	100.00 %	823,735
Cook County	3,132,316	55.24 %	1,730,291
Forest Preserve District	119,775	55.24 %	66,164
Water Reclamation District	2,678,452	56.11 %	1,502,879
Subtotal, overlapping debt			$ 10,270,832
Chicago Public School Direct Debt			$ 9,631,626
Total Direct and Overlapping Debt			$ 19,902,458

(A) Debt outstanding data provided by each governmental unit.
(B) Assessed value data used to estimate applicable percentage is provided by the Office of the Cook County Clerk. Percentages are calculated by dividing each taxing district's 2021 tax extension within the City of Chicago by the total 2021 Cook County extension for the district.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CPS' DEBT RATING HISTORY
Fiscal Year Ending June 30, 2022

General Obligation Bonds

The following table presents the changes in general obligation credit rating for Chicago Board of Education for the last five years:

	Nov. 2016	Dec. 2016	Oct. 2017	July 2018	June 2019	June 2020	June 2021	June 2022
S&P	B	B	B	B+	B+	BB-	BB	BB
Moody's	B3	B3	B3	B2	B2	B1	Ba3	Ba2
Fitch	B+	B+	BB-	BB-	BB-	BB	BB	BB+
Kroll*	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB

Security Structure: All of CPS' general obligation debt that has been issued as alternate revenue bonds are secured by at least one other revenue stream in addition to the Board's unlimited tax general obligation pledge. CPS has pledged revenues from Personal Property Replacement Taxes (PPRT), revenues from an Intergovernmental Agreement (IGA) with the City of Chicago, revenues from City Notes and Intergovernmental Agreements with the City of Chicago, federal subsidies, and both State Aid and State Grant revenues as alternate revenue sources.

*NOTES: *The rating provided by Kroll for CPS general obligation series issued from 2016 through 2019 is BBB+. The underlying rating for all other issues is BBB.*

Capital Improvement Tax Bonds

The following table presents the changes in the dedicated revenue capital improvement tax credit rating for Chicago Board of Education since inception beginning in December 2016:

	Dec. 2016	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022
Fitch	A	A	A	A	A	A-	A
Kroll	BBB	BBB	BBB	BBB	BBB	BBB	BBB+

Security Structure: In Fiscal Year 2017, CPS structured an entirely new capital improvement tax (CIT) long term bond credit that is separate from the existing CPS general obligation credit. The CIT Bonds are limited obligations of the Board payable from and secured by a revenues derived and to be derived by the Board from the levy of a capital improvement tax. The Capital Improvement Tax Levy is outside of the Board's property tax cap limitation and may increase by the rate of inflation in future years. The statute authorizing the CIT allows the levy to be used for either expenditures on capital projects or to pay for debt service on bonds that are used to finance capital projects such as the CIT Bonds issued in fiscal year 2017 and 2018.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO PRINCIPAL EMPLOYERS (NON-GOVERNMENT)
Prior Year and Nine Years Ago

	2021 (1)			2012 (3)		
Employer	Number of Employees	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment (2)
Amazon.com Inc.	27,050	1	2.17%	—	—	—%
Advocate Aurora Health	25,906	2	2.08%	—	—	—%
Northwestern Memorial Healthcare	24,053	3	1.93%	—	—	—%
University of Chicago	20,781	4	1.67%	—	—	—%
Walmart Inc.	18,500	5	1.48%	—	—	—%
Walgreens Boots Alliance Inc.	16,817	6	1.35%	2,789	10	0.26%
J.P. Morgan & Co. (4)	14,583	7	1.17%	8,168	1	0.76%
United Continental Holdings Inc. (5)	13,171	8	1.06%	7,521	2	0.70%
Amita Health	13,051	9	1.05%	—	—	—%
Jewel-Osco, Inc (6)	10,892	10	0.87%	4,572	5	0.43%
Accenture LLP.	—	—	—%	5,590	3	0.52%
Northern Trust	—	—	—%	5,448	4	0.51%
Ford Motor Company	—	—	—%	4,187	6	0.39%
Bank of America NT & SA (7)	—	—	—%	3,811	7	0.36%
ABM Janitorial Midwest, Inc.	—	—	—%	3,398	8	0.32%
American Airlines	—	—	—%	3,076	9	0.29%

NOTES:

1) Source: Reprinted with permission from the February 22, 2022 issue of Crain's Chicago Business.

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

3) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue-Tax Division report, which is no longer available.

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

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

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

7) Bank of America NT & SA formerly known as Bank of America NT.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	City of Chicago Population (A)	Personal Income ($000's)	Per Capita Income (B)	Median Age (C)	Number of Households (C)
2012	2,695,598	$ 131,930,653	$ 48,943	33.10	1,030,076
2013	2,695,598	133,866,092	49,661	33.30	1,028,746
2014	2,695,598	138,230,265	51,280	33.40	1,028,829
2015	2,695,598	152,220,419	56,470	33.70	1,035,436
2016	2,695,598	154,417,331	57,285	33.90	1,042,579
2017	2,716,450	160,917,065	59,238	34.10	1,046,789
2018	2,705,994	168,326,357	62,205	34.90	1,077,886
2019	2,693,976	175,932,797	65,306	35.20	1,080,345
2020	2,746,388	192,068,645	69,935	34.80	1,081,143
2021	2,696,555	198,350,496	73,557	35.80	1,139,537

NOTES:

A) *Source* : U.S. Census Bureau. The census is conducted on a decennial basis at the start of each decade.

B) *Source* : Bureau of Economic Analysis. These rates are for Cook County.

C) *Source* : World Business Chicago Website.

D) *Source* : Illinois Workforce Info Center Website

N/A: Not available at publishing.

Civilian Labor Force (D)		Employment (D)		
Number	Percent of Population	Number	Percent of Population	Unemployment Rate
1,273,805	47.26%	1,144,896	42.47%	10.10%
1,277,649	47.40%	1,143,944	42.44%	10.50%
1,369,656	50.81%	1,264,234	46.90%	7.70%
1,361,418	50.51%	1,273,727	47.25%	6.40%
1,374,148	50.98%	1,285,806	47.70%	6.40%
1,364,817	50.24%	1,289,325	47.46%	5.50%
1,345,740	49.73%	1,288,755	47.63%	4.20%
1,339,469	49.72%	1,286,484	47.75%	4.00%
1,324,384	48.22%	1,165,441	42.44%	12.00%
1,350,133	50.07%	1,247,060	46.25%	7.60%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

METROPOLITAN CHICAGO TOP PUBLIC COMPANIES RANKED BY 2021 NET REVENUES
(Millions of dollars)

Company Name	2021 Net Revenues	Number of Employees (1)
Walgreens Boots Alliance Inc.	$ 132,509.0	258,500
Archer Daniels Midland Co.	85,249.0	39,979
Boeing Co.	62,286.0	142,000
Abbvie Inc.	56,197.0	50,000
Caterpillar Inc.	50,971.0	107,700
Allstate Corp.	50,588.0	54,500
Deere & Co.	44,024.0	75,550
Abbott Laboratories	43,075.0	113,000
Exelon Corp.	36,347.0	31,518
US Foods Holdings Corp.	29,487.0	28,000
Mondelez International Inc.	28,720.0	79,000
Kraft Heinz Co.	26,042.0	36,000
United Airlines Holdings Inc.	24,634.0	84,100
McDonald's Corp.	23,222.9	200,000
CDW Corp.	20,820.8	13,900
Jones Lang LaSalle Inc.	19,367.0	98,200
Tenneco Inc.	18,035.0	71,000
Illinois Tool Works Inc.	14,455.0	45,000
Discover Financial Services Inc.	13,221.0	16,700
LKQ Corp.	13,088.5	46,000

Source: Crain's Chicago Business, "Chicago's Largest Public Companies", from May 16, 2022 issue. Copyright 2022 Crain Communications Inc.

NOTES:

1) Most recent employee count available

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS AND ACTUAL
For the Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Fiscal Year Ended June 30, 2021
(Thousands of Dollars)

	Approved Budget	Transfers In/(Out)	Final Appropriations	Fiscal Year 2022 Actual	Over/ (Under) Budget	Fiscal Year 2021 Actual	2022 Over (under) 2021
Revenues:							
Property taxes	$ 3,318,089	$ —	$ 3,318,089	$ 3,296,967	$ (21,122)	$ 3,097,307	$ 199,659
Replacement taxes	195,458	—	195,458	570,467	375,009	242,643	327,824
State aid	1,827,590	—	1,827,590	1,850,534	22,944	1,817,275	33,260
Federal aid	2,073,125	—	2,073,125	1,474,334	(598,791)	1,116,343	357,991
Interest and investment earnings	—	—	—	1,421	1,421	584	837
Lease income	—	—	—	5,315	5,315	—	5,315
Other	407,343	—	407,343	460,570	53,227	470,381	(9,811)
Total revenues	$ 7,821,605	$ —	$ 7,821,605	$ 7,659,608	$ (161,997)	$ 6,744,533	$ 915,075
Expenditures:							
Teachers' salaries.	$ 2,341,174	$ —	$ 2,341,174	$ 2,253,233	$ (87,941)	$ 2,133,813	$ 119,420
Career service salaries	838,392	—	838,392	810,384	(28,008)	723,876	86,507
Energy	70,335	—	70,335	66,329	(4,006)	63,294	3,035
Food	106,989	—	106,989	83,785	(23,204)	51,663	32,122
Textbook	52,588	—	52,588	95,804	43,216	65,859	29,945
Supplies	33,433	—	33,433	175,152	141,719	109,334	65,818
Other	965	—	965	261	(704)	609	(348)
Professional and special services	447,948	—	447,948	633,417	185,469	540,289	93,128
Charter Schools	908,286	—	908,286	910,419	2,133	820,187	90,232
Transportation	120,459	—	120,459	133,609	13,150	67,948	65,661
Tuition	73,881	—	73,881	64,703	(9,178)	68,264	(3,561)
Telephone and telecommunications	19,977	—	19,977	40,239	20,262	27,752	12,487
Other	45,481	—	45,481	63,265	17,784	18,787	44,478
Equipment - educational	17,648	—	17,648	125,498	107,850	61,102	64,395
Repair and replacements	34,675	—	34,675	36,466	1,791	36,222	243
Capital outlay	—	—	—	12,667	12,667	12	12,656
Teachers' pension	379,315	—	379,315	1,060,042	680,727	1,003,935	56,108
Career service pension	125,388	—	125,388	276,573	151,185	221,022	55,550
Hospitalization and dental insurance	377,578	—	377,578	459,705	82,127	398,385	61,320
Medicare	46,384	—	46,384	44,169	(2,215)	40,797	3,372
Unemployment compensation	10,981	—	10,981	6,542	(4,439)	1,490	5,052
Workers compensation	27,898	—	27,898	17,607	(10,291)	17,619	(12)
Rent	21,036	—	21,036	5,547	(15,489)	17,151	(11,604)
Debt service	11,800	—	11,800	15,538	3,738	8,527	7,012
Other	1,708,994	—	1,708,994	5,357	(1,703,637)	9,921	(4,564)
Total expenditures.	$ 7,821,605	$ —	$ 7,821,605	$ 7,396,311	$ (425,294)	$ 6,507,858	$ 888,453
Revenues in excess of (less than) expenditures	$ —	$ —	$ —	$ 263,297	$ 263,297	$ 236,675	$ 26,622
Other financing sources (uses):							
Lease value…	$ —	$ —	$ —	$ 12,613	$ 12,613	$ —	$ (12,613)
Transfers in / (out)	$ 10,000	$ —	$ 10,000	$ (10)	$ (10,010)	$ —	$ (10)
Total other financing sources (uses)	$ 10,000	$ —	$ 10,000	$ 12,603	$ 2,603	$ —	$ (12,623)
Net change in fund balances	$ 10,000	$ —	$ 10,000	$ 275,900	$ 265,900	$ 236,675	$ 13,999
Fund balances, beginning of period	803,768	—	803,768	803,768	—	803,768	—
Fund balances, end of period	$ 813,768	$ —	$ 813,768	$ 1,079,668	$ 265,900	$ 1,040,443	$ 13,999

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUE - BY PROGRAM
For the Fiscal Year Ended June 30, 2022
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	Educational Program	CTPF Pension Levy	School Internal Accounts	Individuals with Disabilities Education Act (IDEA) Program	Other Government Funded Program
Revenues:					
Property taxes	$ 2,700,875	$ 510,667	$ —	$ —	$ —
Replacement taxes	570,467	—	—	—	—
State aid	1,043,482	—	—	—	316,687
Federal aid	74,540	—	—	104,762	47,019
Interest and investment income	1,414	6	—	—	—
Lease Income	5,315	—	—	—	—
Other	395,016	14,725	35,937	—	4,940
Total revenues	$ 4,791,109	$ 525,398	$ 35,937	$ 104,762	$ 368,646

Elementary and Secondary Education Act (ESEA) Program	School Lunch Program	Workers' and Unemployment Compensation/ Tort Immunity Program	Public Building Commission Operations and Maintenance Program	Elementary and Secondary School Emergency Relief	Total
$ —	$ —	$ 85,425	$ —	$ —	$ 3,296,967
—	—	—	—	—	570,467
—	2,562	—	487,803	—	1,850,534
290,301	193,058	—	—	764,654	1,474,334
—	—	1	—	—	1,421
—	—	—	—	—	5,315
—	1,099	—	8,853	—	460,570
$ 290,301	$ 196,719	$ 85,426	$ 496,656	$ 764,654	$ 7,659,608

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF EXPENDITURES - BY PROGRAM
For the Fiscal Year Ended June 30, 2022
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	Educational Program	CTPF Pension Levy	Internal School Accounts	Workers' Unemployment Comp / Tort Program
Teachers' salaries	$ 1,678,795	$ —	$ —	$ 109
Career service salaries	540,432	—	—	57,404
Energy	180	—	—	—
Food	2,069	—	—	—
Textbooks	71,328	—	—	—
Supplies	86,792	—	—	111
Other commodities	238	—	—	—
Professional fees	148,125	—	17,980	2,139
Charter schools	785,173	—	—	—
Transportation	127,981	—	—	8
Tuition	59,875	—	—	—
Telephone and telecommunications	39,156	—	—	—
Other services	36,734	—	—	2,876
Equipment - educational	30,514	—	—	—
Repairs and replacements	6,987	—	—	695
Capital outlay	55	—	—	—
Teachers' pension	434,981	554,706	—	21
Career service pension	180,287	—	—	24,285
Hospitalization and dental insurance	331,826	—	—	14,480
Medicare	32,838	—	—	953
Unemployment compensation	4,964	—	—	122
Workers' compensation	13,361	—	—	328
Rent	744	—	—	—
Debt Service	3,609	—	—	—
Other fixed charges	(225,430)	—	—	11,090
Total expenditures	$ 4,391,614	$ 554,706	$ 17,980	$ 114,621

Individuals with Disabilities Education Act (IDEA) Program	Public Building Commission Operations and Maintenance Program	School Lunch Program	Elementary and Secondary School Emergency Relief (ESSER)	Elementary and Secondary Education Act (ESEA) Program	Other Government Funded Programs	Total
$ 70,507	$ —	$ —	$ 292,491	$ 127,451	$ 83,880	$ 2,253,233
1,374	46,323	64,124	46,489	16,368	37,870	810,384
—	66,149	—	—	—	—	66,329
—	—	77,675	126	117	3,798	83,785
42	2,036	—	15,245	5,372	1,781	95,804
145	21,268	8	55,789	6,630	4,409	175,152
—	20	—	1	2	—	261
4,201	269,607	4,490	54,237	38,138	94,500	633,417
—	—	—	80,980	42,744	1,522	910,419
1	79	4	755	3,221	1,560	133,609
4,023	—	—	535	27	243	64,703
—	—	—	131	—	952	40,239
7	19,268	106	2,593	963	718	63,265
4	2,547	1,487	84,318	2,931	3,697	125,498
—	23,589	—	5,019	13	163	36,466
—	—	—	—	—	12,613	12,668
10,166	—	—	30,054	17,515	12,600	1,060,043
265	18,557	27,728	9,964	4,650	10,825	276,561
9,865	10,465	22,021	33,970	18,150	18,928	459,705
986	641	901	4,086	2,064	1,700	44,169
164	99	129	509	291	264	6,542
442	266	347	1,370	784	709	17,607
—	4,423	2	8	—	370	5,547
	11,320	—	—	—	610	15,539
2,728	—	19,304	189,252	7,141	1,281	5,366
$ 104,920	$ 496,657	$ 218,326	$ 907,922	$ 294,572	$ 294,993	$ 7,396,311

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF REVENUES - ALL FUNDS
Last Ten Fiscal Years and 2023 Budget
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	2013	2014 (as restated)	2015	2016	2017	2018
Local revenue:						
Property taxes	$ 2,211,568	$ 2,204,252	$ 2,304,656	$ 2,408,416	$ 2,714,956	$ 2,897,870
Replacement taxes	185,884	188,041	202,148	161,535	227,921	168,254
Investment income	7,303	15,596	(92,825)	(95,650)	5,442	19,022
Lease income	—	—	—	—	—	—
Other	322,128	286,472	377,286	437,042	387,045	461,692
Total local	$ 2,726,883	$ 2,694,361	$ 2,791,265	$ 2,911,343	$ 3,335,364	$ 3,546,838
State revenue:						
Evidence based funding	$ 1,094,732	$ 1,089,673	$ 1,014,395	$ 971,642	$ 1,074,021	$ 1,540,295
Teachers' pension	10,931	11,903	62,145	12,105	1,016	232,992
Capital	—	—	—	—	—	6,908
Other	710,135	739,229	770,529	568,578	633,828	416,761
Total state	$ 1,815,798	$ 1,840,805	$ 1,847,069	$ 1,552,325	$ 1,708,865	$ 2,196,956
Federal revenue:						
Elementary and Secondary Education Act (ESEA)	$ 264,600	$ 342,915	$ 253,514	$ 150,477	$ 278,136	$ 259,691
Individuals with Disabilities Education Act (IDEA)	106,902	100,092	103,899	93,483	93,096	92,655
School lunchroom	190,093	181,902	200,412	202,943	198,440	198,304
Medicaid	41,523	44,801	42,524	34,806	37,108	32,392
Other	242,678	237,531	198,582	327,290	177,163	184,886
Total federal	$ 845,796	$ 907,241	$ 798,931	$ 808,999	$ 783,943	$ 767,928
Total revenue	$ 5,388,477	$ 5,442,407	$ 5,437,265	$ 5,272,667	$ 5,828,172	$ 6,511,722
Change in revenue from previous year	$ (371,942)	$ 53,930	$ (5,142)	$ (164,598)	$ 555,505	$ 683,550
Percent change in revenue	(6.5)%	1.0 %	(0.1)%	(3.0)%	10.5 %	11.7 %

Note - General State Aid changed to Evidence Based Funding in FY18.

2019	2020	2021	2022	Budget 2023	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$ 2,984,026	$ 3,074,091	$ 3,157,474	$ 3,367,969	$ 3,685,300	5.2 %	4.9 %
187,232	202,451	282,075	609,896	379,900	7.4 %	17.7 %
47,250	47,514	2,883	(12,890)	3,000	(8.5)%	(135.0)%
—	—	—	5,315	—	— %	(135.0)%
536,349	622,101	573,898	626,129	497,200	4.4 %	1.5 %
$ 3,754,857	$ 3,946,157	$ 4,016,330	$ 4,596,419	$ 4,565,400	5.3 %	5.2 %
$ 1,605,783	$ 1,579,631	$ 1,549,592	$ 1,727,945	$ 1,746,500	4.8 %	2.5 %
238,869	257,349	266,893	297,400	308,700	39.7 %	5.8 %
—	10,741	17,463	13,821	13,300	— %	N/A
338,290	392,086	455,240	305,467	382,300	(6.0)%	(1.7)%
$ 2,182,942	$ 2,239,807	$ 2,289,188	$ 2,344,633	$ 2,450,800	3.0 %	2.2 %
$ 229,952	$ 285,457	$ 290,131	$ 290,301	$ 383,783	3.8 %	8.1 %
93,185	94,434	110,091	104,762	107,829	0.1 %	3.1 %
198,294	183,073	104,918	193,058	183,772	(0.3)%	(1.5)%
34,975	32,847	34,417	38,589	34,800	(1.8)%	1.4 %
148,949	151,545	609,388	876,938	1,114,516	16.5 %	43.2 %
$ 705,355	$ 747,356	$ 1,148,945	$ 1,503,648	$ 1,824,700	8.0 %	18.9 %
$ 6,643,154	$ 6,933,320	$ 7,454,463	$ 8,444,700	$ 8,840,900	5.1 %	6.3 %
$ 131,432	$ 290,166	$ 521,143	$ 990,237	$ 396,200		
2.0 %	4.4 %	7.5 %	13.3 %	4.7 %		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF EXPENDITURES - ALL FUNDS
Last Ten Fiscal Years and 2023 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014	2015	2016	2017	2018
Compensation:						
Teacher salaries	$ 1,942,007	$ 1,921,969	$ 1,953,938	$ 1,869,683	$ 1,815,309	$ 1,841,295
ESP salaries	633,489	619,462	622,591	605,817	581,665	595,467
Total salaries	$ 2,575,496	$ 2,541,431	$ 2,576,529	$ 2,475,500	$ 2,396,974	$ 2,436,762
Teacher pension	374,567	740,419	826,304	811,051	853,474	900,791
ESP pension	102,342	101,885	102,012	102,762	99,428	113,882
Hospitalization	319,792	343,308	357,124	348,083	306,871	319,344
Medicare	36,404	35,951	36,557	34,824	33,658	34,601
Unemployment insurance	9,134	16,426	8,138	9,438	7,040	6,604
Workers' compensation	23,967	25,646	25,926	20,337	20,531	23,546
Total benefits	$ 866,206	$ 1,263,635	$ 1,356,061	$ 1,326,495	$ 1,321,002	$ 1,398,768
Total compensation	$ 3,441,702	$ 3,805,066	$ 3,932,590	$ 3,801,995	$ 3,717,976	$ 3,835,530
Non-compensation:						
Energy	$ 76,559	$ 87,547	$ 74,516	$ 70,227	$ 69,067	$ 60,813
Food	106,650	96,816	99,573	98,777	94,911	94,512
Textbooks	68,969	52,871	55,254	54,856	43,255	50,296
Supplies	52,925	55,223	50,571	47,085	44,040	46,683
Commodities - other	408	648	474	294	221	301
Professional fees	398,064	441,667	395,221	314,732	357,258	410,175
Charter schools	498,162	580,652	662,553	704,981	668,412	703,124
Transportation	106,861	104,430	103,891	104,450	95,974	106,021
Tuition	54,626	66,396	90,901	61,028	53,668	50,181
Telephone and telecommunications	23,642	30,297	28,061	24,579	21,998	23,718
Services - other	12,438	14,126	14,133	16,471	13,814	26,819
Equipment	59,654	62,757	60,962	45,407	30,967	35,214
Equipment - lease	—	—	—	—	—	—
Repairs and replacements	26,449	31,679	27,291	18,853	18,319	13,214
Capital outlays	493,532	486,986	374,758	294,446	205,852	340,482
Rent	10,547	12,164	13,030	16,012	14,638	16,840
Debt service	390,409	467,904	523,113	480,288	569,694	652,532
Other	8,639	7,792	11,340	8,961	13,488	7,045
Total non-compensation	$ 2,388,534	$ 2,599,955	$ 2,585,642	$ 2,361,447	$ 2,315,576	$ 2,637,970
Total expenditures	$ 5,830,236	$ 6,405,021	$ 6,518,232	$ 6,163,442	$ 6,033,552	$ 6,473,500
Change in expenditures from previous year	$ (9,468)	$ 574,785	$ 113,211	$ (354,790)	$ (129,890)	$ 439,948
Percent change in expenditures	(0.2)%	9.8%	1.8%	(5.4)%	(2.1)%	7.3%

2019	2020	2021	2022	Budget 2023	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$ 1,928,020	$ 1,990,348	$ 2,133,813	$ 2,253,233	$ 2,402,738	2.2 %	5.5 %
620,004	706,758	723,876	810,384	882,519	3.4 %	8.2 %
$ 2,548,024	$ 2,697,106	$ 2,857,689	$ 3,063,617	$ 3,285,257	2.5 %	6.2 %
924,209	968,083	1,003,935	1,060,042	954,722	9.8 %	1.2 %
143,486	188,977	221,022	276,573	305,302	11.5 %	21.8 %
304,917	347,073	398,385	459,705	519,665	5.0 %	10.2 %
36,294	38,702	40,797	44,169	49,163	3.1 %	7.3 %
4,146	5,452	1,490	6,542	11,672	2.5 %	12.1 %
23,973	22,602	17,619	17,607	29,653	2.2 %	4.7 %
$ 1,437,025	$ 1,570,889	$ 1,683,248	$ 1,864,638	$ 1,870,177	8.0 %	6.0 %
$ 3,985,049	$ 4,267,995	$ 4,540,937	$ 4,928,254	$ 5,155,434	4.1 %	6.1 %
$ 75,408	$ 70,935	$ 63,294	$ 66,329	$ 85,139	1.1 %	7.0 %
100,030	94,333	51,663	83,785	104,577	(0.2)%	2.0 %
98,607	55,380	65,859	95,804	57,372	(1.8)%	2.7 %
56,202	60,024	109,334	175,152	114,578	8.0 %	19.7 %
301	229	609	261	505	2.2 %	10.9 %
480,301	499,520	540,289	633,417	472,908	1.7 %	2.9 %
736,530	768,328	820,187	910,419	836,979	5.3 %	3.5 %
107,373	103,693	67,948	133,609	119,469	1.1 %	2.4 %
55,333	64,063	68,264	64,703	73,989	3.1 %	8.1 %
20,447	16,581	27,752	40,239	20,089	(1.6)%	(3.3)%
35,483	25,508	18,787	63,265	37,601	11.7 %	7.0 %
49,973	48,384	61,102	125,498	13,176	(14.0)%	(17.8)%
—	—	—	—		— %	— %
8,995	45,592	36,222	36,466	65,598	9.5 %	37.8 %
613,138	592,418	565,708	638,908	642,742	2.7 %	13.6 %
16,691	17,350	17,151	5,547	22,717	8.0 %	6.2 %
638,830	661,182	670,068	729,727	755,396	6.8 %	3.0 %
22,782	9,329	9,921	5,357	814,510	57.6 %	158.6 %
$ 3,116,424	$ 3,132,849	$ 3,194,158	$ 3,808,486	$ 4,252,126	5.9 %	10.0 %
$ 7,101,473	$ 7,400,844	$ 7,735,095	$ 8,736,740	$ 9,407,560	4.9 %	7.8 %
$ 627,973	$ 299,371	$ 334,251	$ 1,001,645	$ 671		
9.7 %	4.2 %	4.5 %	12.9 %	7.7 %		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - ALL FUNDS
Last Ten Fiscal Years and 2023 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014 (as restated)	2015	2016	2017
Revenues:					
Local	$2,726,883	$2,694,361	$2,791,265	$2,911,343	$3,335,364
State	1,815,798	1,840,805	1,847,069	1,552,325	1,708,865
Federal	845,796	907,241	798,931	808,999	783,943
Total revenues	$5,388,477	$5,442,407	$5,437,265	$5,272,667	$5,828,172
Total expenditures	5,830,236	6,405,021	6,518,232	6,163,442	6,033,552
Revenues less expenditures	$ (441,759)	$ (962,614)	$(1,080,967)	$ (890,775)	$ (205,380)
Other Financing Sources (Uses):					
Bond proceeds	$ 982,720	$ 131,600	$ 561,880	$ 724,999	$ 879,580
Net premiums/discounts	47,271	—	(12,502)	(110,071)	(36,097)
Insurance proceeds	—	—	—	—	223
Lease value	—	—	—	—	—
Sales of general capital assets	723	7,301	37,504	15,012	6,273
Payment to bond escrow agent	(480,597)	—	(397,090)	(120,856)	—
Total other financing sources (Uses)	$ 550,117	$ 138,901	$ 189,792	$ 509,084	$ 849,979
Change in fund balance	$ 108,358	$ (823,713)	$ (891,175)	$ (381,691)	$ 644,599
Fund balance - beginning of period	1,750,674	2,546,502	1,722,789	831,614	449,923
Fund balance - end of period	$1,859,032	$1,722,789	$ 831,614	$ 449,923	$1,094,522
Revenues as a percent of expenditures	92.4%	85.0%	83.4%	85.5%	96.6%
Composition of fund balance:					
Nonspendable	$ 6,108	$ 429	$ 429	$ 429	$ 2,785
Restricted for grants and donations	63,434	61,022	64,155	64,854	51,858
Restricted for workers' comp/tort immunity	64,985	19,838	41,373	35,116	27,344
Restricted for capital improvement program	169,368	—	—	107,248	792,586
Restricted for debt service	466,966	491,552	545,383	535,116	660,501
Restricted for teacher' pension contributions service	—	—	—	—	—
Restricted for school internal accounts	—	—	—	—	—
Assigned for appropriated fund balance	562,682	267,652	79,225	—	—
Assigned for debt service	269,167	193,877	57,057	—	—
Assigned for commitments and contracts	105,664	87,067	73,101	—	—
Unassigned	150,658	(91,953)	(29,109)	(292,840)	(440,552)
Total fund balance	$1,859,032	$1,029,484	$ 831,614	$ 449,923	$1,094,522
Unreserved/Unassigned fund balance as a percentage of revenues	2.8 %	(1.7)%	(0.5)%	(5.6)%	(7.6)%
Total fund balance as a percentage of revenues	34.5 %	18.9 %	15.3 %	8.5 %	18.8 %

2018	2019	2020	2021	2022	Budget 2023
$3,546,838	$3,754,857	$3,946,157	$4,016,330	$4,596,419	$3,920,890
2,196,956	2,182,942	2,239,807	2,289,188	2,344,633	1,827,590
767,928	705,355	747,356	1,148,945	1,503,648	2,073,125
$6,511,722	$6,643,154	$6,933,320	$7,454,463	$8,444,700	$7,821,605
6,473,500	7,101,473	7,400,844	7,735,095	8,736,740	9,407,560
$ 38,222	$ (458,319)	$ (467,524)	$ (280,632)	$ (292,040)	$(1,585,955)
$2,152,150	$ 849,395	$ 349,079	$ 557,505	$ 872,170	$ 480,857
31,921	22,871	50,391	139,132	100,240	—
—	—	—	—	—	—
—	—	—	—	12,613	—
9,442	1,251	166	—	10	(10)
(1,321,865)	(457,035)	(401,956)	(132,560)	(406,753)	—
$ 871,648	$ 416,482	$ (2,320)	$ 564,077	$ 578,280	$ 480,847
$ 909,870	$ (41,837)	$ (469,844)	$ 283,445	$ 286,240	
1,094,522	2,004,392	1,962,555	1,542,734	1,826,179	
$2,004,392	$1,962,555	$1,492,711	$1,826,179	$2,112,419	
100.6%	93.5%	93.7%	96.4%	96.7%	
$ 429	$ 429	$ 429	$ 429	$ 12,162	
52,333	16,183	13,518	12,143	16,719	
—	—	—	—	—	
895,111	716,747	182,101	188,819	163,713	
785,176	753,962	747,627	769,537	787,570	
9,287	14,125	14,324	4,217	—	
—	—	—	48,230	51,696	
—	—	—	—	—	
341	20,080	45,913	64,055	81,468	
18,044	94,733	109,944	135,314	92,186	
243,671	346,296	378,855	603,435	906,905	
$2,004,392	$1,962,555	$1,492,711	$1,826,179	$2,112,419	
3.7 %	5.2 %	5.5 %	8.1 %	10.7 %	
30.8 %	29.5 %	21.5 %	24.5 %	25.0 %	

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND REVENUES
Last Ten Fiscal Years and 2023 Budget
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	2013	2014 (as restated)	2015	2016	2017
Local revenue:					
Property taxes	$ 2,157,777	$ 2,152,753	$ 2,252,828	$ 2,313,470	$ 2,613,889
Replacement taxes	128,212	131,075	143,867	115,961	169,637
Investment income	2,207	4,458	198	1,347	1,964
Lease income	—	—	—	—	—
Other	132,717	156,115	165,819	271,858	265,099
Total local	$ 2,420,913	$ 2,444,401	$ 2,562,712	$ 2,702,636	$ 3,050,589
State Revenue:					
General state aid	$ 945,651	$ 972,572	$ 847,420	$ 857,601	$ 683,008
Teacher pension	10,931	11,903	62,145	12,105	1,016
Capital	—	—	—	—	—
Other	642,842	645,417	669,759	529,148	603,678
Total state	$ 1,599,424	$ 1,629,892	$ 1,579,324	$ 1,398,854	$ 1,287,702
Federal revenue:					
Elementary and Secondary Education Act (ESEA)	$ 264,600	$ 342,915	$ 253,514	$ 293,302	$ 357,715
Elementary and Secondary School Emergency Relief Fund	—	—	—	—	—
Individuals with Disabilities Education Act (IDEA)	106,902	100,092	103,899	93,483	93,096
School lunch program	190,093	189,336	200,412	202,943	198,440
Medicaid	41,523	40,879	42,524	34,806	37,108
Other	202,865	194,290	167,199	151,743	65,936
Total federal	$ 805,983	$ 867,512	$ 767,548	$ 776,277	$ 752,295
Total revenue	$ 4,826,320	$ 4,941,805	$ 4,909,584	$ 4,877,767	$ 5,090,586
Change in revenue from previous year	$ (390,320)	$ 115,485	$ (32,221)	$ (31,817)	$ 212,819
Percentage change in revenue	(7.5)%	2.4 %	(0.7)%	(0.6)%	4.4 %

2018	2019	2020	2021	2022	Budget 2023	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$2,794,613	$2,896,823	$3,014,452	$3,097,307	$3,296,967	$3,628,728	5.3%	5.4%
109,997	152,319	139,729	242,643	570,467	340,522	10.3%	25.4%
6,099	6,798	6,000	584	1,421	3,000	3.1%	-13.2%
—	—	—	—	5,315	—	—%	—%
332,323	383,654	469,328	470,381	460,570	300,850	8.5%	-2.0%
$3,243,032	$3,439,594	$3,629,509	$3,810,915	$4,334,740	$4,273,100	5.8%	5.7%
$1,216,940	$1,323,126	$1,274,067	$1,203,827	$1,247,677	$1,363,367	3.7%	2.3%
232,992	238,869	257,349	266,893	277,497	308,673	39.7%	5.8%
6,908	—	—	—	—	—	—%	-100.0%
402,742	324,775	314,596	346,555	325,360	248,460	-9.1%	-9.2%
$1,859,582	$1,886,770	$1,846,012	$1,817,275	$1,850,534	$1,920,500	1.8%	0.6%
$ 320,005	$ 231,693	$ 244,027	$ 319,938	$ 290,301	$ 359,546	3.1%	2.4%
—	—	—	515,243	764,755	978,726	—%	—%
92,655	93,185	94,352	110,091	104,762	107,829	0.1%	3.1%
196,495	196,553	182,033	105,672	193,058	183,772	-0.3%	-1.3%
32,392	34,975	32,847	34,417	38,589	34,800	-1.8%	1.4%
81,885	123,584	169,161	30,982	82,869	135,427	-4.0%	10.6%
$ 723,432	$ 679,990	$ 722,420	$1,116,343	$1,474,334	$1,800,100	8.4%	20.0%
$5,826,046	$6,006,354	$6,197,941	$6,744,533	$7,659,608	$7,993,700	5.2%	6.5%
$ 735,460	$ 180,308	$ 191,587	$ 546,592	$ 915,074	$ 334,092		
14.4%	3.1%	3.2%	8.8%	13.6%	4.4%		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND EXPENDITURES
Last Ten Fiscal Years and 2023 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014 (as restated)	2015	2016	2017	2018
Compensation:						
Teachers' salaries	$1,942,007	$1,921,969	$ 1,953,938	$1,869,683	$1,815,309	$1,841,295
ESP salaries	633,489	619,462	622,591	605,817	581,665	595,467
Total salaries	$2,575,496	$2,541,431	$ 2,576,529	$2,475,500	$2,396,974	$2,436,762
Teachers' pension	$ 374,567	$ 740,419	$ 826,304	$ 811,051	$ 853,474	$ 900,791
ESP pension	102,342	101,885	102,012	102,762	99,428	113,882
Hospitalization	319,792	343,308	357,124	348,083	306,871	319,344
Medicare	36,404	35,951	36,557	34,824	33,658	34,601
Unemployment insurance	9,134	16,426	8,138	9,438	7,040	6,604
Workers' compensation	23,967	25,646	25,926	20,337	20,531	23,546
Total benefits	$ 866,206	$1,263,635	$ 1,356,061	$1,326,495	$1,321,002	$1,398,768
Total compensation	$3,441,702	$3,805,066	$ 3,932,590	$3,801,995	$3,717,976	$3,835,530
Non-compensation:						
Energy	$ 76,559	$ 87,547	$ 74,516	$ 70,227	$ 69,067	$ 60,813
Food	106,650	96,816	99,573	98,777	94,911	94,512
Textbooks	68,969	52,871	55,254	54,856	43,255	50,296
Supplies	52,925	55,223	50,571	47,085	44,040	46,683
Commodities - other	408	648	474	294	221	301
Professional fees	398,064	441,667	395,221	314,732	357,258	410,175
Charter schools	498,162	580,652	662,553	704,981	668,412	703,124
Transportation	106,861	104,430	103,891	104,450	95,974	106,021
Tuition	54,626	66,396	90,901	61,028	53,668	50,181
Telephone and telecommunications	23,642	30,297	28,061	24,579	21,998	23,718
Services - other	12,438	14,126	14,133	16,471	13,814	26,819
Equipment	59,654	62,757	60,962	45,407	30,967	35,214
Equipment - lease	—	—	—	—	—	—
Repairs and replacements	26,449	31,679	27,291	18,853	18,319	13,214
Capital outlays	75	—	5	1,135	1,017	1,293
Rent	10,547	12,164	13,030	16,012	14,638	16,840
Debt service	—	—	—	25,003	38,735	32,101
Other	8,639	7,792	11,340	8,961	13,487	7,045
Total non-compensation	$1,504,668	$1,645,065	$ 1,687,776	$1,612,851	$1,579,781	$1,678,350
Total expenditures	$4,946,370	$5,450,131	$ 5,620,366	$5,414,846	$5,297,757	$5,513,880
Change in expenditures from previous year	$ 503,761	$ 170,235	$ (205,520)	$ (117,089)	$ 216,123	$ 344,980
Percent change in expenditures	10.2 %	3.1 %	(3.7)%	(2.2)%	4.1 %	6.3 %

NOTES:

1) As base year 2011 had no expenditures relating to debt service, the Ten-Year Compounded Growth Rate is not able to be calculated for debt service for the fiscal year.

2019	2020	2021	2022	Budget 2023	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$ 1,928,020	$ 1,990,348	$ 2,133,813	$ 2,253,233	$ 2,402,738	2.2%	5.5%
620,004	706,758	723,876	810,384	881,065	3.4%	8.2%
$ 2,548,024	$ 2,697,106	$ 2,857,689	$ 3,063,617	$ 3,283,803	2.5%	6.1%
$ 924,209	$ 968,083	$ 1,003,935	$ 1,060,042	$ 954,722	9.8%	1.2%
143,486	188,977	221,022	276,573	305,149	11.5%	21.8%
304,917	347,073	398,385	459,705	519,533	5.0%	10.2%
36,294	38,702	40,797	44,169	49,142	3.0%	7.3%
4,146	5,452	1,490	6,542	11,667	2.5%	12.1%
23,973	22,602	17,619	17,607	29,640	2.1%	4.7%
$ 1,437,025	$ 1,570,889	$ 1,683,248	$ 1,864,637	$ 1,869,853	8.0%	6.0%
$ 3,985,049	$ 4,267,995	$ 4,540,937	$ 4,928,253	$ 5,153,656	4.1%	6.1%
$ 75,408	$ 70,935	$ 63,294	$ 66,329	$ 85,129	1.1%	7.0%
100,030	94,333	51,663	83,785	104,577	-0.2%	2.0%
98,607	57,664	65,859	95,804	57,372	-1.8%	2.7%
56,202	60,024	109,334	175,152	114,578	8.0%	19.7%
301	229	609	261	505	2.2%	10.9%
480,301	506,269	540,289	633,417	472,908	1.7%	2.9%
736,530	768,328	820,187	910,419	836,979	5.3%	3.5%
107,373	103,693	67,948	133,609	119,469	1.1%	2.4%
55,333	64,063	68,264	64,703	73,989	3.1%	8.1%
28,784	16,581	27,752	40,239	20,089	-1.6%	-3.3%
27,146	25,508	18,787	63,265	37,101	11.5%	6.7%
49,973	48,384	61,102	125,498	13,176	-14.0%	-17.8%
—	—	—	—	14,828	—%	—%
8,995	45,592	36,222	36,466	43,098	5.0%	26.7%
80	6	12	12,667	—	-100.0%	-100.0%
16,691	17,350	17,151	5,547	22,717	8.0%	6.2%
9,275	7,364	8,527	15,538	9,000	—%	-22.5%
22,782	9,329	9,921	5,357	814,512	57.6%	158.6%
$ 1,873,811	$ 1,895,652	$ 1,966,921	$ 2,468,057	$ 2,840,027	6.6%	11.1%
$ 5,858,860	$ 6,163,647	$ 6,507,858	$ 7,396,311	$ 7,993,683	4.9%	7.7%
$ 295,755	$ 295,755	$ 344,211	$ 888,453	$ 597		
5.0%	5.0%	5.6%	13.7%	8.1%		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)
Last Ten Fiscal Years and 2023 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2013	2014 (as restated)	2015	2016	2017
Revenues:					
Local	$2,420,913	$2,444,401	$ 2,562,712	$2,702,635	$3,050,589
State	1,599,424	1,629,892	1,579,324	1,398,855	1,287,702
Federal	805,983	867,512	767,548	776,277	752,295
Total revenues	$4,826,320	$4,941,805	$ 4,909,584	$4,877,767	$5,090,586
Total expenditures	4,946,370	5,450,131	5,620,366	5,414,846	5,297,758
Revenues less expenditures	$ (120,050)	$ (508,326)	$ (710,782)	$ (537,079)	$ (207,172)
Other financing sources (uses) less transfers	439	161	(12,915)	50,162	58,574
Change in fund balance	$ (119,611)	$ (508,165)	$ (723,697)	$ (486,917)	$ (148,598)
Fund balance - beginning of period	1,068,754	1,592,147	1,083,982	360,285	(126,632)
Fund balance - end of period	$ 949,143	$1,083,982	$ 360,285	$ (126,632)	$ (275,230)
Revenues as a percent of expenditures	97.6 %	90.7 %	87.4 %	90.1 %	96.1 %
Classification of fund balance:					
Nonspendable	$ 1,720	$ 429	$ 429	$ 429	$ 429
Restricted for grants and donations	63,434	61,022	64,155	64,854	51,858
Restricted for workers' comp/tort immunity	64,985	19,838	41,373	35,116	27,344
Restricted for teachers' pension contributions	—	—	—	—	—
Restricted for school internal accounts	—	—	—	—	—
Assigned for appropriated fund balance	562,682	267,652	79,225	—	—
Assigned for commitments and contracts	105,664	87,067	73,101	—	—
Unassigned	150,658	—	102,002	(227,031)	(354,861)
Total fund balance	$ 949,143	$ 436,008	$ 360,285	$ (126,632)	$ (275,230)
Unreserved/unassigned fund balance as a percent of revenues	3.1 %	— %	2.1 %	(4.7)%	(7.0)%
Total fund balance as a percentage of revenues	19.7 %	8.8 %	7.3 %	(2.6)%	(5.4)%

NOTE:

The classification of fund balances for fiscal year 2011 was modified to comply with GASB 54, which was adopted in July 2010.

	2018	2019	2020	2021	2022	Budget 2023
	$ 3,243,032	$ 3,439,594	$ 3,629,509	$ 3,810,915	$ 4,334,740	$ 4,273,100
	1,859,582	1,886,770	1,846,012	1,817,275	1,850,534	1,920,500
	723,432	679,990	722,420	1,116,343	1,474,334	1,800,100
	$ 5,826,046	$ 6,006,354	$ 6,197,941	$ 6,744,533	$ 7,659,608	$ 7,993,700
	5,513,880	5,858,860	6,163,647	6,507,858	7,396,311	7,993,700
	$ 312,166	$ 147,494	$ 34,294	$ 236,675	$ 263,297	$ —
	286,828	508	11,010	—	12,603	
	$ 598,994	$ 148,002	$ 45,304	$ 236,675	$ 275,901	
	(275,230)	323,764	471,766	567,093	803,768	
	$ 323,764	$ 471,766	$ 517,070	$ 803,768	$ 1,079,669	
	105.7%	102.5%	100.6%	103.6%	103.6%	
	$ 429	$ 429	$ 429	$ 429	$ 12,162	
	52,333	16,183	13,518	12,143	16,719	
	—	—	—	—	—	
	9,287	14,125	14,324	4,217	—	
	—	—	—	48,230	51,696	
	—	—	—	—	—	
	18,044	94,733	109,944	135,314	92,186	
	243,671	346,296	378,855	603,435	906,905	
	$ 323,764	$ 471,766	$ 517,070	$ 803,768	$ 1,079,668	
	4.2%	5.8%	6.1%	8.9%	11.8%	
	5.6%	7.9%	8.4%	12.0%	14.1%	

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF TORT EXPENDITURES
As Required Under Section 9-103 (a-5) of the Tort Immunity Act
For the Fiscal Year Ended June 30, 2022

Eligible Expenditures:	
Other General Charges	$ 988,000
Physical Education - Athletic Claims	951
Summer School	1,458,544
Tort Claims - Admin Fee	733,640
Tort Claims - Major Settlements	2,320,898
Tort Claims - Casualty	534,492
General Liability Insurance	6,263,611
Property Damage Insurance	4,826,314
Property Loss Reserve Fund	720
Investigations - Admin	19,620
Telecom (Non E-Rate)	346
School Safety Services	5,967,513
School Security Personnel	79,936,461
Central Service Security	5,399,247
Security Services	6,015,564
Network Services (Non E-Rate)	475
Risk Management Administration	155,901
Total Eligible Expenditures	$ 114,622,297

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2022

CASH AND INVESTMENTS HELD FOR STUDENT ACTIVITIES

Checking:	Beginning Balance	Cash Receipts	Cash Disbursements	Amounts Held for Student Activities
Elementary Schools	$ 22,848,031	$ 10,210,650	$ 7,559,743	$ 25,498,938
High Schools	25,381,929	11,191,309	10,420,244	26,152,994
	$ 48,229,960	$ 21,401,959	$ 17,979,987	$ 51,651,932

Investments:	
Elementary Schools	$ 34,561
High Schools	9,170
Total Cash and Investments Held for Student Activities	$ 51,695,663

STUDENT FEES

	Graduation Fees (A)	Student Activity Fees (B)	Total
Total Elementary School Fees	$ 1,400,268	$ 2,892,487	$ 4,292,755
Total Elementary Students	197,890	197,890	197,890
Average Fee per Student	$ 7.08	$ 14.62	$ 21.69
Total High School Fees	$ 897,546	$ 10,001,453	$ 10,898,999
Total High School Students	82,113	82,113	82,113
Average Fee per Student	$ 10.93	$ 121.80	$ 132.73

NOTES:

A) Graduation fees are defined as all mandatory graduation fees, including cap and gown.

B) Student activity fees are defined as fees collected from students to cover activities and items necessary to complete a given curriculum and fees collected from students to cover the cost of extra-curricular activities and items.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2022

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
BROKER SERVICES	Mesirow Insurance Services, Inc. an Alliant-owned company	$ 120,000	Insurance placement and consultation.
PROPERTY INSURANCE			
All Risk-Property Insurance layers	Various Carriers Listed Below		Total Bound Capacity $150M subject to $5,000,000 deductible/retention, including Layer
	Underwriters @ Lloyds (WRB Lead)	$ 1,082,380	$20,000,000 $100M Primary
	Underwriters @ Lloyds (Cincinnati Lead)	582,820	$10,000,000 $100M Primary
	Indian Harbor Insurance Company (XL)	222,686	$7,500,000 $50M Primary
	Steadfast Insurance Company (Zurich)	322,596	$7,500,000 $25M Primary
	Lexington Insurance Company (AIG)	562,576	$2,500,000 $25M Primary
	Starr Surplus Lines Ins. Company	865,108	$750,000 $10M Primary
	Everest Indemnity Insurance Company	385,542	$750,000 $10M Primary
	RSUI Indemnity Company (Landmark)	106,509	$3,000,000 $40M xs $10M
	Underwriters @ Lloyds (London)	13,009	$3,000,000 $40M xs $10M
	Endurance Insurance Company (Sompo)	62,946	$2,500,000 $25M xs $25M
	Evanston Insurance Company (Markel)	65,044	$5,000,000 $25M xs $25M
	Ironshore Insurance Company	110,155	$2,500,000 $25M xs $25M
	Hallmark Specialty Insurance Company	30,411	$10,000,000 $50M xs $50M
	Mitsui Sumitomo Insurance Company of America	50,401	$3,000,000 $50M xs $50M
	James River	84,847	$5,000,000 $50M xs $50M
	Liberty Mutual	70,561	$17,000,000 $50M xs $50M
	Liberty Mutual	55,441	$25M xs $100M
	Great American	30,182	$25M xs $125M
		$ 4,703,214	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2022

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
Boiler & Machinery Insurance	Liberty Mutual	$ 125,000	$100M
Total Property Program		$ 4,828,214	Total Property, Boiler & Machinery for year end 06/30/21
LIABILITY INSURANCE			
General Liability Insurance Layers (GL, Auto, SBLL, EPL, Abuse)			
Excess Liability I	Gemini Insurance Co (Berkley)	$ 792,349	Gemini - $5M xs $10M Retained Limit
Excess Liability II	Lexington Insurance Company	2,085,128	$15M xs $15M Retained Limit
Excess Liability III	Upland Specialty	278,017	$2M xs $15M xs $15M
Excess Liability IV	AXIS Surplus Insuance Company	614,977	$5M xs $2M xs $15M xs $15M
Excess Liability V	Westchester Fire Insurance Company	663,600	$8M xs $37M
Sexual Abuse & Molestation	Lloyds (Beazley)	358,888	$8M xs $37M
Employment Related Practices	RSUI	—	$10M xs $32M
	Nationwide	176,650	$10M xs $32M
	Ironshore	136,771	$10M xs $32M
		$ 5,159,200	
Special Events CGL	National Casualty Insurance Company	$ 66,780	$1M/None/$5M Prod Agg
Special Events Excess CGL	National Casualty Insurance Company	24,846	$5M/$5M
		$ 91,626	
Fiduciary	National Union Fire Insurance Company of Pittsburg, PA (AIG)	$ 79,300	$5 million $25,000 deductible
Excess Fiduciary	Hudson Insurance Company	79,300	$5,000,000 in Excess of $5,000,000
		$ 158,600	
Student Catastrophic	National Union Fire Insurance Company of Pittsburg, PA (AIG)	$ 90,937	$7M Subject to $25,000 deductible; received credit in the amount of $15,512.83 for the 20/21 policy term due to cancellation of spring sports FY20;
Foreign Travel	Insurance Company of the State of PA (AIG)	2,948	$1M/deductible varies/$4M master control program agg

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2022

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
Cyber Liability	Allied World Assurance Co (US) Inc	$ 270,533	$5 million ($250,000 self insured retention)
Cyber/Privacy Excess	Greenwich Insurance (XL)	375,000	$5 million excess of $5 million ($250,000 self insured retention)
		$ 645,533	
Auto - Primary Student Travel	National Liability & Fire Insurance Company	$ 114,617	$2 million dollar combined single limit for Board owned Student Travel vehicles
Cost		6,263,461	
Total Insurance Cost		$ 11,091,675	
SELF INSURANCE PROGRAMS			
General Liability Self Insurance Claims	Cannon Cochran Management Services, Inc	$ 6,077,729	TOTAL: Claim administration services including investigation and adjustment of liability claims; interscholastic, pay medical costs, legal expense and settlements
	Cannon Cochran Management Services, Inc	600,000	Administration fees for Claims. The contract with CCMSI for these services continues until Dec 31, 2022 with no further renewal options.
Total General Liability Claims and Expenses		6,677,729	
Workers' Compensation Claims	Cannon, Cochran, Management Services, Inc	1,009,000	Claim administration services including receipt and review for compensability all employee accident claims, review and apply PPO discount to medical claims, pay indemnity costs for compensable claims, determine case management needs, provide claim statistics and establish safety initiatives.
	Cannon Cochran Management Services, Inc	18,275,830	Amounts paid through escrow accounts to claimants, attorneys, medical treatment and expenses.
Total Workers Compensation Claims and Expenses		$ 19,284,830	
Total Self Insured Program		$ 25,962,559	
HEALTH INSURANCE HMO/PPO			
Medical-Administrative Services	Blue Cross Blue Advantage HMO	$ 52,878,119	HMO health care for eligible employees and dependents
	Blue Cross PPO	9,470,557	PPO health care for eligible employees and dependents
	Blue Cross PPO with HSA	1,309,964	PPO health care for eligible employees and dependents that includes a health savings account.

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2022

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
	Blue Cross HMO Illinois	$ (10,286)	HMO health care for eligible employees and dependents. This plan terminated as of December 31, 2016. The credit amount is due to adjustments for service occurring in previous years.
Medical Total Administrative Fees		$ 63,648,354	
Medical PPO Claims	Blue Cross PPO and PPO with HSA	$259,395,344	PPO and PPO with HSA health care for eligible employees and dependents
Medical Total PPO Claims		$259,395,344	
Medical HMO Claims	Blue Cross Blue Advantage HMO	$ 80,393,504	HMO health care for eligible employees and dependents and Claims and Physician Service Fees
	Blue Cross HMO Illinois	(24,455)	HMO health care for eligible employees and dependents and Claims and Physician Service Fees. This plan terminated as of December 31, 2016. Claims for services performed in 2016 are still being filed and paid in FY22.
Medical Total HMO Claims		$ 80,369,049	
Medical Claims Total		$339,764,393	
Health Savings Account	HSA Bank	$ 2,934,110	CPS contributes funds for plan members and the plan allows employees to also make tax deferred contributions. Contributions go to an investment account under the control of the participating employee.
Medical Claims and Administration Total		$406,346,857	
Flexible Spending Program	Benefits Express	$ 235,762	Administration of the flexible spending program for employees. Contributions to the plan are made by employees.
COBRA Program	Payflex	133,450	Administration of the COBRA program for former employees continuing insurance coverage. COBRA contributions are made by former employees.
Prescription Drugs	Caremark	118,081,967	Pharmaceutical services for PPO and HMO eligible employees and dependents
Total Medical Expenses		$524,798,036	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2022

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
OTHER INSURANCE			
Dental Insurance	Delta Dental HMO	$ 2,331,187	Dental HMO for eligible employees and dependents
	Delta Dental PPO	11,174,597	Dental PPO for eligible employees and dependents
Dental Insurance Total		$ 13,505,784	
Vision Plan	EyeMed	$ 3,262,467	Vision services for eligible employees and dependents
Term Life Insurance	Standard Insurance	507,830	Standard Insurance began providing insurance services to CPS on 01/01/21
		$ 507,830	
Total Dental/Vision/Life		$ 17,276,081	
Total Health/Life Benefit Expenses		$542,074,117	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CAPITAL IMPROVEMENT PROGRAM — BY ACTIVITY
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2022
(Millions of dollars)

	2013 (B)	2014 (C)	2015
Unexpended (over expended)	$ 88.1	$ 174.2	$ (91.9)
Proceeds available from bond issuance	508.9	131.3	148.5
Property taxes	—	—	—
State aid	6.9	37.8	31.6
Federal aid	13.6	14.9	6.5
Investment income	1.9	0.8	0.4
Other income	88.0	31.3	107.2
Total	$ 707.4	$ 390.3	$ 202.3
Expenditures	493.4	482.2	359.4
Operating transfers in (out)	(41.6)	—	—
Unexpended	$ 172.4	$ (91.9)	$ (157.1)
Encumbrances	172.4	(91.9)	(157.1)
Available balance	$ —	$ —	$ —

NOTES:

A) The above amounts do not include construction expenditures made by the Public Building Commission.

B) Beginning in FY2013, the proceeds available from bond issuance includes both premiums and gross amounts from debt issuances.

C) In FY2015, CPS changed its revenue recognition policy resulting in a restatement to FY2014 balances.

2016	2017	2018	2019	2020	2021	2022
$ (157.1)	$ 66.4	$ 745.4	$ 839.0	$ 659.3	$ 124.5	$ 131.2
364.0	775.5	355.4	356.6	—	532.2	543.5
42.5	48.4	8.1	10.1	8.7	8.7	20.2
39.4	30.1	14.0	13.5	10.7	17.5	13.8
7.7	6.7	19.5	0.5	—	7.6	10.7
0.1	2.0	7.3	16.9	12.8	1.1	0.4
62.9	21.1	28.6	36.0	16.1	4.0	12.5
$ 359.5	$ 950.2	$ 1,178.3	$ 1,272.6	$ 707.7	$ 695.6	$ 732.3
293.1	204.8	338.9	613.1	583.4	565.7	626.2
—	—	(0.5)	(0.2)	0.2	1.3	—
$ 66.4	$ 745.4	$ 838.9	$ 659.3	$ 124.5	$ 131.2	$ 106.1
66.4	745.4	838.9	659.3	124.5	131.2	106.1
$ —	$ —	$ —	$ —	$ —	$ —	$ —

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHOOL FOOD SERVICE PROGRAM
Last Five Fiscal Years
(Thousands of dollars)

	2018	2019	2020	2021	2022
PUPIL LUNCHES SERVED:					
Paid lunches (regular)	39,434	21,943	71,521	—	—
Free lunches (regular)	38,924,836	37,007,190	31,732,827	12,158,970	26,946,137
TOTAL PUPIL LUNCHES SERVED	38,964,270	37,029,133	31,804,348	12,158,970	26,946,137
Change from Previous Year	(1,463,995)	(1,935,137)	(5,224,785)	(19,645,378)	14,787,167
PUPIL BREAKFASTS SERVED:					
Paid breakfasts (regular)	12,461	7,483	1,305	—	—
Free breakfasts (regular)	22,481,817	22,556,302	22,460,204	11,643,441	15,423,208
TOTAL PUPIL BREAKFASTS SERVED	22,494,278	22,563,785	22,461,509	11,643,441	15,423,208
Change from Previous Year	(1,023,154)	69,507	(102,276)	(10,818,068)	3,779,767
PUPIL SNACKS SERVED:					
Pupil snacks	621,297	600,251	349,283	—	592,501
Head Start snacks	656,869	516,915	—	2,917	2,025
Pre-K snacks	537,272	1,071,812	1,156,938	230,019	1,596,200
Ala-Carte items sold	1,780,051	1,851,589	869,746	—	—
Free Saturday snacks	2,547	5,539	2,205	—	1,279
TOTAL PUPIL SNACKS SERVED	3,598,036	4,046,106	2,378,172	232,936	2,192,005
Change from Previous Year	562,819	448,070	(1,667,934)	(2,145,236)	1,959,069
PUPIL AFTERSCHOOL MEALS:					
Free afterschool meals	2,165,111	2,228,225	1,529,385	5,082,608	2,055,199
Free Saturday meals	20,503	22,591	13,055	—	6,938
TOTAL PUPIL AFTERSCHOOL MEALS SERVED	2,185,614	2,250,816	1,542,440	5,082,608	2,062,137
Change from Previous Year	131,604	65,202	(708,376)	3,540,168	(3,020,471)
NUMBER OF ADULT MEALS:					
Number of adult breakfasts	490,476	444,524	152,220	58,630	59,720
Number of adult lunches	264,890	236,531	104,224	60,687	75,976
TOTAL NUMBER OF ADULT MEALS SERVED	755,366	681,055	256,444	119,317	135,696
Change from Previous Year	(18,991)	(74,311)	(424,611)	(137,127)	16,379
TOTAL MEALS SERVED:	67,997,564	66,570,895	58,442,913	29,237,272	46,759,183
Change from Previous Year	(1,811,717)	(1,426,669)	(8,127,982)	(29,205,641)	17,521,911

NOTES:

1) In recent years, CPS has begun providing additional meal services that were previously excluded from reporting, CPS determined it appropriate to break out these meals for fiscal years 2020 and beyond.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHOOL FOOD SERVICE PROGRAM (continued)
Last Five Fiscal Years
(Thousands of dollars)

	2018	2019	2020	2021	2022
REVENUE:					
Federal and State Sources	$ 197,854	$ 214,153	$ 184,300	$ 105,785	$ 195,619
Local Sources	13,420	16,706	19,988	334	1,099
Total Revenue	$ 211,274	$ 230,859	$ 204,288	$ 106,119	$ 196,718
EXPENDITURES:					
Career Service Salaries	$ 67,015	$ 70,461	$ 72,171	$ 8,028	$ 64,124
Career Service Pension	13,678	18,688	23,864	2,447	27,728
Hospitalization	21,867	20,111	22,615	1,570	22,021
Food	91,099	96,833	91,837	39,009	77,675
Professional and Special Services	6,101	5,611	4,844	4,208	4,490
Administrative Allocation	6,657	5,834	5,287	852	2,983
Other	4,856	—	12,830	2,599	—
Total Expenditures	$ 211,273	$ 217,538	$ 233,448	$ 58,714	$ 199,021
Revenues in excess of Expenditures	$ 1	$ 13,321	$ (29,160)	$ 47,405	$ (2,303)
PERCENTAGE CHANGE:					
Revenues	(0.2)%	9.3 %	(11.5)%	(48.1)%	85.4 %
Expenditures	1.7 %	3.0 %	7.3 %	(74.8)%	239.0 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF UTILITY CONSUMPTION
For Fiscal Year Ended June 30, 2022
With Comparative Amounts for the Period Ended June 30, 2021

	2022 Schools	2022 Administrative Center	Total
Electricity			
Total Electricity Charges	$ 46,152,307	$ 155,806	$ 46,308,113
Kilowatt Hours	522,994,633	1,218,937	524,213,570
Charge per Kilowatt Hour	$ 0.08825	$ 0.12782	$ 0.08834
Gas			
Total Gas Charges	$ 26,575,464	$ —	$ 26,575,464
Therms	33,115,919	—	33,115,919
Charge per Therm	$ 0.80250	$ —	$ 0.80250

	2021 Schools	2021 Administrative Center	Total
Electricity			
Total Electricity Charges	$ 42,376,802	$ 118,567	$ 42,495,369
Kilowatt Hours	499,764,967	1,046,104	500,811,071
Charge per Kilowatt Hour	$ 0.08479	$ 0.11334	$ 0.08485
Gas			
Total Gas Charges	$ 21,017,863	$ —	$ 21,017,863
Therms	30,982,863	—	30,982,863
Charge per Therm	$ 0.67837	$ —	$ 0.67837

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PROPERTY SALES AND PURCHASES
For the Fiscal Year Ended June 30, 2022

Sales

Unit Location	Date Acquired	Net Book Value	Gross/Sales Proceeds	Gain / (Loss) on Sale
9207 S. Phillips Avenue (former Kate S. Buckingham School)	1962	$ 250,000	$ 1	$ 249,000
1001-1031 E. 103rd Street (abandoned railroad right of way)	1972	10,000	10,000	—
3100 S. Kedzie (former Washburne Trade School)	1958	N/A	1	1
		$ 260,000	$ 10,002	$ 249,001

Purchases

Unit Location	Date Acquired	School	Purchase Cost
Former St. Cornelius School, Convent and Rectory	9/1/2021	N/A	$ 3,312,816
6662 N. Northwest Highway	2/9/2022	Edison Pre-K	637,223
5000 W. Flournoy	3/2/2022	Michelle Clark High School Expansion	1,907,225
9901 S. Western Avenue	6/15/2022	Beverly Early Childhood Center and CPS Offices	2,073,828
1816 W. Monterrey Avenue	9/9/2021	Morgan Park High School	10
			$ 7,931,102

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TEACHERS' BASE SALARIES
(Annual School Year Salary)
Last Ten Fiscal Years

Fiscal Year	Minimum Salary (A)	Median Salary	Maximum Salary	Percent Change (D)
2013 (B)	$ 48,686	$ 70,644	$ 92,602	3.00 %
2014 (B)	49,660	72,163	94,666	2.00 %
2015 (B)	50,653	73,706	96,759	2.00 %
2016 (B)	50,653	73,706	96,759	— %
2017 (B)	50,653	73,706	96,759	— %
2018 (B)	51,666	75,180	98,694	2.00 %
2019 (B)	52,958	77,060	101,161	2.50 %
2020 (C)	54,547	79,585	104,622	3.00 %
2021 (C)	56,183	81,972	107,761	3.00 %
2022 (C)	57,869	84,431	110,993	3.00 %

NOTES:

A) The minimum salary represents the minimum amount a CPS teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the lane and step salary schedule dependent on education attainment and years of service. Minimum salary excludes pension and hospitalization benefits.

B) The maximum salary represents the maximum amount a CPS teacher with a doctoral degree may earn for regular classroom instruction during the school year according to the lane and step salary schedule dependent on educational attainment and years of service. The majority of the Chicago Public Schools Teaching Staff receive the maximum salary due to the 16 years minimum needed to reach the highest pay scale dependent on years of service only. Maximum salary excludes pension and hospitalization benefits.

C) In 2020, the minimum years required to reach the highest pay scale for CPS teachers with doctoral degrees became 18 years instead of 16 years. See Note B for details of previous minimum years requirements.

D) The percent change is the official CTU (Chicago Teachers Union) agreed to minimum salary increase for that year, net of any changes to the salary schedule or step advances on the pay schedule.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TEACHERS' PENSION FUNDING ANALYSIS
Last Five Fiscal Years
(Thousands of dollars)

Fiscal Year	Employer Contribution and Contribution On-Behalf of Employees	Net Assets of Plan (Actuarial Value of Assets)	Unfunded Obligation (Assets at Fair Value)	% Funded of Pension Obligation Fund at Year End (Assets at Fair Value)	% Unfunded (Assets at Fair Value)
2017	$ 853,474	$ 10,933,032	$ 10,888,979	50.1 %	49.9 %
2018 (B)	900,791	10,969,086	11,953,907	47.9 %	52.1 %
2019	924,209	11,021,812	12,230,352	47.4 %	52.6 %
2020	968,083	11,240,208	12,833,275	46.7 %	53.3 %
2021	1,003,935	11,925,535	13,192,453	47.5 %	52.5 %

NOTES:

A) The actuarial value includes assets previously restricted for OPEB benefits.

B) The actuarial assumption used for FY18 changed due to changes in the discount rate and mortality table.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

AVERAGE DAILY ATTENDANCE AND PER PUPIL COSTS
Last Five Fiscal Years

Fiscal Year	School Year	Average Daily Attendance (A)	Operating Expenses Per Pupil (B)	Per Capita Tuition Charge (C)
2018	2017-18	333,116	$ 15,878	$ 12,678
2019	2018-19	296,951	16,923	14,046
2020	2019-20	325,229	17,779	14,609
2021	2020-21	299,873	20,465	15,673
2022	2021-22	282,234	N/A	N/A

NOTES:
A) Source: Department of Finance, Grants Management.

B) Source: Illinois State Board of Education - Operating Expense Pupil is the total operating cost of regular K-12 programs divided by the nine-month average daily attendance. This measure excludes expenditures related to Pre-school, Summer School, Adult Education, Capital Expenditures, and Board Principal and Interest.

C) Source: Illinois State Board of Education - Per Capita Tuition Charge is the amount a local school district charges as tuition for non-resident students per Section 18-3 of the School Code. It is a reasonable measure of basic education program costs. Per Capita Tuition is calculated by deducting the costs of supplemental programs from operating expenses and dividing the result by the nine-month average daily attendance.

N/A: Not available at publishing.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL STUDENT MEMBERSHIP
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Elementary					
Pre-Kindergarten	24,507	23,671	22,873	22,555	20,673
Kindergarten	30,936	30,166	28,978	27,651	26,093
Grades 1-3	91,880	92,251	92,526	91,347	86,610
Grades 4-6	86,966	86,244	86,066	85,391	85,022
Grades 7-8	56,773	56,184	54,233	54,174	53,898
Total Elementary	291,062	288,516	284,676	281,118	272,296
Secondary					
9th Grade	29,812	30,069	30,366	29,130	27,623
10th Grade	31,343	30,963	31,130	31,189	29,704
11th Grade	26,610	26,500	26,378	26,714	27,284
12th Grade	24,634	24,497	24,133	24,134	24,442
Total Secondary	112,399	112,029	112,007	111,167	109,053
Grand Total	403,461	400,545	396,683	392,285	381,349

Source: CPS Performance Website (https://www.cps.edu/about/district-data/demographics/)

2018	2019	2020	2021	2022
19,441	17,668	17,492	11,494	15,430
24,963	24,128	24,241	21,960	21,405
82,188	78,084	75,345	71,544	67,569
84,478	83,026	79,915	76,692	70,512
52,960	52,541	53,430	53,771	50,792
264,030	255,447	250,423	235,461	225,708
27,566	27,296	26,378	25,845	26,270
28,453	28,502	27,515	27,291	26,669
26,279	25,603	25,904	26,160	26,579
25,054	24,466	24,936	25,901	25,185
107,352	105,867	104,733	105,197	104,703
371,382	361,314	355,156	340,658	330,411

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TEACHER - TO - STUDENT RATIO
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Elementary	24.6	25.2	25.4	25.8	24.7	24.5	21.9	21.0	19.0	19.0
Secondary	19.8	21.5	21.9	20.3	23.7	24.4	22.0	20.6	21.0	20.0

Source: Illinois State Board of Education

NOTE:

The ratio includes Charter Schools.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF GOVERNMENT EMPLOYEES BY FUNCTION
Last Five Fiscal Years
As of June 30, 2022

Functions	2018	2019	2020	2021	2022
Instruction	24,010	24,509	24,853	25,943	28,232
Support services:					
Pupil support services	4,357	4,436	4,739	5,636	6,574
Administrative support services	925	1,081	1,226	1,322	1,576
Facilities support services	1,144	910	931	36	1,365
Instructional support services	2,515	2,616	2,571	2,564	3,103
Food services	2,700	2,718	2,734	2,745	2,762
Community services	197	184	192	187	216
Total government employees	35,848	36,454	37,246	38,433	43,828

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

NUMBER OF SCHOOLS, SCHOOL ENROLLMENT AND HIGH SCHOOL GRADUATES
Last Ten Fiscal Years

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Number of Schools					
Elementary (A)	468	422	426	425	424
Special (C)	12	5	—	—	—
High School	98	109	121	122	118
Vocational/Technical (C)	8	—	—	—	—
Charter Schools	95	126	131	129	122
Kindergarten to H.S. (K-12) (C)	—	5	—	—	—
Total Schools	681	667	678	676	664
School Enrollment (B)					
Elementary (A)	261,638	254,864	251,554	247,487	239,606
Special (C)	1,961	907	—	—	—
High School	81,735	86,184	88,183	86,208	83,739
Vocational/Technical (C)	7,927	—	—	—	—
Charter Schools	50,200	54,572	56,946	58,590	58,004
Kindergarten to H.S. (K-12) (C)	—	4,018	—	—	—
Total School Enrollment	403,461	400,545	396,683	392,285	381,349
Number of High School Graduates	22,447	22,817	22,825	22,839	22,805

Source: Information & Technology Services_ Enterprise Data Strategy-Data Analytics

NOTES:

A) Elementary schools include the traditional classification of middle schools.

B) School enrollment includes the number of students in each type of school regardless of the students' grades.

C) The governance and school types in fiscal year 2015 has changed compared to FY14 and prior years. As a result there is no longer a category for "Vocational/Technical", "Special" or "Kindergarten to H.S (K-12)" in fiscal year 2019.

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
424	424	423	423	423
—	—	—	—	—
115	113	102	101	100
—	—	—	—	—
121	120	117	114	113
—	—	—	—	—
660	657	642	638	636
231,470	223,571	224,829	204,899	197,890
—	—	—	—	—
82,511	80,686	78,355	84,395	82,113
—	—	—	—	—
57,401	57,057	51,972	51,364	50,408
—	—	—	—	—
371,382	361,314	355,156	340,658	330,411
23,230	23,107	22,500	22,605	23,137

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APPENDIX C

THE REAL PROPERTY TAX SYSTEM

Real Property Assessment, Tax Levy and Collection Procedures

General. Information in this Appendix provides a general summary of the current procedures for real property assessment, tax levy and tax collection in Cook County (the "**County**") applicable to the School District. The following is not an exhaustive discussion, nor is there any assurance that the procedures described in this Appendix will not be changed either retroactively or prospectively. The Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (35 ILCS 200) (the "**Property Tax Code**").

Substantially all (approximately 99.99%) of the **"Equalized Assessed Valuation"** (as herein defined) of taxable property in the School District is located in the County. The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth in this Appendix and elsewhere in this Official Statement with respect to taxable property of the School District does not reflect the portion situated in DuPage County.

Assessment. The Cook County Assessor (the **"Assessor"**) is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control equipment assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by the Assessor. The real property within the School District is reassessed every three years, with 2018 being the last reassessment year.

Pursuant to the Cook County Real Property Assessment Classification Ordinance (the "**Classification Ordinance**"), real property in the County is separated into various classifications for assessment purposes. After the Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the **"Assessed Valuation"**) for the parcel. Beginning with the 2009 tax year, the classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualifies for certain incentives for reduced rates. For prior years, the classification percentages ranged from 16 to 38 percent.

The Cook County Board of Commissioners has adopted various amendments to the Classification Ordinance pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain renewal periods of classifications and created new property classifications.

The Assessor has established procedures enabling taxpayers to contest the Assessor's tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment by the Cook County Board of Review (the **"Board of Review"**). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor. Owners of property are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the **"PTAB"**), a state-wide administrative body, or to the Circuit Court of Cook County (the **"Circuit Court"**). The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Based on the amount of the proposed change in assessed valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court or the Illinois Appellate Court under the Illinois Administrative Review Law.

In a series of PTAB decisions, the PTAB reduced the assessed valuations of certain commercial and industrial property in the County based upon the application of median levels of assessment derived from Illinois Department of Revenue sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful. The Board believes that the impact of any such case on the Board would be minimal, as the Board's ability to levy or collect real property taxes would be unaffected.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

<u>Equalization.</u> After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year, including any revisions made by the Board of Review, the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the **"Equalization Factor"**), commonly called the *"multiplier,"* for each county. The purpose of equalization is to bring the aggregate assessed value of all real property in each county, except farmland, wind turbines with a nameplate capacity of at least 0.5 megawatts and undeveloped coal, to the statutory requirement of 33-1/3% of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the **"Equalized Assessed Valuation"** or **"EAV"**). The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the **"Assessment Base"**). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. In addition, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. See the discussion under the heading "**Property Tax Extension Limitation Law"** below. For a listing of the Equalization Factors for the ten years ended December 31, 2022, see the section of the Official Statement entitled **"FINANCIAL INFORMATION – Property Tax Revenues –** *Property Tax Base, Tax Extensions and Collections***.**"

<u>Exemptions.</u> The Illinois Constitution allows homestead exemptions for residential property. Pursuant to the Property Tax Code, property must be occupied by the owner as a principal residence on January 1 of the tax year for which the exemption will be claimed.

The annual general homestead exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used exclusively for residential purposes by the amount of the increase over the 1977 EAV, currently up to a maximum reduction of $10,000 in the County and $6,000 in all other counties. There is an additional homestead exemption for senior citizens (individuals at least 65 years of age), for whom the Assessor is authorized to reduce the EAV by $8,000. There is also an exemption available for homes owned and exclusively used for residential purposes by disabled veterans or their spouses, for whom the Assessor is authorized to annually exempt up to $100,000 of the Assessed Valuation.

An additional exemption is available for disabled persons, for whom the Assessor is authorized to reduce the EAV by $2,000. An exemption is available for homestead improvements by an owner of a single family residence of up to $75,000 of the increase in the fair cash value of a home due to certain home improvements to an existing structure for at least four years from the date the improvement is completed and occupied. Senior citizens whose household income is $65,000 or less, and who are either the owner of record or have a legal or equitable interest in their residential property, qualify to have the EAV of their property frozen in the year in which they first qualify for the so-called *"freeze"* and each year thereafter in which the qualifying criteria are maintained.

Aside from homestead exemptions, upon application, review and approval by the Board of Review, or upon an appeal to the Illinois Department of Revenue, there are exemptions generally available for properties of religious, charitable (including qualifying not-for-profit hospitals), and educational organizations, as well as units of federal, state and local governments.

In 2001, the County enacted the *"Longtime Homeowner Exemption Ordinance,"* which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners: (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner's triennial assessment does not exceed 115% of the "*Chicago Primary Metropolitan Statistical Area"* median income as defined by the United States Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150% of the current average assessed value for properties in the assessment district where the property is located, (iv) whose property has a market value for assessment purposes of $300,000 or less in the current reassessment year, and (v) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property's fair cash value in excess of the $45,000 allowance set forth in the Property Tax Code.

Tax Levy. There are over 800 units of local government (the **"Units"**) located in whole or in part in the County that have taxing power. There are six major units of local government located in whole or in part within the boundaries of the School District which are: the City; the Chicago Park District; Community College District Number 508; the County; the Forest Preserve District of Cook County; and the Metropolitan Water Reclamation District of Greater Chicago.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real property taxes, proceedings are adopted by the governing body of each Unit. Typically, real property taxes are levied in one calendar year and collected in the following calendar year. The tax levy proceedings impose the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real property taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the **"County Collector"**).

The Local Government Debt Reform Act (30 ILCS 350/16) (the "**Debt Reform Act**") includes special provisions applicable to tax levies to pay debt service on general obligation bonds, including Alternate Revenue Bonds. A governmental unit may levy a tax for the payment of principal of and interest on general obligation bonds, including Alternate Revenue Bonds, at any time prior to March 1 of the calendar year during which the tax will be collected. The County Clerk is required to accept the filing of the ordinance levying such tax notwithstanding that such time is subsequent to the end of the calendar year next preceding the calendar year during which such tax will be collected.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law. Pursuant to the Debt Reform Act, in extending taxes for general obligation bonds, including Alternate Revenue Bonds, such as the Bonds, the County Clerk is required to increase the levy for debt service on such bonds to provide an allowance for loss in collections, in an amount sufficient, in view of all losses and delinquencies in tax collection, to produce tax receipts adequate for the prompt payment of such debt service.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared for the County Collector (the **"Warrant Books"**) the tax (determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel), along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law (the **"Truth in Taxation Law"**) contained within the Property Tax Code imposes procedural limitations on a Unit's real estate taxing powers and requires that a notice in a prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service (including debt service on Alternate Revenue Bonds, such as the Bonds), levies made for the purpose of paying amounts due under public building commission leases and election costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. The Truth in Taxation Law does not impose any limitations on the rate or amount of the levy to pay principal of and interest on the Unit's general obligations bonds and notes (including payment of debt service on Alternate Revenue Bonds, such as the Bonds).

<u>Collection</u>. Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and historically the second on the later of August 1 or 30 days after the mailing of the tax bills. As a result of the onset of the COVID-19 pandemic at the beginning of calendar year 2020, the tax penalty dates for the second installment of Tax Levy Year 2019, the first installment of Tax Levy Year 2020 and the second installment of Tax Levy Year 2020 property taxes levied in the County were extended to October 1, 2020, May 3, 2021 and October 1, 2021, respectively. The due dates for the second installment for Tax Levy Year 2021 and the first installment for Tax Levy Year 2022 were extended to December 30, 2022 and April 3, 2023, respectively, primarily because of the implementation of a new computer system by the County, which implementation remains ongoing with an expectation of completion by the end of calendar year 2023. The first installment is an estimated bill calculated at 55% of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, assessed value and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

The following table sets forth the second installment penalty date for the Tax Levy Years 2012 through 2021. Except for the first installment penalty date for Tax Levy Year 2020 of May 3, 2021, and the first installment penalty date for Tax Levy Year 2022 of April 3, 2023, the first installment penalty date has been March 1, 2 or 3 for all years.

Second Installment Penalty Date

Tax Levy Year	Penalty Date
2021	December 30, 2022
2020	October 1, 2021
2019	October 1, 2020
2018	August 1, 2019
2017	August 1, 2018
2016	August 1, 2017
2015	August 1, 2016
2014	August 3, 2015
2013	August 1, 2014
2012	August 1, 2013

The County may provide for tax bills to be payable in four installments instead of two. Currently, the County does not require payment of tax bills in four installments.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the **"Annual Tax Sale"**). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue interest at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus an additional penalty fee calculated from the penalty bid at sale times a certain multiplier based on each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.

A scavenger sale (the **"Scavenger Sale"**), like the Annual Tax Sale, is a sale of unpaid taxes. A Scavenger Sale must be held, at a minimum, every two years on all property in which taxes are delinquent for two or more years. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

The annual appropriation ordinance of the Board has a provision for an allowance for uncollectible taxes for debt service. The Board reviews this provision annually to determine whether adjustments are appropriate. For tax year 2020, collectible in 2021, the allowance for uncollectible taxes is approximately three percent of the estimated gross tax levy. For financial reporting purposes, uncollected taxes are written off by the Board after four years, but are fully reserved after one year.

Property Tax Extension Limitation Law

The Property Tax Code specifically limits the annual growth in property tax extensions for certain Units pursuant to the provisions of the Property Tax Extension Limitation Law (35 ILCS 200/18-185) (the **"PTELL"**). The effects of the PTELL are to limit or retard the growth in the amount of property taxes that can be extended for a non-home rule taxing body and to impose direct referendum requirements upon the issuance of certain types of general obligation bonds by such non-home rule taxing bodies.

The PTELL was extended in 1995 (effective as of the 1994 assessment year) to non-home rule taxing districts in the County, including the Board. The PTELL limits the annual growth in certain property tax extensions by the Board to the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant tax levy year. Generally, extensions can be increased beyond this limitation only due to increases in the Equalized Assessed Valuation attributable to new construction and referendum approval of tax or limitation rate increases. The PTELL requires the County Clerk in extending taxes to use the Equalized Assessed Valuation of all property within the taxing district for the levy year prior to the levy year for which taxes are then being extended.

The PTELL does not limit the rate or amount of taxes extended by the Board to pay its Alternate Revenue Bonds or the Bonds.

On August 20, 2021, the Governor signed Public Act 102-0519 ("P.A. 102-0519"), which went into effect immediately and amends the PTELL to provide that a taxing district's levy will automatically be increased each year to recapture property tax refunds made in the prior 12 months arising from a PTAB appeal, tax objection suit, or certificate of error that reduced a property's assessed value.

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

Set forth below is certain economic and demographic information regarding the City of Chicago (the "City" or "Chicago"), whose boundaries are coterminous with the boundaries of the School District governed by the Board. Sources of information are set forth in footnotes. With respect to non-Board sources, the Board considers these sources to be reliable but has made no independent verification of the information provided and does not warrant their accuracy nor completeness.

Overview

The Chicago metropolitan area has a population of approximately 9.5 million people, with approximately 4.8 million employees.[1,2] Chicago's large and diverse economy contributed to a gross regional product of more than $693 billion in 2020.[3]

Chicago's transportation and distribution network offers access to air, rail, and water, with two ports capable of handling ocean-going ships and barges, and an airport system that moves approximately two million tons of freight, mail, and goods annually.[4]

The Chicago Public School system is the third largest school district in the nation and the City Colleges of Chicago operate seven colleges and serve approximately 60,889.[5]

The Chicago metropolitan area's largest industry sectors by employment include trade, transportation and utilities, professional and business services, education and health services, government, leisure and hospitality, and manufacturing.[6]

Transportation

According to statistics compiled by the U.S Department of Transportation in 2020, O'Hare ranked fourth in the United States in terms of total passengers while Midway ranked 25th in the United States.[7] According

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1 U.S. Census Bureau. American Community Survey 1-year estimates. Retrieved from Census Reporter Profile page for Chicago-Naperville-Elgin, IL-IN-WI Metro Area. https://censusreporter.org/profiles/31000US16980-chicago-joliet-naperville-il-in-wi-metro-area/

2 U.S. Bureau of Labor Statistics, "Chicago Area Employment – August 2021" https://www.bls.gov/regions/midwest/news-release/areaemployment_chicago.htm

3 U.S. Bureau of Economic Analysis, " Current-Dollar Gross Domestic Product (GDP) by Metropolitan Area," https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&acrdn=5

4 Chicago Department of Aviation, "Monthly Operations, Passengers, Cargo Summary by Class, December 2020," http://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx

5 City Colleges of Chicago, "Fiscal Year 2021 Statistical Digest," http://www.ccc.edu/menu/pages/facts-statistics.aspx

6 U.S. Bureau of Labor Statistics, "Chicago Area Economic Summary, December 1, 2021," https://www.bls.gov/regions/midwest/summary/blssummary_chicago.pdf

7 U.S Department of Transportation, Bureau of Transportation Statistics https://www.bts.gov/content/passengers-boarded-top-50-us-airports

to the Chicago Department of Aviation, O'Hare and Midway had 27.2 and 8.6 million in total passenger volume in 2020 as of December 2020, respectively. O'Hare supports substantial international service with international passengers constituting approximately 11% of total enplaned passengers in 2020.[8]

The Chicago Transit Authority operates the second largest public transportation system in the nation, with: 1,864 buses operating over 129 routes and 1,536 route miles, making 19,237 trips per day and serving 10,768 bus stops; 1,492 rail cars operating over 8 routes and 224 miles of track, making 2,318 trips each day and serving 145 stations; and 1.6 million rides on an average weekday and over 497 million rides a year (bus and train combined).[9]

Population

Chicago is home to over 2.7 million people that live in more than one million households.[10] According to the 2020 Census, the City's population is up 1.9 percent compared to the 2010 Census.[11]

The population of the United States, the State, Cook County and the City for the census years from 1980 to 2020 is set forth below.

Population[12]
1980—2020

Year	United States	State of Illinois	Cook County	Chicago
1980	226,545,805	11,427,409	5,253,655	3,005,072
1990	248,709,873	11,430,602	5,105,067	2,783,726
2000	281,421,906	12,419,293	5,376,741	2,896,016
2010	308,745,538	12,830,632	5,194,675	2,695,598
2020	331,449,281	12,812,508	5,275,541	2,746,388

39.5% of Chicago's residents (age 25 or older) have bachelor's degrees, which is higher than the national average of 32.1%.[13]

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8 Chicago Department of Aviation Airport Budget Statistics, "Monthly Operations, Passengers, Cargo Summary by Class, December 2020," http://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx

9 Chicago Transit Authority, "CTA Facts at a Glance" http://www.transitchicago.com/about/facts.aspx

10 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/fact/table/chicagocityillinois,US/PST045216 (accessed January 13, 2022).

11 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/table/PST045215/1714000,00 (accessed January 13, 2022)

12 U.S. Census Bureau, "State and County QuickFacts—USA," https://www.census.gov/quickfacts/table/PST045216/00; "State and County QuickFacts—Cook County, Illinois," https://www.census.gov/quickfacts/table/RHI805210/17031; "State and County QuickFacts—Illinois (State)," https://www.census.gov/quickfacts/table/PST045215/17 (accessed January 13, 2022)

13 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/table/PST045215/1714000,00 (accessed January 13, 2022)

Per Capita Income and Wages

The per capita personal income (estimated annual earnings) for the United States, the State of Illinois, Cook County and the Chicago Metropolitan Statistical Area ("MSA") is set forth below for the years 2012 through 2021.

Per Capita Income[14]
2012—2021

Year	United States	State of Illinois	Cook County	Chicago MSA
2012	$44,582	$46,067	$47,897	$48,302
2013	44,826	47,160	49,201	49,105
2014	47,025	49,530	52,872	52,006
2015	48,940	51,648	55,506	54,518
2016	49,831	52,473	56,669	55,621
2017	52,118	54,252	59,443	58,331
2018	54,606	57,145	63,436	61,642
2019	56,490	58,764	65,306	63,500
2020	59,765	62,139	66,474	63,971
2021	64,143	67,244	71,992	67,558

Chicago's 2021 median household income is $58,247, compared to $65,886 in Illinois and $62,843 in the United States, and Chicago ranks 7th among other major metropolitan areas on the cost of living index.[15, 16]

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14 U.S. Bureau of Economic Analysis, "Interactive Data," https://apps.bea.gov/itable/index.cfm (accessed January 13, 2021)

15 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/table/RHI805210/1714000; "State and County QuickFacts—USA," https://www.census.gov/quickfacts/table/PST045216/00; "State and County QuickFacts—Illinois (State)," https://www.census.gov/quickfacts/table/PST045215/17 (accessed January 13, 2021)

16 World Business Chicago, "Demographics" http://www.worldbusinesschicago.com/research-data/demographics/ (accessed January 13, 2021)

Employment

Total employment for the State, Cook County, the Chicago MSA, and the City for the years 2012 through 2022 is set forth below.

Employment (in thousands)[17,18]
2012-2022

Year	State of Illinois	Cook County	Chicago MSA	Chicago
2012	5,750	2,406	4,373	1,228
2013	5,804	2,426	4,441	1,236
2014	5,879	2,468	4,508	1,257
2015	5,969	2,531	4,593	1,273
2016	6,013	2,562	4,658	1,286
2017	6,063	2,572	4,700	1,288
2018	6,117	2,625	4,745	1,285
2019	6,191	2,636	4,848	1,286
2020	5,781	2,351	4,386	1,216
2021	5,936	2,412	4,507	1,247
2022	6,142	2,526	4.701	1,306

[17] U.S. Bureau of Labor Statistics, "State and Metro Area Employment, Hours, & Earnings," https://www.bls.gov/bls/employment.htm (accessed January 13, 2021)
[18] US Bureau of Labor Statistics, "Local Area Unemployment Statistics," https://www.bls.gov/lau/home.htm#cntyaa5 (accessed January 13, 2021)

The percentage of total (nonfarm) employment by sector for the Chicago MSA, State and the United States for October 2020 is shown in the following table.

Percentage of Total Non-Farm Employment by Major Industry Sector
October 2020*[19]

Sector	United States	State of Illinois	Chicago MSA
Trade, transportation, and utilities	18.70%	20.30%	20.18%
Education and health services	16.37%	15.61%	16.49%
Government	15.28%	13.81%	11.04%
Professional and business services	14.40%	15.40%	18.79%
Leisure and hospitality	9.31%	8.60%	8.49%
Manufacturing	8.52%	9.71%	7.59%
Financial activities	6.08%	7.03%	7.56%
Construction	5.23%	3.72%	3.74%
Other services	3.84%	4.20%	4.16%
Information	1.83%	1.51%	1.93%
Mining and logging	0.44%	0.11%	0.03%
Total	100.0%	100.0%	100.0%

*not seasonally adjusted

[19] U.S. Bureau of Labor Statistics, http://www.bls.gov/regions/midwest/il_chicago_md.htm https://www.bls.gov/eag/eag.il.htm (accessed January 13, 2021)

The annual unemployment rates (percent of population, not seasonally adjusted) for the United States, the State, Cook County, the Chicago MSA and the City is set forth below for the years 2012 through 2022.

Annual Unemployment Rates [20]
2012—2022

Year	United States	State of Illinois	Cook County	Chicago MSA	Chicago
2012	8.1	9.0	9.6	9.1	10.0
2013	7.4	9.1	9.7	9.1	10.1
2014	6.2	7.1	7.5	7.1	7.8
2015	5.3	6.0	6.2	5.9	6.6
2016	4.9	5.8	6.1	5.8	6.5
2017	4.4	5.0	5.2	4.9	5.4
2018	3.9	4.3	4.0	4.0	4.2
2019	3.3	4.0	3.8	3.8	4.0
2020	6.6	7.2	9.4	8.0	8.6
2021	5.4	6.1	7.1	6.2	7.6
2022	3.8	4.8	5.2	4.7	5.4

[20] Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/ILCOOK1URN (accessed January 13, 2021)

Employers

The principal non-governmental employers in the Chicago MSA for 2022 are set forth below.

Principal Chicago MSA Non-Governmental Employers[21]

2022

Employer	Number of Employees	Percentage of Total Employment
Advocate Health Care	26,335	2.26%
Northwestern Memorial Healthcare	21,999	1.89
University of Chicago	18,732	1.61
Walmart Inc.	16,711	1.43
Amazon.com Inc.	16,610	1.43
Amita Health	14,282	1.23
J.P. Morgan & Co.	13,750	1.18
Walgreens Boots Alliance Inc.	13,377	1.15
United Continental Holdings Inc.	11,059	0.95
Jewel-Osco, Inc.	10,754	0.92

21 See the Board's Annual Comprehensive Financial Report set forth in APPENDIX B to this Official Statement. Chicago Public Schools Annual Financial Report for the year ended June 30, 2022.

Top Taxpayers

The top property taxpayers in Chicago in 2022 based on 2021 EAV are shown in the following table.

Top Ten Property Taxpayers 2022[22]
($ in thousands)

Rank	Property	2021 EAV	% of Total EAV
1	Willis Tower	$ 508,113	0.58%
2	Prudential Plaza	285,768	0.33
3	HCSC Blue Cross	284,469	0.32
4	400 W Lake	279,379	0.32
5	AON Building	261,081	0.30
6	Merchandise Mart – 222 Mer Mart Plaza	236,312	0.27
7	300 Lasalle LLC	234,831	0.27
8	Merchandise Mart – 320 N Wells	234,798	0.27
9	Franklin Center	234,424	0.27
10	Water Tower Place	231,664	0.26
	Total	$2,790,840	3.18%

As shown in the table, the top ten taxpayers account for less than 3.5% of the City's total tax base.

[22] Chicago Public Schools Annual Financial Report for the year ended June 30, 2022, https://www.cps.edu/globalassets/cps-pages/about/finance/annual-financial-report/fy22-cafr.pdf

APPENDIX E

BOARD OF EDUCATION OF THE CITY OF CHICAGO

PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS

Introduction

Employees of the Board of Education of the City of Chicago (the "Board") participate in one of two defined benefit retirement funds (the "Retirement Funds") which provide benefits upon retirement, death or disability to Board employees and their beneficiaries. The Retirement Funds are established, administered and financed under the Pension Code, Chapter 40, Act 5, Articles 1, 1A, 17, 20 and 22 of the Illinois Compiled Statutes (the "Pension Code") as separate legal entities and for the benefit of the members of the Retirement Funds. The two Retirement Funds are: (i) the Public School Teachers' Pension and Retirement Fund of Chicago (the "Pension Fund"), which covers teachers, educational, administrative, professional and other certified individuals employed by the Board, and (ii) the Municipal Employees' Annuity and Benefit Fund of Chicago (the "Annuity Fund"), which covers non-teacher employees of the Board and most civil servant employees of the City of Chicago (the "City").

Information concerning the Retirement Funds contained in this Official Statement is sourced primarily from documents published by the Retirement Funds (such information is collectively referred to as the "Third-Party Source Pension Information"). Except for certain information derived from the Annual Comprehensive Financial Reports of the Chicago Public Schools, including the Annual Comprehensive Financial Report of the Chicago Public Schools for the Fiscal Year ended June 30, 2022, the information contained herein pertaining to the Pension Fund relies on (i) the Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation and Review as of June 30, 2022 (the "2022 Actuarial Valuation Report"), prepared by Gabriel, Roeder, Smith & Company ("GRS Consulting"), independent actuaries and consultants engaged by the Pension Fund Board defined below (the "Pension Fund Actuaries"), and (ii) the annual comprehensive financial report of the Pension Fund for its Fiscal Year ending June 30, 2021 (the "Pension Fund 2021 ACFR"), prepared by the Pension Fund's administrative staff and its independent auditors Plante & Moran, PLLC Southfield, MI (the "Pension Fund Auditors"). The 2022 Actuarial Valuation Report and the Pension Fund 2021 ACFR are referred to herein as the "Pension Fund Source Information."

Information in the 2022 Actuarial Valuation Report provides information regarding results in the Pension Fund's fiscal year ended June 30, 2022 that supplements certain, but not all, of the information under "– Overview of Retirement Funds," "– Background Information Regarding the Pension Fund," "– Pension Fund Contributions" and "– Other Post-Employment Benefits and Other Board Liabilities." Information in the 2022 Actuarial Valuation Report will be audited and included as part of the Pension Fund's 2022 ACFR. What follows in this paragraph is selected information from the 2022 Actuarial Valuation Report. Reference should be made to the full 2022 Valuation Report for complete information. In the Pension Fund's fiscal year ending June 30, 2022, the Pension Fund reported an investment return of approximately 5.99%. Since 5.99% is less than the assumed rate of return of 6.50% for FY22, there was a loss on the actuarial value of the assets. Accordingly, the Funded Ratio of the Pension Fund for the fiscal year ended June 30, 2022 based on the actuarial value of assets is reported to be 46.8%, versus 47.5% in the Pension Fund fiscal year ended June 30, 2021. As a result, the Board's Fiscal Year 2023 Pension Fund contribution is projected to increase by $148.2 million and the State's contribution is projected to increase by $14.1 million. The Board's Fiscal Year 2022 Pension Fund contribution has already been certified to the Board by the Pension Fund as required by State statute and will not change.

As of the date of this Official Statement, the Pension Fund 2021 ACFR and the 2022 Actuarial Valuation are the most recent audit and actuarial valuations pertaining to the Pension Fund available to the Board. Copies of the Pension Fund 2021 ACFR and the 2022 Actuarial Valuation, as well as Pension Fund ACFRs and Actuarial Valuation Reports from previous Fiscal Years, may be accessed at http://www.ctpf.org None of the information on such website, or on the links appearing on the url disclosed in the previous sentence, is incorporated by reference into this Official Statement. The Board takes no responsibility for, nor has it attempted to verify the accuracy of, the information contained on such websites. The Board has not independently verified the Pension Fund Source Information and makes no representations nor expresses any opinion as to the accuracy of the Pension Fund Source Information.

Subject to the exception noted above regarding information derived from the Board's ACFRs, the information contained herein pertaining to the Annuity Fund relies on (i) the annual comprehensive financial reports of the Annuity Fund for its Fiscal Year ending December 31, (the "Annuity Fund 2021 ACFR"), prepared by the Annuity Fund's administrative staff and its independent auditors, Calibre Group, Chicago, Illinois, and (ii) the actuarial valuation of the Annuity Fund as of December 31, 2021 (the "2021 Annuity Fund Actuarial Valuation" and, together with the Annuity Fund 2021 ACFR, the "Annuity Fund Source Information"), prepared by The Segal Company, independent actuaries and consultants engaged by the Annuity Fund Board (the "Annuity Fund Actuaries," and, together with the Pension Fund Actuaries, referred to herein as the "Actuaries").

At the time of the preparation of this Official Statement, the Annuity Fund 2021 ACFR and the 2021 Annuity Fund Actuarial Valuation are the most recent audit and actuarial valuation pertaining to the Annuity Fund available to the Board. Copies of the Annuity Fund 2021 ACFR and the 2021 Annuity Fund Actuarial Valuation, as well as Annuity Fund ACFRs and Actuarial Valuation Reports from previous Fiscal Years, may be viewed at http://www.meabf.org None of the information on such website, or on the links appearing on the url disclosed in the previous sentence, is incorporated by reference into either this Official Statement or any Official Statements related to the respective series of bonds related to the Undertakings. The Board takes no responsibility for, nor has it attempted to verify the accuracy of, the information contained on such websites. The Board has not independently verified the Annuity Fund Source Information and makes no representations nor expresses any opinion as to the accuracy of the Annuity Fund Source Information.

Healthcare benefits for certified teachers and administrators employed by the Board are provided under a cost sharing multiple-employer plan administered by the Pension Fund (the "Health Insurance Program"). Subject to the exception noted above regarding information derived from the Board's ACFRs, the information contained herein regarding the Health Insurance Program can be found in the Pension Fund 2021 ACFR, as well as the 2022 Actuarial Valuation Report and, together with relevant information in the Pension Fund 2021 ACFR, the "Health Insurance Plan Source Information"). At the time of the preparation of this Official Statement, the Pension Fund 2021 ACFR and the 2022 Actuarial Valuation Report is the most recent information pertaining to the Health Insurance Program available to the Board. The Board has not independently verified the Health Insurance Plan Source Information and makes no representations nor expresses any opinion as to the accuracy of the Health Insurance Plan Source Information.

Overview of Retirement Funds

The benefits paid under the Retirement Funds, contributions to the Retirement Funds and investments by the Retirement Funds are governed by the Pension Code. As defined benefit pension plans, the Retirement Funds pay periodic benefits to beneficiaries, which generally consist of retired or disabled employees, their dependents and their survivors, in a fixed amount (subject to certain scheduled increases) for life. The amount of the benefit is determined at the time of retirement based, among other things, on the length of time worked and the salary earned. To fund benefits, employees, the Board, the City, the State of Illinois (the "State") and, in certain instances, approved City charter schools make contributions to the Retirement Funds (the "Statutory Contributions").

The Retirement Funds invest Statutory Contributions with the goal of achieving projected investment returns over time and increasing the assets of the Retirement Funds. Information, as reported by the Board, pertaining to the Retirement Funds and the Board's Statutory Contributions is contained in the Board's Annual Comprehensive Financial Reports of the Chicago Public Schools for each Fiscal Year, including the Annual Comprehensive Financial Report of the Chicago Public Schools for the Fiscal Year ended June 30, 2022**.**

The Retirement Funds' actuaries perform separate actuarial valuations of each of the Retirement Funds on an annual basis. These actuarial valuations calculate, among other things, the employer contributions, assets and liabilities of the Retirement Funds. In the actuarial valuations, the actuaries make a variety of assumptions and employ actuarial methods to calculate such contributions, assets and liabilities. The assumptions and methods used by the actuary have a significant impact on the measures of financial position of the Retirement Funds.

On August 31, 2017, Public Act 100-465 ("P.A. 100-465") became effective. P.A. 100-465 provides a significant revision to the State's funding of the Pension Fund and the Board. In Fiscal Year 2018, under P.A. 100-465, the Pension Fund received approximately $221 million in State funding of the the employer normal cost for Fiscal Year 2018 and the amount allowed under paragraph (3) of Section 17-142.1 to defray health insurance costs (i.e., the annual retiree healthcare reimbursement subsidy), and the Board received an increase of pension property tax revenues previously approved by P.A. 099-0521 (as hereinafter defined) of approximately $130 million, which when combined with the existing pension property tax revenues brought the total amount of pension property tax revenues to approximately $423 million in Fiscal Year 2018. The increase over the original estimate of pension property tax revenues by the Board is a combination of the timing of revenue receipts and tax increment revenues included in the distributions (see "– Legislation and Litigation Relevant to the Retirement Funds" herein).

In light of new funding sources provided under P.A. 100-0465 and P.A. 099-0521, the Board and the Pension Fund entered into an intergovernmental agreement (the "Intergovernmental Agreement") regarding the timing of payments effective with the 2017 Actuarial Valuation Report. Certain contributions are assumed to occur as follows:

1.) Additional Board contribution (0.58 percent of pay) — June 30th (end of fiscal year)
2.) Additional State contribution (0.544 percent of pay — monthly (middle of year)
3.) State normal cost contribution — monthly (middle of year)
4.) Board early payment of pension property tax levy — March 1st (first installment payment)
a.) 55 percent of prior year's pension property tax levy is assumed to occur each March 1st
5.) Remaining Board contribution — June 30th (end of fiscal year) (additional pension property tax levy is paid during the second installment period, typically due August 1st)

Forward-Looking Statements and Actuarial Assumptions

The information included under the headings "–Background Information Regarding the Pension Fund," "– Pension Fund Contributions," "– Pensions for Other Board Personnel" and "– Other Post-Employment Benefits and Other Board Liabilities" relies to a large extent on Pension Fund Source Information. Actuarial assessments contained under such headings and in the Pension Fund Source Information are "*forward-looking*" information that reflects the judgment of the Pension Fund fiduciaries, including the

Pension Fund Actuaries. A variety of factors impact the Unfunded Actuarial Liabilities and Funded Ratios of the Pension Fund and the Annuity Fund. Increases in member salaries and benefits, a lower rate of return on investment than that assumed by the respective Fund and insufficient contributions when compared to the employer's normal cost plus interest on the Unfunded Actuarial Liability will all cause an increase in the Unfunded Actuarial Liability and a decrease in the Funded Ratio. Conversely, decreases in member salaries and benefits, a higher return on investment than assumed and employer contributions in excess of the employer's normal cost plus interest will decrease the Unfunded Actuarial Liability and increase the Funded Ratio. In addition, changes in actuarial assumptions and certain other factors will have an impact on the Unfunded Actuarial Liability and the Funded Ratio. No assurances can be given that the Board, the City or the State will make the contributions necessary to meet any escalating costs incurred by the Retirement Funds.

The projections herein, including those in Table 4 under "– Pension Fund Contributions," are based upon numerous variables that are subject to change, and are forward-looking statements regarding future events based on actuarial assumptions and assumptions made regarding such future events, including but not limited to the assumptions that there are no changes to the current legislative structure and that all projected contributions to the Retirement Funds are made as required. No assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented in Table 4 or with respect to any other statements and projections that constitute forward-looking statements or are based on actuarial assumptions.

Background Information Regarding the Pension Fund

General. The Pension Fund is a multiple-employer, defined-benefit public employee retirement system established by the State to provide annuity, disability, survivor, death, and health benefits for certain certified teachers and other employees of the Chicago Public Schools, Pension Fund employees and approved City charter schools. *"Defined-benefit"* refers to the fact that the Pension Fund pays a periodic benefit to retired employees and survivors in a fixed (defined) benefit amount determined at the time of retirement (benefits are increased annually in retirement by the defined Automatic Annual Increase factor, which is 3% for the Tier 1 members (hired before 2011) and ½ the rate of inflation for the Tier 2 members (hired after 2010)). The Pension Fund has a Fiscal Year ending June 30.

Membership. Participation in the Pension Fund is mandatory for teachers, educational, administrative, professional and other certified individuals employed by the Board. In addition, certified teachers and staff employed by City charter schools must also participate in the Pension Fund. As of June 30, 2021, according to the most recently available information, the Pension Fund had 46 participating employers consisting of the primary employer, Chicago Public Schools, 42 charter schools, the Illinois Federation of Teachers, the Chicago Teacher's Union and the Pension Fund itself. As of June 30, 2022 the Pension Fund included 65,760 members consisting of 27,638 retirees and beneficiaries currently receiving benefits, 6,861 vested terminated members entitled to benefits but not yet receiving them, 16,302 total active vested current members and 14,959 nonvested current members. An additional 26,630 non-vested, former members are eligible for refunds of contributions.

Governance of the Pension Fund. The Pension Fund is governed by a 12 member Board of Trustees (the "Pension Fund Board") including six trustees elected by the active teacher membership, three trustees elected by the retired teacher membership, one trustee elected by the active principals and administrators, and two trustees appointed by the Board. The Pension Fund Board is authorized by State law to make investments, pay benefits, hire staff and consultants, and carry out all necessary functions in compliance with the Pension Code.

The Pension Fund Board is a fiduciary of the Pension Fund and is authorized to perform all functions necessary for operation of the Pension Fund. The Pension Code authorizes each pension board to make certain decisions, including decisions regarding the investment of funds, the management of assets, the disbursement of benefits, and the hiring of staff, financial advisors and asset managers.

The Pension Fund Board is authorized to promulgate rules and procedures regarding their administration of benefits and other matters in accordance with the Illinois Administrative Procedure Act, and their decisions in awarding, limiting, or denying benefits are subject to the Illinois Administrative Procedure Act. Certain aspects of the Pension Fund, however, including the defined benefits and the employer and employee contribution levels, are established in the Pension Code and may be amended only by an amendment to the Pension Code.

The Pension Code provides that the expenses incurred in connection with the administration of the Pension Fund are not construed to be debt imposed upon the Board. Such expenses are the obligation of the Pension Fund exclusively, as separate bodies politic and corporate.

The Illinois Attorney General and annuitants may bring a civil action to obtain relief for violations of a fiduciary duty to the Pension Fund or any act or practice which violates any provision of the Pension Code.

Benefits and Contributions. Article 17 of the Pension Code governs the retirement, survivor and disability benefits provided by the Pension Fund and establishes the statutorily required contributions from the Board, the State and participating employees. The amount of the periodic benefit is generally determined on the basis of service credits and salary. Eligible employees receive the defined benefit on a periodic basis for life, along with certain benefits to spouses and children that survive the death of the employee.

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan. Generally in a defined-benefit pension plan, employees contribute a fixed percentage of their annual salary and employers contribute the additional amounts required (which amounts may be determined pursuant to statute, as in the case of the Board), when combined with the investment earnings on plan assets, to pay the benefits under the pension plan. The benefits available under the Pension Fund accrue throughout the time a member is employed by the Board. Although the benefits accrue during employment, certain age and service requirements must be achieved by an employee to generate a retirement or survivor's periodic defined benefit payment upon retirement or termination from the Board. The Pension Fund also provides certain disability benefits and retiree healthcare benefits to eligible members. Section 5 of Article XIII of the Illinois Constitution (the "Illinois Pension Clause") provides as follows:

"Membership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

For purposes herein, references to "*employee*" or "*member*" are references to the employees of the Board; the employees of the Pension Fund and approved City charter school employees that also participate in the Pension Fund.

Pension Fund Contributions

Required Contributions. The Pension Code requires funding of the Pension Fund from contributions by the Board (the employer), the State and employees. Board (and State) contributions are required (the "Statutory Required Contributions") only if the actuarially determined value of the assets as a percentage of its actuarially determined accrued liabilities (the "Funded Ratio") is less than 90%. The Pension Code does not require that assets of the Pension Fund at any time equal or exceed the actuarially determined accrued liabilities of the Pension Fund. On an annual basis, an actuarial valuation is performed by an independent actuary firm retained by the Pension Fund Board (each an "Actuarial Valuation") in order to determine the amount of required contributions. The Pension Code provides for an actuarially based funding ramp intended to accumulate the actuarial assets of the Pension Fund at a level equal to 90% of the actuarial liabilities of the Pension Fund beginning in the 2059 Fiscal Year and to maintain the actuarial assets of the Pension Fund equal to 90% of the actuarial liabilities in the fiscal years after 2059.

Member Contributions. The Pension Fund's active contributors make biweekly contributions to the Pension Fund from their salaries which contributions are currently set at 9% of covered payroll. Historically, as part of its collective bargaining agreement with the Chicago Teachers' Union ("CTU"), the Board paid a substantial portion of the employee contribution in an amount equal to 7% of covered payroll**.** This contribution arrangement for current CTU Pension Fund members hired before January 1, 2017 is still in place. However, new CTU Pension Fund members hired since January 1, 2017 make their entire 9% employee contribution.

Employer Required Annual Statutory Contributions. Prior to the enactment of P.A. 96-0889, the Pension Code required that the Board's minimum contributions for each Fiscal Year be in an amount sufficient to bring the Funded Ratio to equal 90% by Fiscal Year 2045. P.A. 96-0889 extended the deadline to achieve the required 90% Funding Ratio by fourteen years from Fiscal Year 2045 to Fiscal Year 2059. In addition P.A. 96-0889 specified fixed Board contribution amounts for Fiscal Years 2011, 2012 and 2013 ($187,000,000, $192,000,000 and $196,000,000, respectively) which are substantially lower than the amounts which would otherwise be required by the Pension Code (required contributions were decreased approximately $400,000,000 for each of those years). This reduction in required contributions by the Board further increased the Unfunded Actuarial Liability of the Pension Fund. See Table 2 – "Actuarial Value of Assets, Actuarial Accrued Liability, Unfunded Actuarial Accrued Liability and Funded Ratio of the Pension Fund Based on Statutory Actuarial Valuations for Fiscal Years 2007-2018."

Beginning in Fiscal Year 2014, Required Annual Statutory contributions from the Board (and State) for Fiscal Years 2014 through 2059, as determined by the actuary for the Pension Fund, are required to be sufficient to bring the Actuarial Funded Percentage to 90% by the end of Fiscal Year 2059, and Required Annual Statutory contributions will be required thereafter to maintain the 90% Funded Percentage in each fiscal year. See Table 4 – "Projections of Contributions, Liabilities and Assets."

State "Normal Cost" Contributions. Under P.A. 100-465, the Pension Fund expects to receive annual State funding of the employer normal cost and the amount allowed under paragraph (3) of Section 17-142.1 to defray health insurance costs (i.e., the annual retiree healthcare reimbursement subsidy). The total amount of additional State funding under P.A. 100-465 was approximately $295 million in FY 2022 and is expected to be approximately $308 million in FY 2023

State and Board Required Payroll Contributions. The Pension Code requires that the State and Board each make an annual contribution to the Pension Fund equal to a defined percentage of total teacher payroll (0.544% of payroll for the "*State Payroll Contribution*" and 0.580% of payroll for the "*Board Payroll Contribution*"). These contributions are not required in those years in which the Pension Fund Board has certified that the Pension Fund is at least 90% funded. The required contributions made based on payroll for Fiscal Year 2022 were $12,649,000 for the State and $13,486,000, for the Board. The required contributions made based on payroll for Fiscal Year 2023 are expected to be $13,371,000 for the State and $14,256,000 for the Board. This required payroll contribution was added to the Pension Code by P.A. 90-0582, and was intended by the General Assembly to cover part of the cost of a benefit increase resulting from that Act.

State Appropriation Contributions. The State historically made additional discretionary contributions to the Pension Fund from State appropriations in the amount of approximately $65,000,000 per year in addition to the State's required statutory contributions. These contributions were in furtherance of provisions of the Pension Code regarding the goal and intention of the State to make annual contributions to the Pension Fund in an amount that is between 20% and 30% of the amount of the annual State contribution to the other teachers' retirement system in the State. For several previous fiscal years the State discretionary appropriation was either reduced or not contributed. There were no discretionary contributions by the State in Fiscal Year 2018 to supplement the Board's required contribution. The Board does not anticipate that the State will make contributions in excess of its statutorily required contributions in the future.

Credit for State Contributions. The Pension Code provides that "*any contribution by the State to or for the benefit of the Fund . . . shall be a credit against any contribution required to be made by the Board of Education . . . .*"

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Historical Contributions. The following table provides historical contribution information and the Actuarially Determined Contribution (as defined herein) for Fiscal Years 2011-2022.

Table 1

Historical Contributions

(All dollar amounts are in millions)

		Employer Contributions			
Fiscal Year	**Employee Contributions**	**State Appropriations and Payroll Contributions(1)**	**BOE Contributions(2)**	**Total Employer Contributions**	**Actuarially Determined Contribution (ARC)(3)**
2011	167.0	10.4	168.0	178.4	425.6
2012	167.7	10.4	195.8	206.2	510.1
2013	165.9	10.9	234.5	245.4	585.5
2014	163.8	11.9	601.6	613.0	719.8
2015	168.1	62.2	634.4	696.5	728.5
2016	158.2	12.1	675.9	688.0	749.8
2017	153.3	12.2	733.2	745.4	754.8
2018	149.6	233.0	551.4	784.4	855.8
2019	148.7	238.9	569.7	808.6	1,032.2
2020	146.0	257.3	597.2	854.5	1,147.0
2021	151.8	266.9	619.0	885.9	1,219.9
2022	148.3	277.5	667.2	944.7	1,279.0

Sources: Chicago Public Schools Annual Comprehensive Financial Report for Fiscal Years ended June 30, 2011-2022. Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2011-2022.

(1) FY 2018 includes amounts contributed by the State pursuant to P.A. 100-465 which are in addition to discretionary and payroll contributions.

(2) "**BOE Contributions**" are comprised of a number of contributions that are described in Note 12 to the Chicago Public School Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2022 and are included in the **"Total Employer Contributions"** (**"Total Employer Contributions" – total "State Appropriations" = "BOE Contributions"**). The numbers may differ from actuarially or statutorily required contribution amounts and have been the subject of various litigation proceedings.

(3) **"Actuarially Determined Contributions"** do not include the required contributions associated with the Health Insurance Program, i.e., the amount described in P.A. 100-465 as allowed under paragraph (3) of Section 17-142.1 to defray health insurance costs, which is $62.0 million for FY 2022 and which is further described below under "– Other Post-Employment Benefits and Other Board Liabilities." Also note that this concept is referred to in the Chicago Public Schools Annual Comprehensive Financial Report as "*Annual Determined Contributions*" – see footnote to section "– *Actuarial Process*" for explanation of naming convention herein.

Funded Status of Pension Fund. As of the end of its Fiscal Year 2022, the Pension Fund had liabilities of $25,955,065,711 and assets (excluding any amounts dedicated to retiree health insurance subsidies) of: (i) $ 12,142,214,578 if valued on an actuarial basis (using the "Asset Smoothing Method" (as described below), or (ii) $11,674,941,881 if valued based on market value. This results in an aggregate Unfunded Actuarial Liability of the Pension Fund of approximately $13.81 billion on an actuarial basis (using the

Asset Smoothing Method), and $14.19 billion on a market value basis and Funded Percentages of 46.8% on an actuarial basis (using the Asset Smoothing Method) and 45.3% on a market value basis. The Fiscal Year 2022 Actuarial Liability of $25,955,065,711 represents a net increase of $837 million compared to the Actuarial Liability as of June 30, 2021. Additional information regarding the financial condition of the Pension Fund, including the actuarial value of assets and actuarial liability can be found in the 2022 Actuarial Valuation Report. Information in the Actuarial Valuation regarding the reconciliation of change in Unfunded Actuarial Liability shows the impact of such factors as salaries, funding status and investment returns.

The following table summarizes the Actuarial Value of Assets, Actuarial Accrued Liability, Unfunded Actuarial Accrued Liability and Funded Ratio of the Pension Fund for Fiscal Years 2011-2022 and the Annual Covered Payroll.

Table 2

Actuarial Value of Assets, Actuarial Accrued Liability, Unfunded Actuarial Accrued Liability and Funded Ratio of the Pension Fund Based on Statutory Actuarial Valuations for Fiscal Years 2011-2022

Actuarial Valuation Date	Actuarial Value of of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2011	10,109,314,922	16,940,626,445	6,831,311,523	59.67%	2,090,131,858	326.8%
06/30/2012	9,364,076,672	17,375,660,369	8,011,583,697	53.89%	2,224,903,121	360.1%
06/30/2013	9,422,519,190	19,044,533,016	9,622,013,826	49.48%	2,239,347,051	429.7%
06/30/2014	10,045,542,575	19,503,893,632	9,458,351,057	51.51%	2,233,280,995	423.5%
06/30/2015	10,344,375,122	19,951,289,974	9,606,914,852	51.85%	2,273,551,432	422.6%
06/30/2016	10,610,746,831	20,246,140,298	9,635,393,467	52.41%	2,281,268,890	422.4%
06/30/2017	10,933,031,685	21,822,010,297	10,888,978,612	50.10%	2,221,849,230	490.1%
06/30/2018	10,969,085,523	22,922,992,558	11,953,907,035	47.85%	2,180,577,527	548.2%
06/30/2019	11,021,811,634	23,252,163,307	12,230,351,673	47.40%	2,267,106,915	539.5%
06/30/2020	11,240,208,045	24,073,482,607	12,833,274,562	46.69%	2,325,129,719	551.9%
06/30/2021	11,925,535,283	25,117,988,742	13,192,453,459	47.48%	2,457,910,229	536.7%
06/30/2022	12,142,214,578	25,955,065,711	13,812,851,133	46.78%	2,677,247,688	515.9%

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2011-2022.

Table 3

Actuarial Value of Assets, Actuarial Accrued Liability, Unfunded Actuarial Accrued Liability and Funded Ratio of the Pension Fund for Based on GASB No. 67 Actuarial Valuations Fiscal Years 2014-2021 (1)

Actuarial Valuation Date	Fiduciary Net Position (FNP) (a)	Pension Total Liability (TPL) (b)	Net Pension Liability (NPL) (b) - (a)	GASB 67 Funded Ratio (a) / (b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2014	$10,815,694,614	$20,316,899,952	$9,501,205,338	53.23%	$2,233,280,995	425.40%
06/30/2015	10,689,954,320	20,713,217,296	10,023,262,976	51.61%	2,273,551,432	440.90%
06/30/2016	10,093,067,588	21,124,697,012	11,031,629,424	47.78%	2,281,268,890	483.57%
06/30/2017	10,793,173,927	23,175,590,999	12,382,417,072	46.57%	2,030,175,116	609.92%
06/30/2018	11,104,765,514	24,547,482,873	13,442,717,359	45.24%	2,094,830,446	641.71%
06/30/2019	11,038,837,459	25,166,179,329	14,127,341,870	43.86%	2,179,054,844	648.32%
06/30/2020	10,937,062,021	26,377,865,250	15,440,803,229	41.46%	2,249,491,403	686.41%
06/30/2021	13,373,041,592	28,100,451,410	14,727,409,818	47.59%	2,372,166,562	620.84%

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Annual Comprehensive Financial Report for Fiscal Years ended June 30, 2014-2021.

(1) Excludes Health Insurance Fund Assets.

Table 4 shown on the following page presents projected required contributions, liabilities, assets, unfunded liability and funded ratios in the Fiscal Years 2023 through 2059 for the Pension Fund prepared by the Actuaries and which reflect the impact of P.A. 96-0889.

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Table 4

Projection of Contributions, Liabilities and Assets[1]

(Board contributions are based on P. A. 96-0889)

(All dollar amounts are in millions. Actuarial Liability and asset figures as of end of Fiscal Year.)

Fiscal Year	Employee Contribution	Required Statutory Employer Contribution	State Normal Cost Contribution	Additional State Contribution	Additional Board Contribution	Required Board of Education Contribution[2]	Total Actuarial Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Percentage
2023	$234.4	$860.3	$295.3	$13.4	$14.3	$537.4	$26,426.7	$12,278.0	$14,148.7	46.46%
2024	241.0	1,022.5	308.1	14.6	15.5	684.3	26,908.4	12,633.4	14,275.0	46.95%
2025	246.9	1,047.7	312.0	14.9	15.9	704.8	27,399.5	12,451.1	14,948.4	45.44%
2026	252.6	1,072.1	315.1	15.3	16.3	725.4	27,898.6	12,721.3	15,177.3	45.60%
2027	258.4	1,096.4	317.2	15.6	16.6	746.9	28,404.3	13,011.2	15,393.1	45.81%
2028	264.0	1,120.4	318.5	16.0	17.0	769.0	28,915.4	13,321.9	15,593.5	46.07%
2029	269.6	1,144.1	318.9	16.3	17.4	791.6	29,430.1	13,654.8	15,775.3	46.40%
2030	275.2	1,167.8	318.5	16.6	17.7	815.0	29,946.6	14,002.6	15,944.0	46.76%
2031	280.8	1,191.4	317.4	17.0	18.1	839.0	30,463.9	14,365.7	16,098.2	47.16%
2032	286.3	1,215.2	315.8	17.3	18.5	863.6	30,978.9	14,742.2	16,236.7	47.59%
2033	292.0	1,239.2	313.5	17.7	18.8	889.2	31,512.2	15,154.5	16,357.7	48.09%
2034	297.6	1,263.0	310.5	18.0	19.2	915.4	32,041.7	15,582.4	16,459.3	48.63%
2035	303.2	1,286.6	306.8	18.3	19.5	942.0	32,565.4	16,025.4	16,540.0	49.21%
2036	308.8	1,310.3	302.5	18.7	19.9	969.3	33,081.4	16,483.7	16,597.7	49.83%
2037	314.3	1,333.9	297.6	19.0	20.3	997.1	33,588.0	16,957.7	16,630.3	50.49%
2038	319.9	1,357.7	290.0	19.3	20.6	1,027.7	34,083.3	17,449.7	16,633.6	51.20%
2039	325.5	1,381.5	282.0	19.7	21.0	1,058.8	34,565.1	17,960.2	16,604.9	51.96%
2040	331.2	1,405.7	273.7	20.0	21.3	1,090.7	35,031.2	18,489.9	16,541.3	52.78%
2041	337.1	1,430.8	264.8	20.4	21.7	1,123.9	35,479.3	19,039.8	16,439.5	53.66%
2042	343.1	1,456.2	255.6	20.7	22.1	1,157.7	35,907.2	19,611.1	16,296.1	54.62%

Source: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Year ended June 30, 2022.

(1) Total Actuarial Liability, Actuarial Value of Assets and Unfunded Actuarial Liability reflect the combined actuarial valuation of the pension and retiree health insurance benefits performed by the Actuaries. The projected amounts shown above assume that all of the actuarial assumptions from the June 30, 2022 actuarial valuation, including the 6.50% assumed rate of investment return, are exactly realized each year.

(2) Any discretionary contributions by the State of Illinois (other than the State "Normal Cost" and Additional State Contributions shown above) will replace amounts otherwise that are required to be contributed by the Board.

The projections in Table 4 rely on information produced by the Pension Fund's Actuaries (based on the actuarial assumptions employed by the Pension Fund) and were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. This information is not fact and should not be relied upon as being necessarily indicative of future results (including results of Fiscal Year 2021), and readers are cautioned not to place undue reliance on the prospective financial information. Neither the Board nor the Board's independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Investment Authority, Performance and Valuation of Assets. Investment authority for the Pension Fund is found in the Illinois Compiled Statutes, Chapter 40, Act 5, Articles 1 and 17. A discussion of the specific investment authority, policy provisions, diversification posture, performance objective and asset allocation is available in the Pension Fund 2020 CAFR. The Pension Fund maintains a highly diversified portfolio of investments among U.S. stocks, real estate, fixed income, private equity, and international investments.

Investment Return. The 2022 Actuarial Valuation Report assumes an investment rate of return on the assets in the Pension Fund of 6.50%. The investment return assumption has been reduced several times since 2014 from 8.00%, as shown in Table 5, below. The actual rate of return on an actuarial basis for the year ending June 30, 2022, was 5.99%. Since the 5.99% actual return on an actuarial basis was less than the 6.50% assumed return that was assumed for the year ending June 30, 2022, the Pension Fund experienced an actuarial loss with regard to its investments during the year. The following table summarizes the actuarial and market investment returns on the assets in the Pension Fund and the assumed rate of return for its Fiscal Years 2013-2022.

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Table 5

Investment Returns for Past 10 Years

Fiscal Year	**Market Value**	**Actuarial Value**	**Assumed Rate of Return**
2013	13.1%	11.2%	8.00%
2014	17.9%	12.8%	7.75%
2015	3.6%	8.2%	7.75%
2016	-0.3%	8.6%	7.75%
2017	12.5%	8.3%	7.25%
2018	8.5%	5.8%	7.00%
2019	4.7%	5.9%	7.00%
2020	4.1%	7.1%	6.75%
2021	27.5%	10.8%	6.50%
2022	-8.6%	6.0%	6.50%
Average Returns Last 10 years:	7.9%	8.4%	

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2022

Asset Smoothing. See "– Actuarial Methods – Actuarial Value of Assets" below for a discussion of the impact of Asset Smoothing on the valuation of investment returns.

Risks and Uncertainties. The Pension Fund invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Pension Fund's assets and impact required contributions.

The Actuarial Valuation

General. In addition to the process outlined herein, the Pension Code requires that the Pension Fund annually submit to the Board a report containing a detailed statement of the affairs of the Pension Fund, its income and expenditures, and assets and liabilities, which consists of the Actuarial Valuation. The Actuarial Valuation measures the funded status of the plan and establishes the statutorily required contribution amount. To calculate these amounts, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. Overall experience that is more favorable than anticipated (an actuarial gain), will have a decreasing effect on the contribution requirement. On the other hand, overall experience that is less favorable than expected (an actuarial loss) will have an increasing effect. A description of the statistics generated by the Pension Fund actuaries in the Actuarial Valuations follows in the next few paragraphs. The Governmental Accounting Standards Board ("GASB"), which is part of a private non-profit entity known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. These GASB principles impact financial reporting by the Pension Fund and the employer but have no legal effect and do not impose any legal liability on the Board.

Moreover, these GASB principles have no effect on the Pension Fund's statutorily required contribution amount. The references to GASB principles in this section do not suggest any legal effect or legal liability and should not be construed to suggest otherwise.

Actuarial Process. Under the Pension Code, the required employer contributions to fund the Pension Fund are determined by independent actuaries on an annual basis within nine months of the end of the Pension Fund's Fiscal Year. To meet the requirements of the Pension Code, the actuaries use demographic and other data (such as employee age, salary and service credits) and various assumptions (such as assumed investment return, estimated salary increases, interest rates, employee turnover, mortality and disability rates) to determine the amount that must be contributed in a given year. Because actuarial calculations reflect a long-term perspective, actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates are made about the future. On an annual basis, the Pension Fund's actuary then produces a report called the "Actuarial Valuation," in which the actuary reports on the Pension Fund's assets, liabilities and the Required Annual Statutory Contribution for the following fiscal year.

Actuarial Methods

Pension Fund actuaries can employ a variety of actuarial methods to arrive at the Actuarial Value of Assets and the Actuarial Accrued Liability.

Actuarial Value of Assets. The Pension Fund calculates the respective Actuarial Value of Assets by smoothing investment gains and losses over a period of four years, a method of valuation referred to as the "Asset Smoothing Method." Under the Asset Smoothing Method, the Retirement Funds recognize in the current year 25% of the investment gain or loss realized in that year and each of the previous three years. "Asset Smoothing" is an allowable method of determining the actuarial contribution and expense levels according to GASB; however, note that GASB No. 67 reporting now uses the market value of plan assets in order to calculate the NPL. As a result of the use of the Asset Smoothing Method, only a portion of investment gains or losses will be recognized in the year when realized. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. The smoothing of unexpected gains and losses occurs over a period of 4 years. The gain or loss for a year is calculated as the total investment income on the market value of assets, minus expected investment return on the prior actuarial value of assets. The final actuarial value is equal to the expected actuarial value plus (or minus) 25% of the calculated gain (or loss) in the prior 4 years. "Asset Smoothing" lessens the immediate impact of market fluctuations on the Actuarial Value of Assets, which is used to calculate the Unfunded Actuarial Accrued Liability ("UAAL") and the Funded Ratio that may otherwise occur as a result of market volatility. However, "Asset Smoothing" delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that does not reflect the true market value of pension plan assets at the time of the measurement. As a result, presenting the Actuarial Value of Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually (e.g., GASB No. 67 for reporting of the NPL).

Actuarial Assumptions

Use of Estimates and Assumptions. The Actuarial Valuations of the Pension Fund use a variety of estimates and assumptions to calculate the Actuarial Liability and the Actuarial Value of Assets. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Pension Fund. Actual results almost always differ from those estimates and assumptions. Variances between the assumptions and actual results may cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Liability, the Unfunded Actuarial Liability, the Funded Ratio or the actuarially calculated contributions and expense levels. Certain of these assumptions include the assumed rate of return on investments, mortality rates, termination rates, disability rates, retirement rates, salary progression, other interest rates used in the valuation, marital status, spouse's age and total service credit at retirement. The 2020 Actuarial Valuation Report, a copy of which may be viewed as described in "– Introduction" above, contains additional information on these assumptions.

The Pension Code requires the Pension Fund to conduct an actuarial experience review every five years. The purpose of the experience review is to determine the adequacy of the actuarial assumptions regarding mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the Pension Fund. Based upon the results of this review, the Pension Fund may change the actuarial assumptions as it deems appropriate.

Actuarial Valuation. The primary purpose of the Actuarial Valuation is to determine the amount the Board must contribute to the Pension Fund in a given fiscal year as provided in the Pension Code (the "Required Annual Statutory Contribution"). To determine the Required Annual Statutory Contribution, the actuary calculates both the "Actuarial Liability" and the "Actuarial Value of Assets." The Actuarial Liability is an estimate of the portion of the present value of the benefits that is attributable to the past service of the current employees and the retired members, which the Pension Fund is obligated to pay over time as those benefits become due. The Actuarial Liability is calculated by use of the Projected Unit Credit cost method and a variety of demographic assumptions (such as estimated salary increases, interest rates, employee turnover, mortality and disability rates). See Table 4, "Projection of Contributions, Liabilities and Assets" herein**.**

Any shortfall between the Actuarial Value of Assets and the Actuarial Liability is referred to as the "Unfunded Actuarial Liability" and represents the excess of the portion of the present value of benefits that is attributed to past service over the actuarial value of plan assets. In addition, the actuary will compute the "Funded Ratio," which is the result obtained by dividing the Actuarial Value of Assets by the Actuarial Liability and is expressed as a percentage. An increasing Unfunded Actuarial Liability and a decreasing Funded Ratio from year to year signals a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liability without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing Unfunded Actuarial Liability and an increasing Funded Ratio indicates an improvement in the financial health of a pension plan because such change reflects a closing gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due.

The Actuaries use the Actuarial Liability, the Actuarial Value of Assets and the Unfunded Actuarial Liability to compute the Required Annual Statutory Contribution for the Pension Fund in accordance with the Pension Code. See "– State and Board Required Payroll Contributions" herein.

GASB Statements 67, 68 and 71

On June 25, 2012, GASB approved two new standards for employee pension accounting and financial reporting by state and local governments. The two new GASB statements, Nos. 67 and 68 ("GASB 67" and "GASB 68" and collectively, the "Statements"), replace some of the requirements of previous GASB statements (Nos. 25, 27, and 50) related to pension plans. Some of the key changes imposed by the Statements include: (1) requiring governments for the first time to recognize a Net Pension Liability ("NPL"), which is the difference between the Total Pension Liability ("TPL"; i.e., the portion of the present value of projected benefit payments to employees that is attributed to their past service under the level percentage of payroll Entry Age Normal cost method and the blended discount rate as described in GASB

67 and 68) and pension assets (mostly investments reported at fair market value) as a liability of the employer; (2) immediate recognition of annual service cost (net of employee contributions), interest on the Total Pension Liability, expected return on assets (a negative component of expense), and immediate recognition of the effect on net pension liability of changes in benefit terms, and amortization of gains and losses (including changes in assumptions); (3) the effects on net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed 5-year period (previously 15-30-year period); (4) with respect to benefits not covered by projected plan assets, the use of a discount rate based on a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds rather than the expected rate of return on plan investments; and (5) revising the presentation of pension liabilities in a government's financial statements. The use of the Statements will have an impact on the Unfunded Actuarial Liability. However, because the Board contributes to the Pension Fund pursuant to methods established by the Pension Code, the Statements would not impact the contributions made by the Board without legislative action. GASB 67 went into effect for Fiscal Year 2014 and GASB 68 became effective for Fiscal Year 2015.

GASB 68, Accounting and Financial Reporting for Pensions, was effective for the Board beginning with its Fiscal Year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The implementation of this standard will result in an unfunded pension liability to be recognized on the Statement of Net Position.

GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, was effective for the Board with Fiscal Year 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

Actuaries, the Actuarial Process and GASB. GASB standards are completely independent from the Pension Code's requirements. GASB No. 67, which became effective for plan reporting for the Fiscal Year ending June 30, 2014 and is discussed in more detail below, relates to the reporting of an NPL and an Actuarially Determined Contribution ("ADC"). The NPL reported is equal to the difference between the TPL, as calculated using the level percentage of payroll Entry Age Normal Cost actuarial cost method and the blended discount rate as described in GASB 67, and the Plan's Fiduciary Net Position ("FNP", i.e., the market value of plan assets). The amount of the GASB No. 67 ADC reported is the employer's Normal Cost plus a 30-year fixed-period amortization payment on the UAAL beginning July 1, 2013 as a level percentage of payroll. Starting in Fiscal Years that begin after June 15, 2014, GASB Statement No. 68 changes the way that an employer's accounting expense is determined for a pension plan. Under the new method, the annual expense reported is determined on an actuarial basis (using the level percentage of payroll Entry Age Normal actuarial cost method and the blended discount rate as described in GASB 68) and by amortizing any unfunded liability over a period no longer than the average remaining service period of covered employees (actives and inactive employees combined).

Required Annual Statutory Contributions Not Related to GASB Standards. The Required Annual Statutory contributions to the Pension Fund are not based on the standards promulgated by GASB for reporting purposes. Instead, the Required Annual Statutory contributions are based on the requirements of the Pension Code. While both the GASB and the Pension Code calculations are determined utilizing actuarial techniques, there are many differences between these two calculations. Thus, the Annual Statutory contribution amount required by the Pension Code is different than the GASB No, 67 ADC or the GASB No. 68 accounting expense amount. One primary difference is that the goal of the Pension Code's statutorily-required contribution amounts is to reach a Funded Percentage in the Pension Fund of 90% by 2059 via contribution amounts that remain a level percentage of salary over a 39-year period from FY 2020 to FY 2059; whereas, GASB's financial reporting standards require the calculation of an ADC or annual expense amount that amortizes the plan's entire UAAL over a shorter time period (i.e., over the 26-years that remain from the 30-year fixed-period that began on June 30, 2013) and which is designed to recognize 100% of the total plan liability, rather than just 90% of the total plan liability. Also, the GASB ADC excludes the annual amount allowed under paragraph (3) of Section 17-142.1 to defray health insurance costs (i.e., the annual retiree healthcare reimbursement subsidy), which was $62.0 million for FY 2022.

Overlapping Taxing Bodies

The Board's tax base overlaps with numerous other units of government, including the Overlapping Taxing Districts and the State of Illinois. Certain of the Overlapping Taxing Districts and the State maintain their own defined benefit pension plans (collectively, all such other plans are referred to herein as the "Other Retirement Funds"), many of which are also significantly underfunded. The underfunding of these Other Retirement Funds places a substantial additional potential burden on the City's taxpayers, who bear the burden of funding a portion of the contributions to such plans. Additional information regarding each of the Overlapping Taxing Districts and the State (including with respect to their pension plans) may be obtained on their respective websites. None of the information on such websites is incorporated by reference into this Official Statement and the Board takes no responsibility for the information contained therein nor has the Board attempted to verify the accuracy of such information.

Recent Reports Regarding the Pension Fund

For more information on the Pension Fund and the retirement funds of the overlapping taxing bodies, please refer to the State's Commission on Government Forecasting and Accountability ("COGFA") website. None of the information on such website is incorporated by reference into this Official Statement and neither the Board nor the Underwriters take responsibility for the information contained therein nor have they attempted to verify the accuracy of such information.

The COGFA is a bipartisan, joint legislative commission intended to provide the State General Assembly with information relevant to the State's economy, taxes, and other sources of revenue and debt obligations of the State. Among COGFA's list of specific responsibilities is to make an annual estimate of public pension funding requirements and to prepare pension impact notes. Furthermore, COGFA has a mandate to report to the General Assembly on economic trends in relation to long-range planning and budgeting and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as the same may affect the State. As a result of these responsibilities, COGFA issues several reports on an annual basis which provide an overview of the financial condition of various Illinois pension funds, including the Pension Fund. The COGFA reports provide significant information on the funded status, historical and projected information with respect to pensions and a history of pension legislation. COGFA does not make findings in the COGFA Report.

Pensions for Other Board Personnel

Overview. Employees of the School District that are not members of the Pension Fund participate in the Annuity Fund which is considered a cost-sharing defined benefit, multiple employer plan. Except as described below in the section captioned "– *Members and Member Contributions*," the Board makes no direct contributions to the Annuity Fund. The Annuity Fund receives its income from three primary sources: a City tax levy; income from investments; and deductions from participating employees' salaries.

The Annuity Fund is administered under the direction of a five-member retirement board (the "Retirement Board") comprised of three elected members and the City Treasurer and the City Comptroller serving ex-officio. The Retirement Board sets investment policies and objectives, hires investment managers and investment consultants, reviews investment performance and makes the final decision in granting or denying rights, credits and benefits to members.

The Annuity Fund is a public employee retirement system established by the State of Illinois to provide annuity, disability, survivor, death, and health benefits for certain employees of the City and the Board. It is administered in accordance with the Pension Code and has a Fiscal Year ending December 31.

Legal Authority and Funding. Article 8 of the Pension Code governs the retirement, survivor and disability benefits provided by the Annuity Fund and establishes the statutorily required contributions from participating employers and employees. Current Tier 1 and Tier 2 active members (totaling 32,925 active members as of December 31, 2021) contribute 8.5% of their salary. Under P.A. 100-0023 effective July 7, 2017, active members whose contributions for age and service annuities are governed by 40 ILCS 5/8-174(a-10) will contribute the lesser of 11.5% of their salary or the normal cost accrual rate but at least 8.5% of their salary (see "- Legislation and Litigation Relevant to the Retirement Funds" herein). The Pension Code (40 ILCS 5/8-173; P.A. 100-0023) provides for fixed-dollar Statutory Required employer funding in payment years 2018 to 2022 followed by a Statutory Required actuarially based funding ramp beginning in payment year 2023 which is intended to accumulate the actuarial assets of the Annuity Fund at a level equal to 90% of the actuarial liabilities of the Annuity Fund by the beginning of the 2058 Fiscal Year and to maintain the actuarial assets of the Annuity Fund equal to 90% of the actuarial liabilities in Fiscal Years after 2058. However, the Pension Code does not require that the Annuity Fund Statutory Required Contributions be sufficient to cover the actuarially determined contribution requirement (the "Annual Determined Contribution"). For the past ten years the Annuity Fund Statutory Required Contribution has been less than the Annual Determined Contribution and does not conform to the requirements of GASB No. 25 as superseded by GASB No. 67 beginning in FY 2014. Beginning in Fiscal Year 2020 the Board entered an intergovernmental agreement with the City of Chicago to contribute to the Annuity Fund. The agreement will renew annually until 2059. The Board contributed $60M for FY20, $100M for FY21, and will contribute $175M for FY22. In future years, the amounts contributed by the Board are intended to cover the current liability portion of employees of the Board which participate in the Annuity Fund.

Members. As of December 31, 2021, the Annuity Fund had 79,912 total members including 25,683 retirees and beneficiaries, 21,304 inactive members entitled to benefits and 32,925 active members (of which 13,198 were vested and 19,727 were non-vested). As of December 31, 2021, the most recently available information, CPS employees comprised about 61% of the Annuity Fund's active participants.

Experience Study. The Annuity Fund Actuaries prepared an experience study based on census information provided by the Annuity Fund for the period from January 1, 2012 through December 31, 2016. The primary purpose of the study was to evaluate actuarial assumptions to be used in the annual actuarial valuation. Based on the results of the experience study, the Annuity Fund Actuaries recommended modifying some of the actuarial assumptions. Starting with the year ended December 31, 2017 the Annuity Fund adopted recommendations in the demographic assumptions and economic assumptions, and in regard to investment rate of return, the Annuity Fund adopted a change of investment rate of return from 7.5% to 7.0% per year (collectively, the "New Assumptions").

Funded Status of Annuity Fund. As of the end of its' Fiscal Year 2021, based on the New Assumptions, the Annuity Fund had actuarial accrued liabilities of $18,418,022,892, compared to $17,847,226,393 as of the end of Fiscal Year 2020, and assets of: (i) $4,041,929,111 as of the end of Fiscal Year 2022, compared to $3,977,037,893 as of the end of Fiscal Year 2020, if valued on an actuarial basis (using the Asset Smoothing Method as required by the Pension Code, or (ii) $4,308,269,024 as of the end of Fiscal Year 2021, compared to $4,090,239,084 as of the end of Fiscal Year 2020, if valued based on market value. This results in an aggregate Unfunded Actuarial Liability of the Annuity Fund of approximately $14,376,093,781 as of the end of Fiscal Year 2021, compared to $13,870,189,046 as of the end of Fiscal Year 2020, on an actuarial basis (using the Asset Smoothing Method), and $14,109,753,868 as of the end of Fiscal Year 2021, compared to $13,756,987,855 as of the end of Fiscal Year 2020, on a market value basis; and Funded Percentages of 2195% as of the end of Fiscal Year 2021 compared to 22.28% as of the end of Fiscal Year 2020, on an actuarial basis (using the Asset Smoothing Method) and 23.39% as of the end of Fiscal Year 2021 compared to 22.92% as of the end of Fiscal Year 2020, on a market value basis.

Other Post-Employment Benefits and Other Board Liabilities

Retiree Health Insurance Program. Healthcare benefits for certified teachers and administrators are provided under a cost sharing multiple-employer plan administered by the Pension Fund (the "Health Insurance Program"). A recipient of a retirement pension, survivor pension, or disability pension may be eligible to participate in the Health Insurance Program and premium rebate sponsored by the Pension Fund, provided the Pension Fund is the recipient's final pension system prior to retirement. The purpose of this program is to help defray the retired member's premium cost for health insurance. The member is responsible for paying the cost of the insurance and may purchase insurance from the Pension Fund's providers or other outside providers.

For financial reporting purposes, the assets of the Health Insurance Program are maintained in a separate fund (the "Health Insurance Fund"). The Health Insurance Fund consists of benefits to subsidize healthcare premiums for members receiving pension benefits. No direct contributions are currently being made by the Pension Fund for other post-employment benefits ("OPEB"). Each year, the Board of Trustees of the Pension Fund establishes a rebate percentage that is used to defray a portion of the cost of the insurance. The Pension Fund then makes transfers into the Health Insurance Fund equal to the amount of OPEB expenses for that year. There was no rebate for calendar years 2019 or 2020. In accordance with Illinois Compiled Statutes (ILCS) Article 40 Chapter 5 Article 17 Section 142.1, the total health insurance benefits provided in any one year may not exceed $65.0 million plus any previous year amounts authorized but not yet expended (carryover). This spending limit has changed several times within the last twenty years and is subject to further change if new legislation is passed. The statutory threshold, however, does not fall under the definition of a funding cap as set forth in GASB Statement No. 45, *Accounting and Financial Reporting of Employers for Postemployment Benefits Other than Pension*.

The Pension Fund has total discretion over the program. Beginning with fiscal years on and after 2018, as a result of the implementation of P.A. 100-0465, the State will pay the Pension Fund's certification of the projected normal cost contribution and any required healthcare contributions (i.e., the annual retiree healthcare reimbursement subsidies) which have historically been capped at $65 million annually. See, "–Legislation and Litigation Relevant to the Retirement Funds" herein. Although the Board does not contribute directly to retirees' health care premiums, the impact of the annual retiree healthcare payments from the Pension Fund does require increased contributions to the Pension Fund in order to build assets to the 90% funded percentage requirement since the annual amounts diverted from the Pension Fund to the

Health Insurance Program reduce the available assets of the Pension Fund and require subsequently increased Required Statutory contributions to build assets to the 90% funded percentage requirement in FY 2059 for the Pension Fund.

Sick Pay Benefits. In addition to the Pension and Health Insurance benefits noted above, as of June 30, 2022, the Board had $287.8 million in accrued sick pay benefits. The Board provides sick pay benefits for substantially all of its employees. Additional information regarding sick pay benefits is included within Note 11 of the Chicago Public Schools Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2022.

Legislation and Litigation Relevant to the Retirement Funds

From time to time, legislation has been introduced in the State General Assembly that would reform the Retirement Funds and the formula for State funding of school districts generally. Certain of such proposed legislation in the past has addressed changes to the Board's statutorily-required contribution formula, required State pension contributions, employee contributions and benefits (including cost of living adjustments and retirement ages). The Board cannot predict if any such legislation if enacted, including particularly pension reform legislation, would withstand any legal challenges. Following is a discussion of recent legislation and certain pending legislation as of the date of the Official Statement.

Public Act 96-0889. On April 14, 2010, Public Act 96-0889 ("P.A. 96-0889") became effective. P.A. 96-0889 was designed in part to provide relief to the Board from its pension funding obligations by extending the statutory deadline for the Board to bring the ratio of the actuarially determined value of the assets of the Pension Fund to its actuarially determined accrued liabilities to 90% and substantially reducing the Board's contribution requirements for Fiscal Years 2011, 2012 and 2013. In addition it provided reduced retirement benefits for future employees who become members of the Pension Fund after January 1, 2011. P.A. 96-0889 established a "*two-tier*" benefit system with less generous benefits for future employees who become members of the Pension Fund after January 1, 2011, as compared to those provided to current Board employees. Among other reforms, P.A. 96-0889:

- Increased the minimum age at which an employee may retire with unreduced benefits to age 67, from age 60 (or even younger based on a formula combining the age of the employee and the number of years of service);
- Reduced the Automatic Annual Increase adjustment for beneficiaries in retirement to the lower of 3% or 50% of the change in the Consumer Price Index for all urban consumers, whichever is lower, for employees hired after January 1, 2011;
- Increased the minimum age for eligibility of the Automatic Annual Increase adjustment stated above from age 61 to age 67
- Calculated benefits based on the highest continuous eight years of compensation in the employee's last 10 years of employment for employees hired after January 1, 2011;
- Capped the salary on which a pension may be calculated at $106,800 in 2011 (subject to certain adjustments for future inflation); and
- Suspended retirement annuities if the annuitant accepts another public sector job covered by a public retirement system.

Public Act 099-0521. On June 1, 2016, Public Act 099-0521 ("P.A. 099-0521") became effective and authorized the Board to annually levy a new property tax on all real property within the boundaries of the School District at a rate not to exceed 0.383% (the "Pension Property Tax Levy"). The proceeds from this additional Pension Property Tax Levy are paid directly to the Pension Fund. They are credited toward the Board's annual required contribution. The pension property tax levy is not subject to the limitations of PTELL and does not impact State Aid Revenues received by the Board. P.A. 099–0521 became effective June 1, 2017. The Board first authorized the levy of this additional tax for tax year 2016 and applied a credit of $250 million toward the Fiscal Year 2017 required contribution.

Public Act 100-0023. On July 7, 2017, Public Act 100-0023 ("P.A. 100-0023") became effective. It provides for a new third tier of benefits ("Tier 3") under most Illinois pension systems, including the Pension Fund and the Annuity Fund. The Tier 3 benefit plan applicable to the Pension Fund is a hybrid plan comprised of a defined benefit and defined contribution plan, which would apply to new hires and any Tier 2 member who irrevocably elects to be subject to the Tier 3 benefit structure. The availability of the Pension Fund to offer a Tier 3 benefit plan relies on the adoption of a resolution by the Board to opt into the Tier 3 benefit plans structure. As of the date of this Official Statement, the Board has not passed such a resolution and the Pension Fund has not valued the benefits provided under P.A. 100-0023, and currently, members hired on or after the approval of P.A. 100-0023 continue to be valued under P.A. 96-0889 Tier 2 benefit provisions by the Pension Fund. The availability of the Annuity Fund to offer a Tier 3 benefit defined benefit plan relies on the adoption of an ordinance by the City of Chicago to opt into the Tier 3 benefit plans structure. The City passed such an ordinance, and any person who becomes a contributing member to the Annuity Fund on or after July 6, 2017; or any Tier 2 member who irrevocably elected, between October 1, 2017 and November 15, 2017, to be subject to the Tier 3 benefit structure will now be part of the Tier 3 benefit structure. As of December 31, 2021, the Annuity Fund had 10,902 active Tier 3 members.

Public Act 100-465. On August 31, 2017, Public Act 100-465 ("P.A. 100-465") became effective and authorized the Board to increase the annual Pension Property Tax Levy to a rate not to exceed 0.567% in tax year 2017 and thereafter from 0.383% in tax year 2016. The Board increased the levy to the maximum rate for the first time in tax year 2017, producing $424 million for the Pension fund in Fiscal Year 2018. The levy grew to $464 million in Fiscal Year 2022 and is expected to produce $551.6 million in Fiscal Year 2023. P.A. 100-465 also provides for an increase in the required annual contribution by the State to the Pension Fund to cover the "normal pension costs" of Board teachers and other covered employees, similar to State funding that has historically been provided to other school districts in the State for teachers' pensions. When combined with the existing $12 million State Pension Fund normal cost contribution, this increase brought the total contributions by the State to the Pension Fund for Fiscal Year 2018 to $233 million. The total contribution was $277 million in Fiscal Year 2022 and will be $309 million in Fiscal year 2023. The amount is expected to increase annually based on the Pension Fund's certification of the projected normal cost contribution and any required healthcare contributions (i.e., the annual retiree healthcare reimbursement subsidies) which have historically been capped at $65 million. See Table 1 for historical contributions by the State to the Pension Fund.

As of the date of this Official Statement, there is no litigation relevant to the Board's statutorily-required contribution formula, required State pension contributions, employee contributions or benefits (including cost of living adjustments and retirement ages) related to the Retirement Funds.

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APPENDIX F

FORMS OF DEPOSIT DIRECTIONS TO COUNTY COLLECTORS REGARDING PLEDGED CAPITAL IMPROVEMENT TAXES

The Board will direct the County Treasurers of each county in which the School District is located, acting as the collectors of property taxes in such counties (the "**County Collectors**" and each a "**County Collector**") to segregate from each distribution of property tax collections to the Board the amount of total tax collections attributable to the Capital Improvement Tax extended and collected and to directly deposit the amount so segregated with the Trustee under the Indenture (each a "**Deposit Direction**"). On the following pages are the forms of Deposit Direction to be executed by the Board and delivered to the County Collectors, one each for the Bond Resolution Series Levy and the Annual Coverage CIT Tax Levy.

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<u>Form of Deposit Direction Regarding Bond Resolution Series Levy</u>

DIRECTION REGARDING THE DIRECT DEPOSIT OF TAXES EXTENDED AND COLLECTED FOR THE PAYMENT OF DEDICATED CAPITAL IMPROVEMENT TAX BONDS, SERIES 2023 OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

To: The County Treasurers of The Counties of Cook and DuPage, Illinois, acting as the County Collectors for said respective Counties

Please be advised that pursuant to authority contained in Resolution 23-0125-RS3 adopted by the Board of Education of the City of Chicago (the "*Board*") on January 25, 2023, and being entitled:

> RESOLUTION Providing for the issue of One or More Series of Dedicated Capital Improvement Tax Bonds of the Board of Education of the City of Chicago in an Aggregate Principal Amount Not to Exceed $600,000,000

(the "*Bond Resolution*"), a certified copy of which has been filed in each of your offices, the Board authorized the issuance from time to time of its Dedicated Capital Improvement Tax Bonds, in the maximum principal amount of $600,000,000 in one or more series (the "*Bonds*") and levied a direct annual capital improvement tax on all taxable property within the school district governed by the Board (the "*School District*") pursuant to Section 34-53.5 of the Illinois School Code (the "*Capital Improvement Tax*") for each of the years 2023 to 2046, inclusive, sufficient to pay the principal of and interest on the Bonds issued pursuant to the Bond Resolution (the "*Pledged Capital Improvement Taxes*").

The Bond Resolution further authorized the direct deposit of such direct annual capital improvement tax, if and when extended for collection, with an escrow agent designated by the Chief Financial Officer of the Board and the undersigned hereby designates the hereinafter defined Trustee as escrow agent for application of collections of such direct annual capital improvement tax to the payment of the principal of and interest on the Bonds. Such authorization by the Board is pursuant to the authority contained in Section 20-90 of the Property Tax Code of the State of Illinois, as amended.

Pursuant to the authority granted in the Bond Resolution, the Board has authorized the issuance and delivery of its $520,835,000 aggregate principal amount Dedicated Capital Improvement Tax Bonds, Series 2023 (the "*Series 2023 Bonds*"). The Chief Financial Officer of the Board, pursuant to authority granted in the Bond Resolution, has allocated portions of the Pledged Capital Improvement Taxes to pay the principal of and interest on the Series 2023 Bonds (the "*Series 2023 Pledged Capital Improvement Taxes*").

You are each hereby directed, pursuant to authority granted in the Bond Resolution, that the Series 2023 Pledged Capital Improvement Taxes, if and when extended for collection, are to be deposited directly by each of you upon collection thereof into an account of the Trustee for application as described below and pursuant to that certain Master Trust Indenture dated as of December 1, 2016 (the "*Master Indenture*") by and between the Board and Amalgamated Bank of Chicago, as Trustee (the "*Trustee*"), as supplemented by the Fourth Supplemental Indenture dated as of March 1, 2023 (the "*Fourth Supplemental Indenture*") the Master Indenture, as supplemented by the Fourth Supplemental Indenture, is referred to as the "*Indenture*") by and between the Board and the Trustee.

Prior to the receipt of the first distribution of collections of property taxes in each year for which the Series 2023 Pledged Capital Improvement Taxes are to be extended, commencing with the taxes levied for the year 2023 (collectible in 2024), the Board shall file in your office (i) evidence of the abatement in full of the Series 2023 Pledged Capital Improvement Taxes for such year, in which case no collections of taxes levied by the Board for such year shall be subject to this Direction or (ii) a Segregation Order specifying the percentage of each distribution of the Capital Improvement Tax to be received during such year which is attributable to the Series 2023 Pledged Capital Improvement Taxes actually to be extended for collection in such year and directing that such percentage of each such distribution be segregated and paid to the Trustee for deposit to the account identified below. Promptly upon receipt of such property taxes for distribution, you are to segregate and pay directly to the Trustee for deposit to the account identified below an amount equal to the amount of such distribution multiplied by the percentage specified in the Segregation Order with respect to the Series 2023 Pledged Capital Improvement Taxes subject to such Segregation Order.

If in any year for which any of the Series 2023 Pledged Capital Improvement Taxes have been levied (as set out in *Exhibit A* attached hereto), you do not receive either of the showings described .in clauses (i) or (ii) of the first sentence of the preceding paragraph, you are hereby authorized and directed to pay directly to the Trustee for deposit to the account identified below from each distribution beginning with the first distribution paid to the Board in such year the total amount of the Series 2023 Pledged Capital Improvement Taxes received for the Board during such year on a pro rata basis based upon the percentage that the amount of the Series 2023 Pledged Capital Improvement Taxes levied for such year bears to the total tax extension for the most recently available year, until (a) the Board files with you the evidence of abatement in full or the Segregation Order required by the preceding paragraph or (b) the full amount of the specific Series 2023 Pledged Capital Improvement Taxes specified for such year in *Exhibit A* has been paid to the Trustee.

As of the date of filing of this Direction, the Series 2023 Pledged Capital Improvement Taxes to be paid directly to the Trustee shall be paid to:

Amalgamated Bank of Chicago
ABA #________________
Further Credit to:_________________
For Final Credit to: _________________
Reference: ____________________
Attention: __________________

We hereby confirm to you that this Direction is irrevocable. In the event we send to you any direction contrary to this Direction you are hereby directed not to follow that subsequent direction unless we also present to you the written consent to that subsequent direction of the Trustee. Notwithstanding the foregoing, provided the Cook County Treasurer or the DuPage County Treasurer, as appropriate, makes best efforts by adopting an administrative rule requiring written consent of the Trustee before implementing any subsequent direction by the Board, in the event the Cook County Treasurer and/or the DuPage County Treasurer does make a change at the unilateral direction of the Board despite best efforts to follow the administrative rule, neither the Cook County Treasurer nor the DuPage County Treasurer, as appropriate, shall bear liability for compensatory or punitive damages of any kind whatsoever suffered by any other party. It is our intent that the owners of the Series 2023 Bonds are explicit third party beneficiaries of this Direction with the right to specifically enforce its terms. By signing the certification below you agree that the owners of the Series 2023 Bonds have the right to specifically enforce this Direction.

[Signature Page Follows]

Respectfully submitted this ____ day of ____________, 2023.

____
Chief Financial Officer
Board of Education of the City of Chicago

EXHIBIT A

SERIES 2023 PLEDGED CAPITAL IMPROVEMENT TAXES

LEVY YEAR	TAX LEVY
2023	$ 28,618,637.50
2024	28,618,637.50
2025	28,618,637.50
2026	28,618,637.50
2027	28,618,637.50
2028	28,618,637.50
2029	28,618,637.50
2030	28,618,637.50
2031	42,218,637.50
2032	42,224,637.50
2033	42,217,837.50
2034	42,216,925.00
2035	42,214,537.50
2036	42,223,575.00
2037	42,220,075.00
2038	42,221,712.50
2039	42,217,425.00
2040	42,225,925.00
2041	42,225,625.00
2042	42,220,425.00
2043	42,226,425.00
2044	42,217,425.00
2045	135,918,737.50
2046	135,915,187.50

AMALGAMATED BANK OF CHICAGO, Chicago, Illinois, as trustee under that certain Master Trust Indenture, dated as of December 1, 2016, with the Board of Education of the City of Chicago (the "*Board*"), as supplemented by the Fourth Supplemental Indenture, dated as of March 1, 2023 (collectively, the "*Indenture*"), with the Board, providing for the issuance of $520,835,000 aggregate principal amount Dedicated Capital Improvement Tax Bonds, Series 2023, of the Board, does hereby acknowledge receipt of the Direction Regarding the Direct Deposit of Taxes with respect to the Series 2023 Bonds described in said Direction and will apply all collections of the Series 2023 Pledged Capital Improvement Taxes as provided in the Indenture.

AMALGAMATED BANK OF CHICAGO, as Trustee

By: ____
Authorized Officer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, being the duly qualified and acting County Collector of The County of Cook, Illinois, do hereby certify that on this ____ day of __________, 2023, there has been filed in my office a Direction over the signature of the Chief Financial Officer of the Board of Education of the City of Chicago (the "*Board*"), entitled:

> Direction Regarding the Direct Deposit of Taxes Extended and Collected for the Payment of Dedicated Capital Improvement Tax Bonds, Series 2023, of the Board of Education of the City of Chicago

(the "*Direction*"), authorizing and directing the direct deposit of certain taxes collected for the Board to an escrow account (as described therein) established to secure certain bonded indebtedness of the Board, as described therein.

I do further certify that on the basis of the Direction so filed in my office and as above referred to, that in the distribution of taxes to be extended and collected for the Board for each of the levy years 2023 to 2046, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of __________, 2023.

____
County Collector,
The County of Cook, Illinois

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, the undersigned, being the duly qualified and acting County Collector of The County of DuPage, Illinois, do hereby certify that on this ____ day of __________, 2023, there has been filed in my office a Direction over the signature of the Chief Financial Officer of the Board of Education of the City of Chicago (the "*Board*"), entitled:

> Direction Regarding the Direct Deposit of Taxes Extended and Collected for the Payment of Dedicated Capital Improvement Tax Bonds, Series 2023, of the Board of Education of the City of Chicago

(the "*Direction*"), authorizing and directing the direct deposit of certain taxes collected for the Board to an escrow account (as described therein) established to secure certain bonded indebtedness of the Board, as described therein.

I do further certify that on the basis of the Direction so filed in my office and as above referred to, that in the distribution of taxes to be extended and collected for the Board for each of the levy years 2023 to 2046, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of __________, 2023.

____
County Collector,
The County of Dupage, Illinois

(SEAL)

<u>Form of Deposit Direction Regarding Annual Coverage CIT Tax Levy</u>

DIRECTION REGARDING THE DIRECT DEPOSIT OF TAXES
EXTENDED AND COLLECTED FOR THE PAYMENT OF
ANNUAL DEBT SERVICE COVERAGE FOR THE
DEDICATED CAPITAL IMPROVEMENT TAX BONDS, SERIES 2023
OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO

STATE OF ILLINOIS	)
	) SS
COUNTY OF COOK	)

To: The County Treasurers of The Counties of Cook and DuPage, Illinois, acting as the County Collectors for said respective Counties

Please be advised that pursuant to authority contained in Resolution 23-0125-RS3 adopted by the Board of Education of the City of Chicago (the "*Board*") on January 25, 2023, and being entitled:

> RESOLUTION Providing for the issue of One or More Series of Dedicated Capital Improvement Tax Bonds of the Board of Education of the City of Chicago in an Aggregate Principal Amount not to Exceed $600,000,000

(the "*Bond Resolution*"), a certified copy of which has been filed in each of your offices, the Board authorized the issuance from time to time of its Dedicated Capital Improvement Tax Bonds, in the maximum principal amount of $600,000,000 in one or more series (the "*Bonds*") and levied a direct annual capital improvement tax on all taxable property within the school district governed by the Board (the "*School District*") pursuant to Section 34-53.5 of the Illinois School Code (the "*Capital Improvement Tax*") for each of the years 2023 to 2046, inclusive, sufficient to pay the principal of and interest on the Bonds issued pursuant to the Bond Resolution (the "*Pledged Capital Improvement Taxes*").

The Bond Resolution further authorized the direct deposit of such direct annual Capital Improvement Tax, if and when extended for collection, with the Amalgamated Bank of Chicago, as trustee (the "*Trustee*"), and the undersigned has designated the Trustee as escrow agent for application of collections of such direct annual capital improvement tax to the payment of the principal of and interest on the Bonds. Such authorization by the Board is pursuant to the authority contained in Section 20-90 of the Property Tax Code of the State of Illinois, as amended and Section 10 of the Local Government Debt Reform Act.

The Board has entered into that certain Master Trust Indenture dated as of December 1, 2016 (the "*Master Indenture*") by and between the Board and Amalgamated Bank of Chicago, as Trustee (the "*Trustee*"), and pursuant to the authority granted in the Bond Resolution, the Board has authorized the execution and delivery of a certain Fourth Supplemental Indenture dated as of March 1, 2023 (the "*Fourth Supplemental Indenture*" and together with the Master Indenture, the "*Indenture*") by and between the Board and the Trustee, and (ii) the issuance and delivery, pursuant to the Indenture, of its $520,835,000 aggregate principal amount Dedicated Capital Improvement Tax Bonds, Series 2023 (the "*Series 2023 Bonds*").

Pursuant to the Master Indenture, the Board has issued its (i) Dedicated Capital Improvement Tax Bonds, Series 2016; (ii) Dedicated Capital Improvement Tax Bonds, Series 2017; and (iii) Dedicated Capital Improvement Tax Bonds, Series 2018 (collectively, the "*Outstanding Bonds*").

In the Master Indenture, the Board has covenanted to levy the Capital Improvement Tax, as required and in sufficient amounts such that, for each year that Capital Improvement Taxes are levied for the payment of bonds issued pursuant to the Master Indenture, including the Outstanding Bonds and the Series 2023 Bonds, the amount of Capital Improvement Taxes levied in such year will not be less than 110% of the debt service coming due on such Outstanding Bonds and Series 2023 Bonds during the annual period commencing on April 2 of each calendar year (the "*Annual Debt Service Coverage Taxes*").

You are each hereby directed, pursuant to authority granted in the Bond Resolution, that the Annual Debt Service Coverage Taxes, if and when extended for collection, are to be deposited directly by each of you upon collection thereof into an account of the Trustee for application as described below and pursuant to the Indenture.

In each year for which Annual Debt Service Coverage Taxes are to be extended, prior to February 15 of the succeeding calendar year the Board shall file in your office a copy of the resolution authorizing the levy of such Annual Debt Service Coverage Taxes and specifying the amounts to be so levied. Promptly upon receipt of the first distribution of collections of property taxes in each year for which Annual Debt Service Coverage Taxes are to be extended, you are to segregate and pay directly to the Trustee for deposit to the account identified below the amount specified in such resolution.

As of the date of filing of this Direction, the Annual Debt Service Coverage Taxes to be paid directly to the Trustee shall be paid to:

Amalgamated Bank of Chicago
ABA # _________________
Further Credit to:_________________
For Final Credit to:________________
Reference:________________
Attention: _______________

We hereby confirm to you that this Direction is irrevocable. In the event we send to you any direction contrary to this Direction you are hereby directed not to follow that subsequent direction unless we also present to you the written consent to that subsequent direction of the Trustee. Notwithstanding the foregoing, provided the Cook County Treasurer or the DuPage County Treasurer, as appropriate, makes best efforts by adopting an administrative rule requiring written consent of the Trustee before implementing any subsequent direction by the Board, in the event the Cook County Treasurer and/or the DuPage County Treasurer does make a change at the unilateral direction of the Board despite best efforts to follow the administrative rule, neither the Cook County Treasurer nor the DuPage County Treasurer, as appropriate, shall bear liability for compensatory or punitive damages of any kind whatsoever suffered by any other party. It is our intent that the owners of the Series 2023 Bonds are explicit third party beneficiaries of this Direction with the right to specifically enforce its terms. By signing the certification below you agree that the owners of the Series 2023 Bonds have the right to specifically enforce this Direction.

[Signature Page follows]

Respectfully submitted this ____ day of __________, 2023.

Chief Financial Officer
Board of Education of the City of Chicago

AMALGAMATED BANK OF CHICAGO, Chicago, Illinois, as trustee under that certain Master Trust Indenture, dated as of December 1, 2016, with the Board of Education of the City of Chicago (the "*Board*"), does hereby acknowledge receipt of the Direction Regarding the Direct Deposit of Taxes Extended and Collected for the Payment of Annual Debt Service Coverage for the Dedicated Capital Improvement Tax Bonds, Series 2023 and will apply all collections of the Annual Debt Service Coverage Taxes as provided in the Master Trust Indenture.

AMALGAMATED BANK OF CHICAGO, as Trustee

By: ____
Authorized Officer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, being the duly qualified and acting County Collector of The County of Cook, Illinois, do hereby certify that on this ____ day of __________, 2023, there has been filed in my office a Direction over the signature of the Chief Financial Officer of the Board of Education of the City of Chicago (the "*Board*"), entitled:

> Direction Regarding the Direct Deposit of Taxes Extended and Collected for Payment of Annual Debt Service Coverage for the Dedicated Capital Improvement Tax Bonds, Series 2023, of the Board of Education of the City of Chicago

(the "*Direction*"), authorizing and directing the direct deposit of certain taxes collected for the Board to an escrow account (as described therein) established to secure certain bonded indebtedness of the Board, as described therein.

I do further certify that on the basis of the Direction so filed in my office and as above referred to, that in the distribution of taxes to be extended and collected for the Board for each of the levy years 2023 to 2046, inclusive, such provisions will be recognized when applicable.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of __________, 2023.

County Collector,
The County of Cook, Illinois

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, the undersigned, being the duly qualified and acting County Collector of The County of DuPage, Illinois, do hereby certify that on this ____ day of __________, 2023, there has been filed in my office a Direction over the signature of the Chief Financial Officer of the Board of Education of the City of Chicago (the "*Board*"), entitled:

> Direction Regarding the Direct Deposit of Taxes Extended and Collected for the Payment of Annual Debt Service Coverage for the Dedicated Capital Improvement Tax Bonds, Series 2023, of the Board of Education of the City of Chicago

(the "*Direction*"), authorizing and directing the direct deposit of certain taxes collected for the Board to an escrow account (as described therein) established to secure certain bonded indebtedness of the Board, as described therein.

I do further certify that on the basis of the Direction so filed in my office and as above referred to, that in the distribution of taxes to be extended and collected for the Board for each of the levy years 2023 to 2046, inclusive, such provisions will be recognized when applicable.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of __________, 2023.

County Collector,
The County of DuPage, Illinois

(SEAL)

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

March 9, 2023

The Board of Education of the City of Chicago
Chicago, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of $520,835,000 principal amount of Dedicated Capital Improvement Tax Bonds, Series 2023 (the "2023 Bonds") of the Board of Education of the City of Chicago, a school district of the State of Illinois (the "Board") duly organized and existing under Article 34 of the School Code, 105 Illinois Compiled Statutes 5 (the "School Code"). The 2023 Bonds are authorized and issued under and pursuant to the Section 34-53.5 of the School Code and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350 (the "Debt Reform Act"), and by virtue of Resolution No. 23-0125-RS3 adopted by the Chicago Board of Education on January 25, 2023 (the "Bond Resolution"). The 2023 Bonds are issued and secured under the Master Trust Indenture dated as of December 1, 2016 (the "Indenture") by and between the Board and Amalgamated Bank of Chicago, as trustee (the "Trustee"), as supplemented by the Fourth Supplemental Indenture dated as of March 1, 2023 (the "Fourth Supplemental Indenture") by and between the Board and the Trustee. The 2023 Bonds are a Series of Additional Bonds and a Series of Consolidated Reserve Fund Bonds under the Indenture. Terms used herein that are defined in the Indenture and the Fourth Supplemental Indenture shall have the meaning set forth therein unless otherwise defined herein.

The 2023 Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The 2023 Bonds are dated March 9, 2023 and bear interest from their date, payable on October 1, 2023 and semiannually thereafter on each April 1 and October 1. The 2023 Bonds mature on April 1 in each of the following years in the respective principal amount set opposite each such year in the following table and bear interest at the respective rate of interest per annum set forth opposite each such year:

Year	Principal Amount	Interest Rate
2033	$ 13,600,000	5.25%
2034	14,320,000	5.25
2035	15,065,000	5.25
2036	15,855,000	5.25
2037	16,685,000	5.25
2038	17,570,000	5.00
2039	18,445,000	5.25
2040	19,415,000	5.25
2041	20,430,000	5.00
2042	21,460,000	5.50
2043	22,640,000	5.50
2045	48,960,000	5.00
2048	276,390,000	5.75

The 2023 Bonds, maturing on or after April 1, 2034, are subject to redemption prior to maturity at the option of the Board, in such principal amounts and from such maturities as the Board shall determine and by lot within a single maturity, on April 1, 2033 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

The 2023 Bonds maturing on April 1, 2045 and April 1, 2048 are term bonds subject to mandatory redemption in accordance with the provisions of the Indenture and the Fourth Supplemental Indenture, in part and by lot, at a redemption price equal to the principal amount thereof to be redeemed, by the application of annual sinking fund installments on April 1 of the years and in the principal amounts set forth in the following tables:

2045 Term Bonds		2048 Term Bonds	
Year	Principal Amount	Year	Principal Amount
2044	$23,880,000	2046	$26,325,000
		2047	121,540,000

Pursuant to the Indenture, the Board has heretofore issued and there are currently outstanding $880,480,000 aggregate principal amount of Dedicated Capital Improvement Tax Bonds (the "Outstanding Bonds"). Pursuant to the Indenture, the Outstanding Bonds, the 2023 Bonds and all other Bonds hereafter issued under the Indenture are ratably and equally entitled to the benefits and security of the Indenture, including the pledge of the Trust Estate under the Indenture. The Trust Estate includes without limitation (i) the Capital Improvement Taxes, (ii) the Escrow Fund held by the Trustee under the Indenture; (iii) the Debt Service Fund held by the Trustee under the Indenture, subject to the allocation of the Debt Service Fund into dedicated sub-funds, including the Series 2023 Dedicated Sub-Fund established and maintained for the benefit of the 2023 Bonds under the Fourth Supplemental Indenture and (iv) the Consolidated Debt Service Reserve Fund for Consolidated Reserve Fund Bonds issued under the Indenture.

We have not been requested to examine and have not examined any documents or information relating to the Board other than the record of proceedings hereinabove referred to, and we express no opinion as to any financial or other information, or the adequacy thereof, which has been or may be provided to the purchasers of the 2023 Bonds.

The 2023 Bonds are issued for the purpose of financing Permitted Expenditures allowed under Section 34-53.5 of the School Code. The revenues collected from the Capital Improvement Tax may only be used for the capital improvement purposes allowed under Section 34-53.5 of the School Code and as security for the payment of bonds, including the 2023 Bonds, issued pursuant to Section 34-53.5 of the School Code and the Debt Reform Act.

Based upon our examination of said record of proceedings, we are of the opinion that:

1. The Capital Improvement Taxes are the property of the Board. The Board has all requisite power and authority under the Constitution and the laws of the State of Illinois to levy the Capital Improvement Tax, to pledge the Capital Improvement Taxes as security for the payment of the 2023 Bonds, to adopt the Bond Resolution, to enter into the Indenture and the Fourth Supplemental Indenture, and to issue the 2023 Bonds thereunder.

2. The Bond Resolution has been duly adopted by the Board, is presently in full force and effect, is valid and binding upon the Board and is enforceable against the Board in accordance with its terms.

3. The Indenture and the Fourth Supplemental Indenture have been duly authorized, executed and delivered by the Board and constitute valid and binding contractual obligations of the Board enforceable in accordance with their terms.

4. The 2023 Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the Board payable from the Series 2023 Dedicated Sub-Fund and the Consolidated Debt Service Reserve Fund, are entitled to the benefits and security of the Indenture and the Fourth Supplemental Indenture, and are enforceable against the Board in accordance with their terms. The 2023 Bonds are not general obligations of the Board. Neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for the payment of the principal of or interest on the 2023 Bonds.

5. All Bonds, including the 2023 Bonds, are ratably and equally secured under the Indenture by the pledges and assignments created by the Indenture, including the pledge of the Trust Estate. The Indenture creates a valid pledge of, lien on and security interest in the Trust Estate for the benefit and security of all Bonds, subject to application of the Trust Estate in accordance with the terms of the Indenture, including periodic withdrawals of moneys free from the lien of the Indenture.

6. Under existing law, interest on the 2023 Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), interest on the 2023 Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Interest on the 2023 Bonds does not constitute an item of tax preference in computing alternative minimum taxable income

for purposes of the individual alternative minimum tax. You are advised, however, that interest on the 2023 Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the 2023 Bonds. These requirements relate to the use and investment of the proceeds of the 2023 Bonds, the payment of certain amounts to the United States, the security and source of payment of the 2023 Bonds and the use and tax ownership of the property financed with the proceeds of the 2023 Bonds. The Board has covenanted in the Fourth Supplemental Indenture to comply with these requirements.

Interest on the 2023 Bonds is not exempt from Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the 2023 Bonds, the Bond Resolution, the Indenture and the Fourth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

APPENDIX H

FORM OF SPECIAL REVENUES OPINION

March 9, 2023

Board of Education of the City of Chicago
42 West Madison Street
Chicago, Illinois 60602

Re: Dedicated Capital Improvement Tax Bonds, Series 2023 – Special Revenues Opinion

Ladies and Gentlemen:

We have acted as counsel to the Board of Education of the City of Chicago (the "Board") in connection with the Board's issuance of its Dedicated Capital Improvement Tax Bonds, Series 2023, in the aggregate principal amount of $520,835,000 (the "2023 CIT Bonds"), issued pursuant to that certain Master Trust Indenture, dated December 1, 2016 (the "Master Indenture"), by and between the Board, as issuer, and Amalgamated Bank of Chicago, as trustee (the "Trustee") and that certain Fourth Supplemental Indenture, dated March 1, 2023 (the "Supplemental Indenture"), by and between the Board and the Trustee.

The Board authorized its issuance of the 2023 CIT Bonds pursuant to the following resolutions: (i) Resolution No. 16-1026-RS1, adopted by the Board on October 26, 2016, as restated and supplemented by Resolution No. 16-1207-RS2, adopted by the Board on December 7, 2016 (the "Bond Resolution") and (ii) Resolution No. 23-0125-RS3, adopted by the Board on January 25, 2023 (the "Fourth Supplemental Bond Resolution," and together with the Bond Resolution, the "Resolutions"). The Board's issuance of the 2023 CIT Bonds pursuant to the Master Indenture, the Supplemental Indenture and the Resolutions is referred to herein as the "Financing." The Board has previously issued (a) its Dedicated Capital Improvement Tax Bonds, Series 2016 (the "2016 CIT Bonds") which were authorized by the Bond Resolution and Resolution No. 16-1207-RS2, adopted by the Board on December 7, 2016, (b) its Dedicated Capital Improvement Tax Bonds, Series 2017 (the "2017 CIT Bonds") which were authorized by the Bond Resolution and Resolution No. 17-1025-RS4, adopted by the Board on October 25, 2017, and (c) its Dedicated Capital Improvement Tax Bonds, Series 2018 (the "2018 CIT Bonds") which were authorized by the Bond Resolution and Resolution No. 18-0725-RS7, adopted by the Board on January 25, 2018.

In preparing this opinion letter, we have reviewed the Master Indenture, the Supplemental Indenture, the Resolutions, that certain Tax Regulatory Certificate, executed by the Board on March 9, 2023 (the "Tax Certificate"), the Direction Regarding the Direct Deposit of Taxes Extended and Collected for the Payment of Dedicated Capital Improvement Tax Bonds, Series 2023 of the Board of Education of the City of Chicago (the "Debt Service Direction"), the Direction Regarding the Direct Deposit of Taxes Extended and Collected for the Payment of

Annual Debt Service Coverage for the Dedicated Capital Improvement Tax Bonds, Series 2023 of the Board of Education of the City of Chicago (the "Coverage Direction, and together with the Debt Service Direction, the "Deposit Directions") and applicable statutes of the State of Illinois and the United States, as referenced herein. The Master Indenture, the Supplemental Indenture, the Resolutions, the Tax Certificate and the Deposit Directions are referred to herein, collectively, as the "Bond Documents."

The Financing will be used to fund (i) the costs to acquire, construct and equip school buildings, perform site improvements and acquire and improve other real and personal property in and for the public school district of the City of Chicago, Illinois (the "School District") as permitted by Section 34-53.5 of the School Code, 105 Illinois Compiled Statutes 5 (the "School Code") and in accordance with the Board's list of capital projects approved by the Fourth Supplemental Bond Resolution and annexed thereto as Exhibit A (the "Project List"), (ii) capitalized interest on the 2023 CIT Bonds, (iii) a deposit to the Consolidated Debt Service Reserve Fund maintained under the Master Indenture, and (iv) the costs of issuance of the 2023 CIT Bonds.

Payment of the 2023 CIT Bonds is secured by the Board's pledge of and its granting of liens on revenues resulting from the Board's levy of the capital improvement tax (the "Capital Improvement Tax") authorized pursuant to Section 34-53.5 of the School Code on all taxable property within the School District for the levy years 2023 through 2046, inclusive. The 2023 CIT Bonds are secured exclusively by the Pledged Capital Improvement Taxes and any interest or other income generated therefrom and are not the general obligations or backed by the full faith and credit of the Board.

Capitalized terms used but not defined herein have the meanings assigned to them in the Master Indenture, the Supplemental Indenture and the Resolutions.

I. OPINIONS REQUESTED

In connection with the Financing, you have requested our opinions as to whether a federal court exercising bankruptcy jurisdiction (a "bankruptcy court") and which acted reasonably, after full consideration of all relevant factors, in a properly briefed, argued and presented case, and correctly applying applicable, currently reported decisional and statutory law, in a chapter 9 municipal bankruptcy case initiated by the Board under title 11 of the United States Code (as amended, the "Bankruptcy Code"), would determine that the pledged Capital Improvement Tax revenues that secure payment of the 2023 CIT Bonds (the "Pledged CIT Revenues") are (i) upon collection, property of the Board validly pledged to the Trustee, for the benefit of the holders of the 2023 CIT Bonds, under Illinois law and (ii) "special revenues" as that term is defined in Section 902(2)(E) of the Bankruptcy Code and, consequently, that (y) application of the Pledged CIT Revenues by the Trustee to the payment of the 2023 CIT Bonds would not be automatically stayed as a result of the commencement of such a bankruptcy case by the Board and (z) Pledged CIT Revenues collected on behalf of the Board after the commencement of such a bankruptcy case would remain subject to the lien granted in favor of the Trustee under the Indenture.

In connection with the Financing, you have also requested our opinion as to whether the Board's revocation or modification of the Deposit Directions in a manner that sought to deny the Trustee the deposit of the Pledged CIT Revenues for payment of principal of and interest due on the 2023

CIT Bonds would violate the Board's covenants under the Bond Documents and Illinois law, including Section 13 of the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350 (the "Act").

II. ASSUMPTIONS

We have examined the Bond Documents in connection with this opinion letter. To the extent material to the opinions set forth herein, we have assumed: (a) the due authorization, execution and delivery of the Bond Documents by all parties thereto; (b) that all relevant parties have the legal power to act in the capacities in which they are to act, or have acted, under the Bond Documents and that the Bond Documents constitute the valid and legally binding obligations of such parties; (c) the authenticity of all Bond Documents submitted to us as originals; (d) the conformity of the Bond Documents submitted to us as copies of the executed and delivered originals thereof; (e) the genuineness of all signatures on all Bond Documents submitted to us; (f) no fraud, mistake or illegality on the part of any party to any of the Bond Documents or otherwise in connection with the transactions contemplated by the Bond Documents; (g) the representations and warranties of the Board set forth in the Bond Documents are true as of the date hereof in all respects material to the opinions herein; (h) each of the Board, the Trustee, the County Clerks and County Collectors (each, as defined below) will perform its obligations under applicable Illinois law and the Bond Documents in all respects material to the opinions herein except to the extent that such performance may be prohibited by bankruptcy or insolvency laws; (i) the Bond Documents are enforceable by and against the parties thereto in accordance with the terms thereof, except to the extent that enforceability may be limited by bankruptcy or insolvency laws or general principles of equity; (j) that the Trustee (or its successors), one or more of the holders of the 2023 CIT Bonds (or any of their respective successors or assigns), and/or another party in interest who would be prejudiced by a determination contrary to the opinions set forth herein will timely object in a writing filed with, and present competent and relevant evidence to, the applicable court, as necessary, to oppose such a contrary determination; and (k) that none of the Bond Documents will be amended, modified or restated, and that none of the representations, warranties, covenants or other provisions therein will be waived, suspended or modified, in each instance, in any manner that is material to the issues addressed in this opinion letter.

Summary of Financing

Pursuant to the provisions of Article 34 of the School Code, the Board is in charge of the School District and is a body politic and corporate that may sue and be sued in all courts and places where judicial proceedings are had.

On January 25, 2023, the Board adopted the Fourth Supplemental Bond Resolution for the purpose of, *inter alia*, approving the Project List – a list of capital projects to be financed with the proceeds of the 2023 CIT Bonds – and authorizing the use of the proceeds of the 2023 CIT Bonds to fund a debt service reserve (including the funding of the Consolidated Debt Service Reserve Fund to the Consolidated Reserve Requirement) and a capitalized interest account for the 2023 CIT Bonds. A copy of the Project List is annexed to the Fourth Supplemental Bond Resolution as Exhibit A.

Capital Projects

The capital projects set forth on the Project List consist of various projects to construct, renovate and/or equip school buildings and other facilities within the School District. The estimated costs of such projects aggregate approximately $500,000,000. Pursuant to the terms of the Supplemental Indenture, except to the extent the proceeds of the 2023 CIT Bonds will be used to pay capitalized interest, fund a deposit to the Consolidated Debt Service Reserve Fund and pay the costs of issuance of the 2023 CIT Bonds, such proceeds will be used exclusively to fund the costs of completing the capital projects set forth on the Project List, including the reimbursement of prior expenditures made by the Board, as further limited by the Supplemental Indenture and as may be modified or supplemented by subsequent resolutions of the Board, including, the costs of acquisition, construction and equipping of school buildings and facilities (including financing charges related to such costs), the costs of design, engineering and legal expenses, plans, specifications, surveys, as well as administrative expenses and other expenses necessary or incident to completing or determining the feasibility of completing particular projects on the Project List (collectively, "Costs of Construction"). Pursuant to Section 405 of the Supplemental Indenture, the Board has covenanted to include the construction of the projects set forth in the Project List, as further limited by the Supplemental Indenture, in each of its annual capital improvement programs until such time as the projects are completed. The Board approves by resolution and publishes its capital improvement program at least once a year and retains a copy on file with the Secretary of the Board. Accordingly, any changes to the capital projects permitted by the Supplemental Indenture must be included in the Board's capital improvement program and approved by resolution of the Board.

Pledged CIT Revenues

The 2023 CIT Bonds are payable from and secured by a valid lien upon and pledge of the Pledged CIT Revenues. As discussed below, the Pledged CIT Revenues will serve as the sole source for the payment of the 2023 CIT Bonds.

Under Section 3 of the Fourth Supplemental Bond Resolution, the Board has levied the Capital Improvement Tax for the years 2023 through 2046, inclusive, on all taxable property within the School District for the purpose of providing sufficient funds to pay all principal of and interest on the 2023 CIT Bonds for each of the years that the 2023 CIT Bonds are outstanding.[1] The Bond Resolution provides that the County Clerks of the Counties of Cook and DuPage, Illinois (the "County Clerks") shall ascertain the tax rate required to produce, for each year of the levy, the amount of Capital Improvement Tax revenues set forth in a table in Section 4 of the Bond Resolution, and shall extend the Capital Improvement Tax for collection at such rates on behalf of the Board. Pursuant to Section 705 of the Master Indenture, for each year the 2023 CIT Bonds are outstanding, the Capital Improvement Tax is to be set at a rate so as to produce Pledged CIT

[1] This opinion addresses only whether the Pledged CIT Revenues collected from the levy of the Capital Improvement Tax under the Fourth Supplemental Bond Resolution would be regarded as special revenues in a hypothetical chapter 9 case filed by the Board. Under the terms of the Supplemental Indenture, the Board has elected to capitalize interest payments due on the 2023 CIT Bonds in 2023 and April 1, 2024. Accordingly, the payments to be made to holders of the 2023 CIT Bonds from Capital Improvement Tax revenues collected from the levy imposed by the Fourth Supplemental Bond Resolution will begin October 1, 2024.

Revenues equal to not less than 110% of all interest and principal payments due on the 2023 CIT Bonds during the next bond year.

Deposit and Application of Pledged CIT Revenues

Pursuant to Section 20-90 of the Property Tax Code, 35 Illinois Compiled Statutes 200 (the "Property Tax Code") and Sections 6 and 7 of the Bond Resolution, in order to secure the payment of the 2023 CIT Bonds, the Board is authorized to establish an escrow fund to hold and segregate the Pledged CIT Revenues and to execute a written direction to the County Treasurers of the Counties of Cook and DuPage, Illinois (the "County Collectors") to deposit the collections of the Capital Improvement Tax levied under the Bond Resolution directly into such escrow fund.

Pursuant to the Master Indenture, all of the revenues received from the collection of the Capital Improvement Tax must be paid directly by the County Collectors to the Trustee and deposited into an escrow fund created under the Master Indenture (the "Escrow Fund"). The Escrow Fund shall be an account separate and segregated from all other accounts of the Board. Prior to the issuance of the 2023 CIT Bonds, the Board's Chief Financial Officer (who is a Designated Official under the Bond Resolution) issued the Deposit Directions to the County Collectors, pursuant to which the Board has irrevocably directed the County Collectors to transfer all collections of the Pledged Capital Improvement Taxes directly to the Trustee for deposit into the Escrow Fund. Section 709 of the Master Indenture provides that, as long as any of the 2023 CIT Bonds remain outstanding, the Board will not modify or amend the Deposit Directions in any way that would result in the deposit with the Trustee of less than all of the Capital Improvement Tax revenues collected on behalf of the Board in any year. Any modification of the Deposit Directions in a manner not permitted by the Master Indenture is an Event of Default thereunder.

Pursuant to Section 504(A) of the Master Indenture, the Trustee is required to allocate moneys in the Escrow Fund as follows: First, to the Debt Service Fund established under the Supplemental Indenture until the amount deposited in that fund is sufficient to pay all interest and principal payments due on the 2023 CIT Bonds (and any other Bonds issued and outstanding under the Master Indenture) during the next bond year;[2] second, to the Consolidated Debt Service Reserve Fund until the amount deposited in that fund is equal to 14% of the maximum amount of principal and interest payable on the 2023 CIT Bonds (and any other Bonds issued and outstanding under the Master Indenture) in any bond year that such bonds are outstanding; third, to the debt service fund again to fund any other obligations required under the Supplemental Indenture; fourth, to pay any tax anticipation notes issued by the Board in anticipation of the collection of Capital Improvement Taxes;[3] fifth, for the payment of indebtedness of the Board secured by Capital Improvement Tax revenues other than bonds issued under the Master Indenture (but which indebtedness must be subordinate to all bonds issued under the Master Indenture); and sixth, to

[2] The Master Indenture contemplates the issuance of additional dedicated capital improvement tax bonds secured by a lien of equal priority to the lien securing the 2016 CIT Bonds, the 2017 CIT Bonds, the 2018 CIT Bonds, and the 2023 CIT Bonds against the Capital Improvement Tax revenues collected on behalf of the Board. To the extent such additional bonds are issued, the Trustee will allocate the Capital Improvement Tax revenues deposited into the Escrow Fund to the annual debt service due on all outstanding series of such bonds on a *pro rata* basis.

[3] Pursuant to Section 402 of the Master Indenture, all proceeds of sale of tax anticipation notes are required to be paid to the Trustee for deposit into the Escrow Fund and allocated pursuant to Section 504(A) of the Master Indenture. Thus, the tax anticipation notes have no material impact on the application of funds under the Master Indenture.

fund a "Permitted Expenditures Account" (a subaccount of the Escrow Fund) for the purpose of paying expenses for capital projects as permitted by Section 504(B) of the Master Indenture.

Accordingly, under the terms of the Master Indenture, all of the Capital Improvement Tax revenues collected on behalf of the Board in any year are deposited directly into the Escrow Fund and then promptly transferred to fund debt service on bonds secured by such revenues, including the 2023 CIT Bonds, through the next bond year (*i.e.*, all payments due through April 1st of the year following the year of collection). After the Debt Service Fund and the Consolidated Debt Service Reserve Fund are fully funded to their requirements, and, further, after the payment of any tax anticipation notes and subordinated indebtedness permitted by the Master Indenture, the Pledged CIT Revenues are then deposited into a separate account – the Permitted Expenditures Account – used for funding other capital improvement projects.

Pursuant to Section 504(B) of the Master Indenture, amounts held in the Permitted Expenditures Account may be paid by the Trustee to the Board or its contractors from time to time "for the payment or reimbursement of Permitted Expenditures that are Capital Expenditures…."[4] The Master Indenture defines Capital Expenditures to mean the following:

> an authorized expenditure of the Board that is or may be capitalized under generally accepted accounting practices applicable to the Board and is made with respect to a project or system of the Board. This definition may be revised to reflect the requisites of "projects and systems" as such term is used in Section 902 of the United States Bankruptcy Code (11 U.S. Code 902).

The Master Indenture defines Permitted Expenditures by adopting the text of Section 34-53.5(a) of the School Code, which governs the permissible uses of the Capital Improvement Tax under Illinois law. In particular, the Master Indenture defines Permitted Expenditures to mean the following:

> expenditures for capital improvement purposes, including without limitation (i) the construction and equipping of a new school building or buildings or an addition or additions to an existing school building or buildings, (ii) the purchase of school grounds on which any new school building or an addition to an existing school building is to be constructed or located, (iii) both items (i) and (ii) of this definition, or (iv) the rehabilitation, renovation, and equipping of an existing school building or buildings. This definition may be revised to reflect any amendment of Illinois law pertaining to permitted uses of the Capital Improvement Taxes.

Payments from the Permitted Expenditures Account pursuant to Section 504(B) of the Master Indenture may only be made after the Board provides the Trustee with a detailed requisition,

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4 As further described below, proceeds of the 2023 CIT Bonds not used to pay certain costs of financing will be used to pay Costs of Construction, *i.e.*, the costs of capital projects set forth on the Project List, as further limited by the Supplemental Indenture. Pledged CIT Revenues that are ultimately deposited into the Permitted Expenditures Account and are, therefore, in excess of the debt service requirements of the 2023 CIT Bonds (and any other bonds issued under the Master Indenture), must be used for the payment of "Permitted Expenditures that are Capital Expenditures," which will necessarily be capital improvement costs of the Board, but will not necessarily be costs associated with projects on the Project List.

identifying the person to whom payment should be made and the purpose of the expense incurred, and a certificate from the Board certifying, among other things, that the expense is a proper Permitted Expenditure and Capital Expenditure and has not been previously paid.

In addition, under Section 504(C) of the Master Indenture, the Board is entitled to request access to a revolving fund of not more $5,000,000 payable from the Permitted Expenditures Account and exclusive of any payments made by the Trustee to the Board's vendors under Section 504(B) of the Master Indenture. As with the procedures for the direct payment of vendors by the Trustee, the Board may use the revolving fund only for the payment of Permitted Expenditures that are Capital Expenditures. Further, the revolving fund must be held separate from all other funds and accounts of the Board, expressly including its general fund. The revolving fund is designed to enable the Board to pay certain vendor expenses that could not be conveniently paid under the requisition procedures of Section 504(B) of the Master Indenture. However, the Board is required to provide the same detailed requisitions and certifications to the Trustee (only, in these cases, after payment is made by the Board) before the Trustee will reimburse the revolving fund, and the Board may only make a payment from the revolving fund after it confirms that such payment matches invoiced amounts for Capital Expenditures that are Permitted Expenditures. (Master Indenture § 504(C).)

Application of Proceeds of 2023 CIT Bonds

Under Section 203(F) of the Supplemental Indenture, the net proceeds of the 2023 CIT Bonds in the aggregate amount of $533,129,896.89 will be deposited into (i) the consolidated debt service reserve fund described above in the amount of $5,657,175.70, (ii) a capitalized interest account in the amount of $30,367,554.24, and (iii) the "2023 Project Account" in the amount of $497,105,166.95, including the costs of issuance of the 2023 CIT Bonds. Moneys deposited into the 2023 Project Account will be used to pay for the costs of issuance of the 2023 CIT Bonds and Costs of Construction that are both Capital Expenditures and Permitted Expenditures. (Supplemental Indenture § 307(B).) Similar to Section 504(C) of the Master Indenture, Section 307(D) of the Supplemental Indenture provides for a $5,000,000 revolving fund payable by the Trustee from the 2023 Project Account to the Board, which the Board may use to pay its vendors directly subject to substantially the same requirements applicable to the Board's use of the revolving fund under the Master Indenture, provided that such disbursements of proceeds of the 2023 CIT Bonds must be for Costs of Construction in addition to being Capital Expenditures and Permitted Expenditures. Also, similar to Section 504(B) of the Master Indenture, under Section 307(E) of the Supplemental Indenture, moneys on deposit in the 2023 Project Account may be paid by the Trustee directly to the Board's vendors for the payment of Costs of Construction that are Permitted Expenditures and Capital Expenditures, but only upon the filing by the Board with the Trustee of requisitions and certifications similar to those required under Section 504(B) of the Master Indenture. Finally, under Section 307(F) of the Supplemental Indenture, upon completion of the projects set forth on the Project List, as further limited by the Supplemental Indenture, the Trustee shall pay to the Board any remaining moneys on deposit in the 2023 Project Account, which (i) may be applied for payment, purchase or redemption of 2023 CIT Bonds, or (ii) may be reappropriated by the Board if such appropriation is for a purpose permitted by Section 34-53.5 of the School Code and will not adversely affect the exclusion from gross income under the Internal Revenue Code of interest on the 2023 CIT Bonds.

Accordingly, all of the proceeds of the 2023 CIT Bonds not used to pay certain financing costs associated with the 2023 CIT Bonds will be used to pay for the costs of completing capital projects identified on the Project List, as further limited by the Supplemental Indenture, except in the event that all such projects are completed before the bond proceeds are exhausted, in which case, such surplus bond proceeds will be used to pay for other capital projects. Significantly, however, none of the proceeds of the 2023 CIT Bonds may be used by the Board for general operating expenses or for anything other than capital improvement projects. Likewise, all of the Pledged CIT Revenues will be used to pay debt service due on the 2023 CIT Bonds (and any other bonds issued under the Master Indenture) or, to the extent additional Pledged CIT Revenues are available in excess of debt service and reserve requirements under the Master Indenture, to pay for capital improvement costs that meet the definitions of both Permitted Expenditures and Capital Expenditures under the Master Indenture. Here, as well, none of the Pledged CIT Revenues may be used by the Board for general operating expenses or for anything other than capital improvement projects.

Additional Assumptions

In issuing these opinions, we have relied on and assume the accuracy of the Board's representations and warranties and its compliance with the covenants and procedures set forth in Articles V and VII of the Master Indenture and Article III and Section 404 of the Supplemental Indenture. We further assume the following:

(a) the Board has not, and as long as the 2023 CIT Bonds remain outstanding, will not amend or modify the Master Indenture or the Supplemental Indenture in any manner that violates the covenants set forth in Sections 705 or 709 of the Master Indenture or Section 404 of the Supplemental Indenture;

(b) the Board has not and, as long as the 2023 CIT Bonds remain outstanding, will not adopt any resolution that revokes or supersedes the Resolutions or the specific authorizations and other terms thereof or that amends or modifies the Resolutions in any manner that is materially inconsistent with the Resolutions and the facts and assumptions in this opinion letter;

(c) as of the date the Board commences a chapter 9 bankruptcy case, the 2023 CIT Bonds, the Master Indenture and the Supplemental Indenture shall be the valid, binding and legal obligations of the Board;

(d) as long as any of the 2023 CIT Bonds remain outstanding, no statute, rule or regulation of the State of Illinois governing or supporting the Board's authority to issue the 2023 CIT Bonds, to levy Capital Improvement Tax and to direct the transfer and application of the Capital Improvement Tax revenues as contemplated and required by the Bond Documents, including, without limitation, Sections 8 and 13 of the Act, Section 34.5 of the School Code and Section 20-90 of the Property Tax Code, will be repealed or amended in a manner that materially and adversely affects the rights of the Trustee, with respect to the 2023 CIT Bonds, and the holders of the 2023 CIT Bonds;

(e) The Board is duly authorized under Illinois law to levy the Capital Improvement Tax for each year the 2023 CIT Bonds are outstanding and has taken all actions required by law, or under any by-law or resolution of the Board, to properly effectuate the levy of the Capital Improvement Tax under the Bond Resolution;

(f) The Board will not use or claim the right to use the collections of the Capital Improvement Tax except as expressly permitted by the Master Indenture and the Board will not use or claim the right to use the proceeds of the 2023 CIT Bonds except as expressly permitted by the Supplemental Indenture;

(g) The Board will comply with the requisition and certification requirements of Section 504 of the Master Indenture and Section 307 of the Supplemental Indenture regarding the Board's use of Pledged CIT Revenues and the proceeds of the 2023 CIT Bonds for the payment or reimbursement of Costs of Construction that are Capital Expenditures and Permitted Expenditures;

(h) The Costs of Construction will be limited to the costs of such projects and improvements and related expenses identified and described in the Project List annexed to the Fourth Supplemental Bond Resolution as Exhibit A, as may be amended with approval of the Board;

(i) to the extent the Costs of Construction include administrative expenses, "soft costs" or expenses classified as working capital for purposes of the United States Internal Revenue Code, such expenses are or will be directly related to the capital projects identified on the Project List; and

(j) the Pledged CIT Revenues are not and, as of the date the Board commences a chapter 9 bankruptcy case, will not be, encumbered by any lien in favor of any party equal or senior in priority to that of the Trustee for the benefit of the holders of the 2023 CIT Bonds, except any liens that have been or may be granted to holders of the 2016 CIT Bonds, the 2017 CIT Bonds, the 2018 CIT Bonds or any additional bonds that have been or may be authenticated and issued under the Master Indenture, which may be of equal priority to the lien granted to the Trustee with respect to the 2023 CIT Bonds.

Except as set forth above, we have not reviewed any other documents with respect to the Board or the 2023 CIT Bonds and have conducted no independent investigation with respect to any financing statement, amendment or continuation to a financing statement, federal or state tax lien, federal or state judgment lien, cause of action, complaint or similar document that may be filed by any party against the Board. Except as expressly discussed above, we have made no independent investigation of the facts referred to herein; and have reviewed and relied without independent investigation on the accuracy thereof. We have assumed that the Bond Documents set forth the complete and final understanding of the parties with respect to the Financing. In respect of the opinions requested regarding the Financing, we believe that our reliance on the representations, covenants and other provisions in the Bond Documents relating to the purposes and permitted uses of the Pledged CIT Revenues and the proceeds of the 2023 CIT Bonds is reasonable.

We cannot and do not warrant the truth and accuracy of the factual assumptions on which this opinion is based. We advise you, however, that the attorneys of our firm directly involved in representing the Board in connection with the Financing do not have any actual knowledge that any of the factual assumptions relied on herein are incorrect in any respect material to the opinions herein.

III. DISCUSSION OF APPLICABLE LAW

Illinois Statutes

The Board's authority to levy the Capital Improvement Tax is derived from Section 34-53.5 of the School Code. Section 34-53.5(a) provides, in relevant part, as follows:

> *For the purpose of providing a reliable source of revenue for capital improvement purposes*, including without limitation (i) the construction and equipping of a new school building or buildings or an addition or additions to an existing school building or buildings, (ii) the purchase of school grounds on which any new school building or an addition to an existing school building is to be constructed or located, (iii) both items (i) and (ii) of this subsection (a), or (iv) the rehabilitation, renovation, and equipping of an existing school building or buildings, *the board may levy, upon all taxable property of the school district,* in calendar year 2003*, a capital improvement tax* to produce, when extended, an amount not to exceed the product attained by multiplying (1) the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor for the 12 months ending 2 months prior to the month in which the levy is adopted by (2) $142,500,000.

105 ILCS 5/34-53.5(a) (emphasis added). Section 34-53.5(b) sets forth a formula for calculating the maximum amount of Capital Improvement Tax that may be levied during calendar years 2004 to 2030 and subsequent subsections set forth the applicable formula for later years. *See* 105 ILCS 5/34-53.5(b)-(d). Pursuant to Section 34-53.5(f) of the School Code, the Board is authorized to issue bonds in accordance with the Act, "against any revenues to be collected from the capital improvement tax in any year or years." 105 ILCS 5/34-53.5(f).

Pursuant to Section 13 of the Act, the Board may pledge as security for the payment of bonds issued pursuant to Section 34-53.5(f) of the School Code and the Act, *inter alia*, (i) moneys deposited or to be deposited into any special fund of the Board and (ii) "revenues or taxes expected to be received by the [Board] … including taxes imposed by the [Board] pursuant to [a] grant of authority by the State." 30 ILCS 350/13. Here, the Pledged CIT Revenues deposited into the Escrow Fund fall within both of these categories and, accordingly, the Pledged CIT Revenues are a revenue source that may be validly pledged to secure bonds issued by the Board, including the 2023 CIT Bonds.

Section 13 of the Act further provides that –

> Any such pledge [of qualified revenues] made by a governmental unit ***shall be valid and binding from the time such pledge is made*. *The revenues, moneys and other funds so pledged*** and thereafter received by the governmental unit ***shall immediately be subject to the lien of such pledge*** without any physical delivery thereof or further act; and, subject only to the provisions of prior agreements, the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the governmental unit irrespective of whether such parties have notice thereof. ***Pursuant to any such pledge, a***

> ***governmental unit may bind itself to impose rates, charges or taxes to the fullest extent permitted by applicable law***. No ordinance, resolution, trust agreement or other instrument by which such pledge is created need be filed or recorded except in the records of the governmental unit.

Id. (emphasis added). In accordance with Section 34-53.5(f) of the School Code and Section 13 of the Act, under the Master Indenture and the Supplemental Indenture, the Board has granted a lien in favor of the Trustee, for the benefit of the holders of the 2023 CIT Bonds, against all Capital Improvement Tax revenues collected on behalf of the Board and deposited into the Escrow Fund or any other funds or accounts established under such indentures, as well as all other moneys and revenues maintained under such indentures. Under Section 13 of the Act, the Board's pledge of the Pledged CIT Revenues to the payment of the 2023 CIT Bonds is valid and binding on the Board at the time the Board enters into the Master Indenture and the Supplemental Indenture. In addition, the Trustee's lien against the Pledged CIT Revenues is perfected against third parties immediately upon the deposit of the Pledged CIT Revenues into the Escrow Fund at which point they may be deemed "received" by the Board for purposes of the statute.

The Deposit Directions will be issued pursuant to Section 20-90 of the Property Tax Code, which provides as follows:

> The county collector ***shall deposit*** any amount of the tax proceeds of any taxing district, in accordance with the authorization of that district, ***directly into a designated escrow fund*** established by the district to repay specific bonded, note, lease or installment contract indebtedness. The ordinance or resolution of the taxing district authorizing that disposition shall, within 10 days after adoption by the governing authority of the taxing district, be delivered to the county collector or county collectors in which the taxing district is situated.

35 ILCS 200/20-90 (emphasis added). Thus, upon issuance of the Deposit Directions, the County Collectors are required by statute to deposit the Capital Improvement Tax revenues into the Escrow Fund. The Board, in turn, has covenanted under Section 709 of the Master Indenture not to modify or terminate the Deposit Directions so long as the 2023 CIT Bonds are outstanding in any way that would result in less than all of the Capital Improvement Tax revenues collected by the County Collectors being deposited into the Escrow Fund.

Bankruptcy Law

The Board is a municipality of the State of Illinois as defined by Section 101(40) of the Bankruptcy Code, which provides that "the term 'municipality' means [a] political subdivision or public agency or instrumentality of a State." 11 U.S.C. § 101(40). As a municipality, to the extent the Board commences a bankruptcy case, it must do so under chapter 9 of the Bankruptcy Code. *See id*. at § 109(c).

Under the Bankruptcy Code, a municipality, such as the Board, cannot file for a bankruptcy case under chapter 9 unless such municipality is specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy case. *Id*. at § 109(c)(2). Presently, Illinois law does not permit the Board to be a debtor in a bankruptcy case. From time to time, however, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois units of local government to be a debtor in bankruptcy cases under the Bankruptcy Code. We cannot predict and express no opinion concerning whether the Illinois General Assembly may adopt any such legislation or the impact that such legislation would have on the Board.

Section 901(a) of the Bankruptcy Code incorporates many but not all of the general provisions of the Bankruptcy Code governing cases commenced under other chapters of the Bankruptcy Code. *Id*. at § 901(a). Of particular significance to this opinion letter, Section 901(a) incorporates the automatic stay provisions of Section 362(a) and the lien limitation provisions of Section 552(a) of the Bankruptcy Code. *Id*.

<u>The Automatic Stay</u>

Section 362(a) of the Bankruptcy Code, which provides for an automatic stay of certain actions and proceedings against the debtor or its property upon the commencement of a bankruptcy case, states, in relevant part, as follows:

> [A] petition filed under section 301, 302, or 303 of this title … operates as a stay, applicable to all entities, of—
>
> (1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title; ….
>
> (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate; ….
>
> (6) any act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under this title….

11 U.S.C. § 362(a).

Without more, the automatic stay imposed under Section 362(a) of the Bankruptcy Code might prevent the timely payment of municipal bonds after the commencement of a chapter 9 case.[5] However, in 1988, Congress enacted certain amendments to chapter 9, including the addition of Section 922(d) of the Bankruptcy Code (Pub. L. No. 100-597 (1988) (the "<u>1988 Amendments</u>")) "to correct unintended conflicts that [may have] exist[ed] between municipal law and bankruptcy law." S. Rep. No. 100-506, 100th Cong., 2d Sess., 4 (1988) (the "*Senate Report*"). The 1988 Amendments included Section 902(2) of the Bankruptcy Code, which defined the term "special

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[5] Section 922(a) of the Bankruptcy Code supplements the automatic stay in chapter 9 cases by also staying (1) any "judicial, administrative, or other action or proceeding against an officer or inhabitant of the debtor that seeks to enforce a claim against the debtor; and (2) the enforcement of a lien on or arising out of taxes or assessments owed to the debtor." 11 U.S.C. § 922(a).

revenues,"[6] and Section 922(d), which created a limited exception to the automatic stay with respect to "pledged special revenues." In particular, Section 922(d) provides that "[n]otwithstanding section 362 of this title and subsection (a) of this section, a petition filed under this chapter does not operate as a stay of application of pledged special revenues in a manner consistent with section 927 of this title to payment of indebtedness secured by such revenues." 11 U.S.C. § 922(d). Thus, Section 922(d) authorizes the application of "special revenues" pledged to the holder of bonds free of the automatic stay. 6 *Alan N. Resnick and Henry J. Sommer, Collier on Bankruptcy* ("*Collier*") ¶ 922.05[2], at 922-10 (16th Ed. Rev. 2013).

In one of only two decisions interpreting Section 922(d) of the Bankruptcy Code, the bankruptcy court in Jefferson County, Alabama's chapter 9 case held that "pledged special revenues" as used in Section 922(d) include all special revenues against which Jefferson County granted a lien under its indenture to holders of certain sewer warrants, not just those in the possession of the indenture trustee or a receiver at the time the bankruptcy case was commenced. *In re Jefferson County, Alabama*, 474 B.R. 228, 274 (Bankr. N.D. Ala. 2012), *affirmed Mosley v. Jefferson County, Alabama (In re Jefferson County, Alabama)*, 2012 WL 3775758 (N.D. Ala. Aug. 28, 2012). The court explained further that the term "pledged special revenues" as used in Section 922(d) "encompasses those [revenues] that are received from the sewer system *before and after* the filing of the County's chapter 9." *Id.* (emphasis added). Accordingly, the court held, "[t]he result is that 11 U.S.C. § 922(d) excludes continued payment of these 'pledged special revenues' to the lienholder from being stayed under 11 U.S.C. § 362(a) or 11 U.S.C. § 922(a)." *Id.*

As noted in *Collier*, however, "because Section 922(d) is limited to an exception from the automatic stay, the provision does not suggest that its language compels payment of special revenues in the possession of the municipality." *Collier* ¶ 922.05[2], at 922-10. Therefore, notwithstanding Section 922(d), a bond trustee or bondholder may find it necessary to make a motion in the bankruptcy case for relief from the automatic stay or to demand adequate protection of its interests in the event that a municipal debtor is in possession or control of special revenues and unwilling to apply them to payment of the bonds.

Moreover, Section 904 of the Bankruptcy Code provides that "[n]otwithstanding any power of the court, unless the debtor consents or the plan [of debt adjustment] so provides, the court may not, by any stay, order, or decree, in the case or otherwise, interfere with—(1) any of the political or governmental powers of the debtor; (2) any of the property or revenues of the debtor; or (3) the debtor's use or enjoyment of any income-producing property." 11 U.S.C. § 904.

Thus, while Section 922(d) should permit the Trustee to apply Pledged CIT Revenues in its possession to payment of the Bonds and permit the Board to *voluntarily* continue to honor its obligations with respect to Pledged CIT Revenues without interference from the bankruptcy stay, if the Board countermands the Deposit Directions or the County Collectors otherwise refuse to deposit collected Pledged CIT Revenues with the Trustee, the court in a chapter 9 case of the Board may be powerless to compel the turnover or payment of Pledged CIT Revenues to the Trustee for application to payment of the Bonds. While the court, as a condition to maintaining the stay against non-consensual enforcement of the lien against the Pledged CIT Revenues, could require the Board

[6] A discussion of what constitutes "special revenues" under Section 902(2) of the Bankruptcy Code, as relevant to this opinion letter, is set forth below.

to provide additional adequate protection if the bondholders are in danger of becoming undersecured,[7] if the Board refused or was unable to do so and the stay was lifted, the bondholders' recourse with respect to the Pledged CIT Revenues may be limited to pursuit of their remedies under state law.

Certain of these issues have arisen most recently in the debt adjustment case of the Commonwealth of Puerto Rico under the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"). In *In re The Financial Oversight and Management Board for Puerto Rico* (*Assured Guaranty Corp., et al v. Commonwealth of Puerto Rico, et al.*), 582 B.R. 579 (D.P.R. 2018) ("Assured Guaranty"), plaintiffs were financial guarantee insurers of various bonds issued by certain public corporations of the Commonwealth, including the Puerto Rico Highway and Transportation Authority ("PHRTA"), and secured by a lien on what the plaintiffs contended were special revenues. The Commonwealth and, subsequently, the Commonwealth's Oversight Board, had ceased making payments on the bonds and also controlled the proceeds of pledged revenues held in a reserve account. The plaintiffs brought an action to compel payment of the bonds from pledged revenues and sought turnover of the revenues in the reserve account. The plaintiffs alleged that the failure of PHRTA to continue to make payments on its bonds as they come due violates Sections 922(d) and 928(a) of the Bankruptcy Code, made applicable in the PROMESA case by Section 301 of PROMESA. *Id.* at 590. They further contended, pleading in the alternative, that the proceeds in the reserve account were (i) the bondholders' property, (ii) held in trust for the bondholders, or (iii) subject to the lien of the bondholders. *Id*. at 597. The court held that Section 922(d) only exempts from the automatic stay the consensual application of special revenues by municipalities and others in control of special revenues, and does not impose a payment obligation on the municipality, address actions to enforce liens, or sanction the court's non-consensual interference with governmental properties or revenues which, the court believed, would violate constraints on its power under Section 305 of PROMESA (the counterpart to Section 904 of the Bankruptcy Code discussed above). *Id*. at 594-96. The court further held that Section 928(a) merely provides that a prepetition lien on special revenues continued during the post-petition period notwithstanding Section 552(a) of the Bankruptcy Code – it does not require payment or turnover of special revenues. *Id.* at 596. With respect to the proceeds in the reserve account, the court held that it lacked subject matter jurisdiction on justiciability grounds as to the lien claim alternatively pled by the plaintiffs, and held that with respect to the ownership and trust claims asserted by the plaintiffs, PRHTA had a sufficient interest in the reserve account proceeds to preclude a holding that the proceeds were property of or had to be turned over to the plaintiffs. *Id.* at 596-99.

Plaintiffs in *Assured Guaranty* subsequently appealed the court's decision to the United States Court of Appeals for the First Circuit (the "First Circuit"). See *In re The Financial Oversight and Management Board for Puerto Rico* (*Assured Guaranty Corp., et al v. Commonwealth of Puerto Rico, et al.*), 919 F.3d F.3d 121 (1st Cir. 2019). The First Circuit affirmed the lower court's decision, finding that "Section 928 simply provides that consensual prepetition liens on special revenues will remain in place after the filing of the petition, despite the fact that Section 552(a) generally protects property acquired after the petition from being subject to prepetition liens." *Id*. at 128. The First Circuit further stated that it "agree[s] with the district court that Section 928 does

[7] If a creditor is oversecured and the debtor therefore has equity in the surplus collateral, the "equity cushion" itself may constitute adequate protection.

not mandate the turnover of special revenues or require continuity of payments of the PRHTA Bonds during the pendency of the Title III proceeding." *Id*. at 128-9.

Whether or not particular municipal bonds are payable from special revenues, if they are secured by a valid lien on the debtor's property during the bankruptcy case, a bond trustee or bondholder is entitled to certain protections from the harm caused by the imposition of the automatic stay. Notably, the plaintiffs in *Assured Guaranty* did not seek stay relief.[8]

A secured creditor in a chapter 9 case who will be harmed by the continuation of the automatic stay of Sections 362 or 922 of the Bankruptcy Code is entitled to "adequate protection" of its interest in its collateral. 11 U.S.C. §§ 361 and 362, made applicable in chapter 9 cases by 11 U.S.C. § 901(a); *In re County of Orange*, 179 B.R. 185, 190 (Bankr. C.D. Cal. 1995) (holding bankruptcy court has the power to order County to provide secured noteholders with adequate protection as a condition for the continuance of the automatic stay); *Collier* ¶ 922.04, at 922-8. A secured creditor is entitled to adequate protection of its secured interest to protect against or compensate for any diminution in value of that interest during the bankruptcy case as a result of the debtor's use of, or borrowing against, the property or as a result of the secured creditor being stayed from enforcing its interest. *See Collier* ¶ 361.01, at 361-3. A common example is where a debtor is authorized by the bankruptcy court to use a secured creditor's cash collateral to fund its administrative expenses. Section 361 of the Bankruptcy Code lists the means by which adequate protection may be provided, including cash payments, replacement liens on additional property and other relief that will result in the creditor realizing the "indubitable equivalent" of its secured interest in the debtor's property. 11 U.S.C. § 361. While those means are intended to prevent or to compensate for any further harm, they are not always successful. *Collier* ¶ 922.04, at 922-8. Thus, in chapter 9 cases, Section 922(c) of the Bankruptcy Code further provides that:

> If the debtor provides … adequate protection of the interest of the holder of a claim secured by a lien on property of the debtor and if, notwithstanding such protection such creditor has a claim arising from the stay of action against such property under section 362 or 922 of this title … ***then such claim shall be allowable as an administrative expense under section 503(b) of this title***.

11 U.S.C. § 922(c) (emphasis added). Administrative expense claims must be paid in full as a condition to confirming a debtor's chapter 9 plan. 11 U.S.C. § 943(b)(5); *see Senate Report*, at 11. Thus, bondholders prevented by the automatic stay from receiving payments and enforcing a security interest against a revenue source of the debtor and who have been provided with adequate protection are entitled to a priority claim that must be paid in full in connection with the debtor's chapter 9 plan to the extent that the value of their collateral was diminished during the debtor's bankruptcy case as a result of the debtor's use of the bondholders' collateral during the case.

In addition, pursuant to Section 922(b), the provisions of Section 362(d) of the Bankruptcy Code are applicable in chapter 9. As a result, secured creditors in chapter 9 cases are entitled to obtain relief from the automatic stay based upon a showing of one of the following:

[8] Because the lien granted on collateral under bond Indenture is in favor of the bond trustee for the benefit of all bondholders, it may be that no party other than the bond trustee can seek stay relief to exercise remedies as to the collateral.

(1) … cause, including the lack of adequate protection of an interest in property of such party in interest;

(2) with respect to a stay of an act against property under subsection (a) of this section, if—

(A) the debtor does not have an equity in such property; and

(B) such property is not necessary to an effective reorganization….

11 U.S.C. § 362(d). Therefore, through a combination of Sections 922 and 362(d), a secured bondholder in chapter 9 that is stayed from receiving payments or enforcing its rights as a result of the automatic stay is entitled to either adequate protection against any diminution in the value of its interest during the bankruptcy case or relief from the automatic stay. *See In re County of Orange*, 179 B.R. at 190 ("The County has the choice of either complying with the court's order for adequate protection or having the stay lifted. This does not unduly encroach on the County's ability to conduct its affairs free from court interference.").

Continuation of Liens During Chapter 9 Case

Section 552(a) of the Bankruptcy Code provides, in relevant part, that "property acquired by the estate or by the debtor after the commencement of the case is not subject to any lien resulting from any security agreement entered into by the debtor before the commencement of the case." 11 U.S.C. § 552(a). Prior to the 1988 Amendments, Congress became concerned that Section 552(a) "would cause a pre-petition lien to be extinguished with respect to property acquired by a municipal debtor after the commencement of a bankruptcy." *In re Jefferson County, Alabama*, 474 B.R. at 267. "[E]liminating the potential loss of a creditor's lien on [municipal] revenues was a critical purpose behind the enactment of [the 1988 Amendments]." *Id.* at 268-69.

Accordingly, the 1988 Amendments included Section 928 of the Bankruptcy Code, which preserves consensual liens on post-bankruptcy "special revenues" of the debtor. Specifically, Section 928(a) provides that "[n]otwithstanding section 552(a) of this title and subject to subsection (b) of this section, special revenues acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by the debtor before the commencement of the case." 11 U.S.C. § 928(a). For bonds secured by consensual liens on special revenues, Section 928 reverses the result that would otherwise follow from application of Section 552(a).[9] *Collier* ¶ 928.02, at 928-3.

Special Revenues

The key consideration in determining whether bondholders are entitled to the benefits and protections of Sections 922(d) and 928 of the Bankruptcy Code, discussed above, is whether the bonds are secured by a pledge of special revenues. Section 902(2) of the Bankruptcy Code lists five discrete categories of "special revenues." *See* 11 U.S.C. § 902(2). With respect to the Pledged CIT Revenues, only one category, Section 902(2)(E), is relevant. *See id*. at § 902(2)(E). Section 902(2)(E) provides that "special revenues" mean

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[9] Section 552(a) applies by its terms only to "any lien resulting from any ***security agreement*** entered into by the debtor." 11 U.S.C. § 552(a) (emphasis added). Accordingly, Section 552(a) does not terminate statutory liens granted to bondholders against revenues of the debtor arising after the commencement of a chapter 9 case. A "statutory lien" is "a lien arising solely by force of a statute on specified circumstances or conditions…." *Id*. at § 101(53); *see In re County of Orange*, 189 B.R. 499, 503 (C.D. Cal. 1995). We express no opinion regarding whether the liens granted in favor of the Trustee against the Pledged CIT Revenues or any other moneys, funds or accounts held in trust under the Master Indenture or the Supplemental Indenture may be regarded as statutory liens under the Bankruptcy Code.

"taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes (other than tax-increment financing) levied to finance the general purposes of the debtor…." *Id*.

As with Sections 922(d) and 928, Section 902(2) was added to chapter 9 of the Bankruptcy Code as part of the 1988 Amendments. The legislative history of the 1988 Amendments provides some insight into what was intended to be included as special revenues. First, the Report of the National Bankruptcy Conference on Proposed Municipal Bankruptcy Amendments (the "*NBC Report*")[10] contains the following discussion:

> Property, sales, and income taxes would generally not be considered special revenues. However, some exceptions may exist. For example, *where a special property tax is levied and collected for the specific purpose of paying principal and interest coming due on bonds issued in conjunction with the levy of the property tax, the revenues may constitute special revenues.* In these cases, there is generally a prohibition under State law on using the special tax revenue for any purpose other than payment of bonds. However, where the revenue may be used for other purposes, it should not constitute "special revenues." Similarly, a city may impose an additional one-half percent or one percent sales tax to finance a particular project, such as rapid transit. While general sales taxes would not constitute special revenues, with appropriate limitations on the use of the additional sales tax, it could constitute special revenues.

NBC Report, at 19 (emphasis added).

Second, the Senate Report, which accompanied the Senate's version of the relevant bill (S. 1863) leading to the 1988 Amendments, contains the following statements:

> Under clause (E) an incremental sales or property tax specifically levied to pay indebtedness incurred for a capital improvement and not for the operating expenses or general purposes of the debtor would be considered special revenues. Likewise, *any special tax or portion of a general tax specifically levied to pay for a municipal financing shall be treated as special revenues.* For this purpose a project or system may or may not be revenue-producing.

Senate Report, at 14 (emphasis added).

Finally, in discussing the addition of Section 902, the report of the House of Representatives accompanying bill H.R. 5347 states that "the intent is to define special revenues to include the revenue derived from a project *or from a specific tax levy,* where such revenues are meant to serve as security to the bondholders." H.R. Rep. No. 100-1101, at 6 (1988) (emphasis added). The forgoing excerpts make clear that special revenues include not only enterprise revenues generated by a project securing traditional revenue bonds, such as utility receipts, but also, under certain conditions, taxes specifically levied to secure municipal bonds, without distinction between revenue and general obligation bonds.

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[10] Richard B. Levin and Lawrence P. King, "Report of the National Bankruptcy Conference on Proposed Municipal Bankruptcy Amendments," included in the Hearings before the Subcommittee on Courts and Administrative Practice of the Committee on the Judiciary, 100th Cong., 2d Sess. at 553 (S. Hrg. 100-1067, June 10, 1988).

Two key requirements appear from the statute and the legislative history. *First*, the taxes must be specifically levied to finance one or more projects and *second*, the tax revenues must not be available to pay the issuer's general operating expenses or for purposes unrelated to the specified projects.

In *In re Heffernan Memorial Hospital District*, 202 B.R. 147, 149 (S.D. Cal. 1996), the bankruptcy court held that special sales taxes levied by the City of Calexico, California to secure the payment of revenue bonds issued to refinance the outstanding indebtedness of the debtor hospital district were special revenues pursuant to Section 902(2)(E) of the Bankruptcy Code. Citing the legislative history of the 1988 Amendments, the court stated that "[t]o meet the requirement of a 'special revenue' under this provision, taxes must be restricted in use to a specific project or system.… In other words, the focus is on the nature and scope of the restrictions placed on the use of the tax receipts. Taxes available for general municipal purposes do not constitute 'special revenues.'" *Id.* (internal quotations omitted). The court determined that the sales tax revenue stream pledged to secure the bonds "is not available for general municipal purposes in this case. Rather, the Sales Tax Revenue stream is available only for the purpose of providing security and payment to the bondholders." *Id.* The court also noted that the applicable California statute authorizing the levy of the special sales tax "specifically required the net proceeds of the tax be used exclusively for the District." *Id.* at 148, n.1.

Heffernan is the only reported decision definitively holding that certain tax revenues qualify as special revenues under Section 902(2)(E) of the Bankruptcy Code. The case highlights the importance of the second of the two requirements for special revenue qualification under Section 902(2)(E) identified above—that the tax revenues must be restricted in use to pay the applicable bonds and may not be used for general municipal purposes.

The case of *In re Sierra Kings Health Care District*, 2010 Bankr. LEXIS 6536, 2010 WL 10018073 (Bankr. E.D. Cal. Sept. 13, 2010), provides an example of property taxes that should qualify as special revenues under Section 902(2)(E) of the Bankruptcy Code. *See Alexander D. Flachsbart, Municipal Bonds in Bankruptcy: § 902 and the Proper Scope of "Special Revenues" in Chapter 9*, 72 Wash. & Lee L. Rev. 955, 1004-05 (Spring 2015). In that case, the Sierra Kings Health Care District passed a resolution to levy "a continuing and direct ad valorem tax" on all property within the District to secure the repayment of general obligations bonds. *In re Sierra Kings Health Care District*, 2010 Bankr. LEXIS 6536, at *6, 9-10. The debtor's resolution authorizing the bonds provided that the levied taxes were to be collected annually each year the bonds were outstanding in an amount sufficient to pay the principal and interest due on the bonds. *Id.* at *10. The resolution further required that the tax revenues be placed into a segregated sinking fund maintained by the Fresno County, California Treasurer and that any excess revenues were to be credited to the taxpayers of the County. *Id.* Thus, the debtor had no ability to use the special property tax revenues for any purpose other than to repay the bonds. The Sierra Kings Health Care District commenced a chapter 9 case and subsequently entered into a settlement agreement with the bondholders in which the parties stipulated that the property tax revenues were special revenues under Section 902(2)(E) of the Bankruptcy Code and pledged to secure the repayment of the bonds. The bankruptcy court approved the settlement agreement as "supported by sound business judgment" of the debtor and "in the best interest of creditors," but was not called upon to decide, and did not decide, whether the parties' stipulations were legally correct. *Id.* at *1.

IV. ANALYSIS

The Pledged CIT Revenues' Qualification as Special Revenues

In the case of the 2023 CIT Bonds, the Bond Documents and applicable Illinois statutory law provide a reasonable basis to conclude that, in a properly litigated case, the Pledged CIT Revenues would be determined to be special revenues under Section 902(2)(E) of the Bankruptcy Code. As discussed, the key requirements for qualification as special revenues under Section 902(2)(E) are that (1) the taxes must be specifically levied to finance one or more projects and (2) the tax revenues must not be available to pay the issuer's general operating expenses or for purposes unrelated to the specified projects.[11]

With respect to the first requirement, the Resolutions, the Master Indenture and the Supplemental Indenture provide a reasonable basis to conclude that the Pledged CIT Revenues have been specifically levied to finance one or more projects. Section 4 of the Bond Resolution provides that the Capital Improvement Tax is "*hereby levied*," "[f]or the purpose of providing funds … to pay the principal of and interest on the Dedicated Tax Bonds …." (Emphasis added.) As defined by the Bond Resolution, Dedicated Tax Bonds include bonds issued by the Board pursuant to Section 34-53.5(f) of the School Code. Presently, the only "Dedicated Tax Bonds" for purposes of the Bond Resolution are the 2016 CIT Bonds, the 2017 CIT Bonds, the 2018 CIT Bonds and the 2023 CIT Bonds. Section 4 of the Bond Resolution further describes the Capital Improvement Tax as a "direct annual tax" levied at a rate sufficient to achieve specified amounts of revenue for each year the 2023 CIT Bonds are outstanding as set forth in a table in the Bond Resolution. Therefore, it is reasonably clear that the Capital Improvement Tax, insofar as it is levied pursuant to the Fourth Supplemental Bond Resolution, has been "specifically levied" to repay the 2023 CIT Bonds. Moreover, the Fourth Supplemental Bond Resolution, which imposes the levy of the Pledged CIT Revenues, was adopted for the additional purpose of authorizing the issuance of Dedicated Tax Bonds, including the 2023 CIT Bonds. Thus, consistent with the description in the *NBC Report*, the Pledged CIT Revenues have been levied and will be collected "for the specific purpose of paying principal and interest coming due on bonds *issued in conjunction with the levy of the property tax*." *NBC Report*, at 19 (emphasis added).

Consideration must then be given to the purpose of the 2023 CIT Bonds and whether the proceeds will be used to finance one or more projects of the Board. As discussed above, the Supplemental Indenture provides, and we assume, that the proceeds of the 2023 CIT Bonds will be used only to fund (i) a capitalized interest account for the 2023 CIT Bonds, (ii) a reserve for debt service due on the 2023 CIT Bonds (as well as additional bonds that may be issued under the Master Indenture) in the event of any deficiency of Pledged CIT Revenues at the time any bond payment is due, (iii) the costs of issuance of the 2023 CIT Bonds and (iv) the Costs of Construction that are also Permitted Expenditures and Capital Expenditures. (Supplemental Indenture § 203(F).)

As discussed above, the Costs of Construction consist of the costs of undertaking and completing the capital projects set forth on the Project List, as further limited by the Supplemental Indenture. The Project List has been approved by the Board through its adoption of the Fourth Supplemental Bond Resolution and the Board has pledged to include the Project List, as limited by the Supplemental Indenture and as may be modified by the Board from time to time, in its annual capital improvement program, which is also approved by resolution of the Board, until the capital projects set forth on the Project List, as limited by the Supplemental Indenture, are complete. We believe that the Project List provides a reasonably identifiable and appropriate list of capital improvement projects that is consistent with the requirement under Section 902(2)(E) of the Bankruptcy Code that the subject taxes be levied to finance one or more projects.

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[11] As a threshold matter, we are of the opinion that, in a properly litigated case, a bankruptcy court would determine that the Pledged CIT Revenues are property of the Board. Section 20-90 of the Property Tax Code refers to the tax proceeds "*of any taxing district*" while Section 34-53.5 of the School Code states that "*the board may levy* … a capital improvement tax." (Emphasis added.) Such provisions indicate that the Board and not the County Collectors are granted the right to levy and use the Capital Improvement Tax. Similarly, we are of the opinion that, in a properly litigated case, a bankruptcy court would determine that the lien granted to the Trustee for the benefit of the holders of the 2023 CIT Bonds upon the Pledged CIT Revenues under the Master Indenture and the Supplemental Indenture is valid and binding pursuant to Section 34-53.5(f) of the School Code and Section 13 of the Act.

Although we have found no case that has definitively decided what constitutes a project for purposes of Section 902(2)(E), in both the *Heffernan* and *Sierra Kings* cases, the debtors used the applicable bond proceeds to fund the capital improvement costs of their respective hospital districts. Therefore, we believe it is a reasonable extension of such cases, as well as the language of the statute, to conclude that the Costs of Construction constitute costs of "one or more projects" for purposes of Section 902(2)(E) of the Bankruptcy Code. The Costs of Construction may include certain administrative expenses, including employee salaries appropriately allocated to capital projects set forth on the Project List or professional fees and expenses, but we assume that all such costs are or will be directly related to the Project List and that the Board will not use the proceeds of the 2023 CIT Bonds to pay its general operating expenses.

In addition, the underlying statute authorizing the levy of the Capital Improvement Tax – Section 34-53.5 of the School Code – expressly limits the permitted uses of the Capital Improvement Tax to capital improvement purposes, including the construction and equipping of new school buildings, the purchase of school grounds or the rehabilitation, renovation, and equipping of existing school buildings. Consistent with these statutory requirements, the Supplemental Indenture limits the Board's use of proceeds of the 2023 CIT Bonds deposited into the 2023 Project Account to "Permitted Expenditures," which definition adopts the language of Section 34-53.5 of the School Code, and further requires that such expenditures be "Capital Expenditures," such that they may be capitalized by the Board under GAAP. These contractual requirements exceed (but remain consistent with) the statutory requirements and appear sufficient to satisfy the requirement of Section 902(2)(E) of the Bankruptcy Code that the Capital Improvement Tax is levied to finance one or more projects of the Board.

In addition to funding the Costs of Construction, the proceeds of the 2023 CIT Bonds will be used to pay certain financing costs associated with the 2023 CIT Bonds, including payment of the costs of issuance, funding of a capitalized interest account and funding of a debt service reserve. Section 902(2)(E) of the Bankruptcy Code refers to taxes that are specifically levied to "finance" one or more projects or systems and the legislative history of the statute clearly reflects Congress' understanding that such projects would be financed with municipal bonds. We view these additional uses of the proceeds of the 2023 CIT Bonds as typical and customary in municipal finance transactions of this type and, thus, reasonably within the scope of financing a municipal project through the issuance of bonds.

As discussed above, the Pledged CIT Revenues deposited into the Escrow Fund under the Master Indenture will be used for several purposes in addition to funding debt service due on the 2023 CIT Bonds and other bonds issued under the Master Indenture. (Master Indenture § 504(A).) In addition to funding debt service, the Pledged CIT Revenues will be used (i) to make payments due on tax anticipation notes issued by the Board in anticipation of collections of the Capital Improvement Tax, (ii) to make payments due on any subordinated indebtedness incurred by the Board that is secured by the Capital Improvement Tax revenues and (iii) to pay the Board's vendors directly for expenses that are both Permitted Expenditures and Capital Expenditures. Although none of these items will necessarily be limited to funding capital projects identified on the Project List, because of the restrictions of Section 34-53.5 of the School Code regarding the permissible uses of the Capital Improvement Tax, each of these applications may ultimately be used only for the payment or reimbursement of capital improvement projects of the Board as further limited by that statute. Moreover, although Section 902(2)(E) requires that the subject tax be levied to finance one or more projects of the debtor, it does not prohibit the use of the tax revenues for additional purposes provided that the tax revenues are not used to fund the general operating expenses of the debtor. *See Alexander D. Flachsbart, Municipal Bonds in Bankruptcy: § 902 and the Proper Scope of "Special Revenues" in Chapter 9*, 72 Wash. & Lee L. Rev. 955, 1005 (Spring 2015) ("The Senate Report notes that the entire amount collected by the new tax does not need to be dedicated exclusively to debt service. However, the portion of the tax that is dedicated to debt service cannot be made available for any other general municipal function."); Senate Report, at 21 ("Likewise, any special tax *or portion of a general tax* specifically levied to pay for a municipal financing shall be treated as special revenues.") (emphasis added). Here, the Capital

Improvement Tax revenues collected and deposited into the Escrow Fund are required to be used for financing indebtedness incurred to pay capital improvement costs or to pay such capital improvement costs directly and all of the Capital Improvement Tax dedicated to the payment of the 2023 CIT Bonds are required to be used to finance the Costs of Construction associated with the Project List, as further limited by the Supplemental Indenture, and certain other costs of the 2023 CIT Bonds. Accordingly, we do not believe the use of the Capital Improvement Tax under the Master Indenture for purposes other than the payment of debt service on the 2023 CIT Bonds diminishes or alters the validity of our opinions that the Pledged CIT Revenues would be held to be special revenues in a chapter 9 case of the Board.

With respect to the second requirement under Section 902(2)(E) of the Bankruptcy Code, the Bond Documents and applicable Illinois law provide a reasonable basis to conclude that the Pledged CIT Revenues may not be used to finance the general operating expenses of the Board.

Most importantly, the Board is authorized to levy the Capital Improvement Tax pursuant to Section 34-53.5 of the School Code solely for the payment of capital improvement projects of the Board. No other purposes are authorized by the statute. Accordingly, the use of Capital Improvement Tax revenues to pay the general operating expenses of the Board would violate the terms of the authorizing statute as well as the Resolutions. Consistent with these limitations, the Master Indenture and the Supplemental Indenture provide for the application of *all* Capital Improvement Tax revenues to either finance indebtedness, including the 2023 CIT Bonds, incurred to pay capital improvement costs or to pay capital improvement costs directly. Any Capital Improvement Tax revenues in excess of debt service requirements may be used only to pay for expenses that are both Permitted Expenditures and Capital Expenditures and any excess proceeds of the 2023 CIT Bonds after completion of all projects on the Project List, as further limited by the Supplemental Indenture, may be transferred to the Board but then used only to pay for capital improvement projects permitted by Section 34-53.5 of the School Code. Thus, the Bond Documents require that no funds may be used for any purposes other than capital improvement purposes and related financing costs.

In addition, pursuant to Section 6 and 7 of the Bond Resolution, Section 5 of the Fourth Supplemental Bond Resolution and Section 20-90 of the Property Tax Code, the Board has issued the Deposit Directions directing the County Collectors to deposit all collections of the Capital Improvement Tax into the Escrow Fund maintained by the Trustee under the Master Indenture. Section 20-90 of the Property Tax Code, provides that County Collectors "*shall deposit* any amount of the tax proceeds of any taxing district, in accordance with the authorization of that district, directly into a designated Escrow Fund established by the district." 35 ILCS 200/20-90 (emphasis added). Thus, upon issuance of the Deposit Directions, the County Collectors are statutorily required to deposit the Capital Improvement Tax revenues into the Escrow Fund. On each business day funds are held in the Escrow Fund, such funds will be deposited or applied in accordance with the waterfall of Section 504(A) of the Master Indenture. The Deposit Directions and the Escrow Fund prevent the Board from receiving the collections of the Capital Improvement Tax and the waterfall provisions of Section 504(A) of the Master Indenture ensure that all debt service requirements for the 2023 CIT Bonds through the bond year ending after the year of collection may be satisfied with funds deposited in a segregated account and available to the Trustee. Only after the Pledged CIT Revenues flow through the waterfall of the Master Indenture will they become available to the Board for the direct payment of Permitted Expenditures that are Capital Expenditures (subject to the requisition and certification requirements discussed above). The application of the proceeds of the 2023 CIT Bonds under the Supplemental Indenture works similarly in that the Board may obtain access to the bond proceeds only to pay the Costs of Construction, which must also be Permitted Expenditures and Capital Expenditures and are subject to the same requisition and certification requirements applicable to the Pledged CIT Revenues. To the extent there are any surplus proceeds of the 2023 CIT Bonds after completing all projects on the Project List, as further limited by the Supplemental Indenture (which is an unlikely event given the estimated costs of such projects), the proceeds may be turned over to the Board but then may be used only to fund capital improvement projects within the scope of Section 34-53.5 of the School Code.

The direct deposit of Pledged CIT Revenues by the County Collectors into the Escrow Fund pursuant to the Master Indenture and the Deposit Directions is not necessary for the Pledged CIT Revenues to be regarded as special revenues under the Bankruptcy Code. Section 902(2)(E) of the Bankruptcy Code requires only that the Capital Improvement Tax be specifically levied to finance one or more projects of the Board and that the Pledged CIT Revenues not be used to fund the general operating expenses of the Board. Nonetheless, by preventing the Board from accessing the Pledged CIT Revenues, except to the limited extent that all debt service and other obligations under the Master Indenture are satisfied, the direct deposit pursuant to the Deposit Directions provides greater certainty to bondholders that the Pledged CIT Revenues will be applied properly and in a timely manner as required by the Bond Documents.

Pursuant to the Bond Resolutions, the Board has provided that the Deposit Directions shall be irrevocable. In the event that the Board nevertheless attempted to revoke the Deposit Directions and divert the Pledged CIT Revenues to the Board for applications other than payment of the 2023 CIT Bonds, the Board would be in violation of its covenants under the Master Indenture and Supplemental Indenture and applicable provisions of Illinois law. Pursuant to Section 13 of the Act, the Board is authorized to pledge the Pledged CIT Revenues for the payment of the 2023 CIT Bonds and, under the express language of the statute, the Board's pledge "is valid and ***binding*** from the time such pledge is made." 30 ILCS 350/13 (emphasis added). Similarly, Section 13 of the Act provides that "[p]ursuant to any such pledge, ***a governmental unit may bind itself to impose*** rates, charges or ***taxes*** to the fullest extent permitted by applicable law. To avail itself of these provisions, the Board has adopted the Bond Resolution, which provides in Section 5 that "[p]ursuant to the authority granted in Section 13 of the Act, the Board [] binds itself irrevocably for the term of the Dedicated Tax Bonds to impose the Pledged Capital Improvement Taxes to the fullest extent permitted by law ...." Accordingly, the Board's pledge of the Pledged CIT Revenues to the payment of the 2023 CIT Bonds is binding on the Board pursuant to Section 13 of the Act. Any use of the Pledged CIT Revenues by the Board in violation of the Board's pledge to apply the Pledged CIT Revenues to the payment of the 2023 CIT Bonds under the Master Indenture and Supplemental Indenture, would be not only a breach of such indentures but a violation of Section 13 of the Act. Furthermore, any use of the Pledged CIT Revenues by the Board for purposes other than capital improvement projects of the Board would be a direct violation of Section 34-53.5 of the School Code. We express no opinion regarding the remedies that may be available to any party based on such violations of Section 13 of the Act and Section 34-53.5 of the School Code.

Based on the foregoing, the Board has no access to, or authority to use, the Pledged CIT Revenues or the proceeds of the 2023 CIT Bonds for any purpose other than to finance indebtedness authorized by the Master Indenture, including the 2023 CIT Bonds, and to pay for capital improvement costs. Thus, assuming the Bond Documents are complied with, the Pledged CIT Revenues cannot be used to pay the general operating expenses of the Board.

Exemption from the Automatic Stay

As we conclude that the Pledged CIT Revenues would be characterized as special revenues under Section 902(2)(E) of the Bankruptcy Code, if the Board commenced a chapter 9 case, the County Collectors would be authorized to continue to transfer the collections of the Capital Improvement Tax to the Escrow Fund in accordance with the terms of the Deposit Directions and the Trustee would be authorized to continue to apply the Pledged CIT Revenues to the payment of the 2023 CIT Bonds, notwithstanding the automatic stay, as a result of the application of Section 922(d) of the Bankruptcy Code. We further believe, based on the text of Section 922(d) and the bankruptcy court's decision in *In re Jefferson County, Alabama*, 474 B.R. 228, 274 (Bankr. N.D. Ala. 2012), that Section 922(d) applies to Pledged CIT Revenues in the possession of the County Collectors or the Trustee at the time a chapter 9 case is commenced as well as Pledged CIT Revenues that may be collected during the chapter 9 case. However, to the extent that, notwithstanding the Deposit Directions, the Board obtains possession of the Pledged CIT Revenues (other than amounts permitted by the Master Indenture in excess of debt service requirements) or otherwise blocks their deposit with the Trustee, there is a risk that actions to compel the payment of the 2023 CIT Bonds will be stayed and that the Trustee will be required to seek appropriate relief from the bankruptcy court. Section 922(d) creates an exception to the automatic stay and thereby authorizes the continued application of pledged special revenues to the payment of bonds, but it does not compel an unwilling debtor or another party to take such action. We express no opinion regarding the Board's power to revoke the Deposit Directions or the likely success of an application of the Trustee for relief from the automatic stay, adequate protection or similar relief, or, because of Section 904 of the Bankruptcy Code, the power of the bankruptcy court to grant the Trustee or bondholders any relief other than lifting the bankruptcy stay to permit the Trustee to pursue its state law and contractual remedies with respect to the Pledged CIT Revenues.

Continuation of Lien on Pledged CIT Revenues

Again, as we conclude that the Pledged CIT Revenues would be characterized as special revenues under Section 902(2)(E) of the Bankruptcy Code, pursuant to Section 928(a) of the Bankruptcy Code, the liens granted to the Trustee under the Master Indenture and the Supplemental Indenture upon the Pledged CIT Revenues should remain valid and enforceable against any Pledged CIT Revenues collected during the bankruptcy case of the Board to the same extent that such liens are valid and enforceable against the Pledged CIT Revenues collected prior to the commencement of such case.

As a result, even if application of the Pledged CIT Revenues to the payment of the 2023 CIT Bonds is stayed, the Trustee, on behalf of the holders of the 2023 CIT Bonds, should be entitled to assert the rights of a secured creditor in bankruptcy. These rights include the ability to seek adequate protection of the Trustee's secured interest in the Pledged CIT Revenues, the right to receive an administrative priority claim as compensation for any diminution in the value of the Trustee's secured interest in the Pledged CIT Revenues, if such a diminution claim exists notwithstanding the provision of adequate protection by the Board, and the right to seek relief from the automatic stay to pursue state law and contractual remedies against the Board. Most importantly, as secured creditors of the Board, the holders of the 2023 CIT Bonds will be entitled to receive, under any chapter 9 plan confirmed by the bankruptcy court, a recovery equal to at least the present value of their interest in the Pledged CIT Revenues. Indeed, although a bondholder's secured creditor status in bankruptcy will not by itself affect the timing of payment, it will affect and likely improve materially the bondholder's ultimate recovery in the bankruptcy case relative to unsecured creditors.[12]

V. OPINIONS

Based on the assumptions and analysis set forth above in this opinion letter, the qualifications set forth below, and subject to the further qualification that there is no binding precedent dealing with facts similar to those set forth in this opinion letter, it is our opinion that a federal court exercising bankruptcy jurisdiction, in a properly briefed, argued and presented case, and exercising reasonable judgment and discretion after full consideration of all relevant factors and applying legal theories and principles subscribed to by federal courts exercising bankruptcy jurisdiction, would determine that the Pledged CIT Revenues are (i) upon collection, property of the Board validly pledged to the Trustee, for the benefit of the holders of the 2023 CIT Bonds, under Illinois law and (ii) "special revenues" as that term is defined in Section 902(2)(E) of the Bankruptcy Code. Consequently, a federal court exercising bankruptcy jurisdiction, in a properly briefed, argued and presented case, and exercising reasonable judgment and discretion after full consideration of all relevant factors and applying legal theories and principles subscribed to by federal courts exercising bankruptcy jurisdiction, would determine that (y) pursuant to Sections 362 and 922 of the Bankruptcy Code, application of the Pledged CIT Revenues by the Trustee to the payment of the 2023 CIT Bonds would not be automatically stayed as a result of the commencement of such a bankruptcy case by the Board and (z) pursuant to Section 928 of the Bankruptcy Code, Pledged CIT Revenues collected on behalf of the Board after the commencement of such a bankruptcy case would remain subject to the lien granted in favor of the Trustee under the Indenture. Note, however, that notwithstanding the foregoing, courts have found that Section 928 of the Bankruptcy Code does not mandate the turnover of special revenues or require that special revenues be paid to bondholders during the pendency of a chapter 9 case.

Our opinion that the Pledged CIT Revenues would be determined to be "special revenues" as that term is defined in Section 902(2)(E) of the Bankruptcy Code by a federal bankruptcy court, under the conditions and subject to the qualifications articulated herein, is not altered by the possibility that the Board might revoke or modify the Deposit Directions, provided that the Pledged CIT Revenues would continue to be applied only to capital improvement projects permitted by Section 34-53.5 of the School Code and not used for the general operating expenses of the Board or for purposes unrelated to the Project List.

In addition, based on the assumptions and analysis set forth above in this opinion letter, the qualifications set forth below, and subject to the further qualification that there is no binding precedent dealing with facts similar to those set forth in this opinion letter, it is our opinion that in the event the Board revoked or modified the Deposit Directions in a manner that sought to deny the Trustee the deposit of the Pledged CIT Revenues for payment of principal of and interest due on the 2023 CIT Bonds, the Board's actions would violate its covenants under the Bond Documents and Illinois law, including Section 13 of the Act.

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12 Because the 2023 CIT Bonds are dedicated tax bonds secured only by the Board's pledge of Capital Improvement Tax Revenues and are not backed by the full faith and credit of the Board, pursuant to Section 927 of the Bankruptcy Code, the holders of the 2023 CIT Bonds will not be entitled to assert a general unsecured claim against the Board in the event the Pledged CIT Revenues prove insufficient to fully satisfy their claims.

VI. QUALIFICATIONS AND LIMITATIONS

While we believe that our opinions set forth herein are supported by sound analysis of existing law, we found no reported cases containing all the material facts and circumstances that are present in this transaction. In particular, we found no reported cases that specifically address the meaning of the terms "finance" and "one or more projects" under Section 902(2)(E) of the Bankruptcy Code. In rendering our opinions, we have thus relied on cases discussing certain of the facts and circumstances that are present in this transaction and on secondary authorities, including legislative history and legal commentaries, discussing the treatment of municipal bonds in bankruptcy. We also note that certain of the cases and authorities we have examined are arguably inconsistent with the opinions expressed herein, but we believe that those cases and authorities are distinguishable and should not control a court's analysis. Consequently, the opinions set forth herein are not a guarantee of a particular outcome or result but an opinion as to the decision a court would reach if the issue were properly presented to it and the court followed the applicable existing legal principles. The recipients of this opinion letter should take these limitations into account in analyzing the bankruptcy risks associated with the Financing. The foregoing opinions are expressly subject to there being no fact material to this opinion letter that has not been communicated to us.

We also note that bankruptcy courts have broad equitable powers and that municipalities are given considerable discretion in chapter 9 cases to manage their property and affairs as a result of Constitutional limitations on the power of federal courts to impair a state's authority to control its municipalities. These considerations may allow a bankruptcy court properly to, among other things, authorize the Board's use of property in its bankruptcy case that is subject to the valid liens of bondholders or to order the continuation of the automatic stay or to issue a supplemental injunction to stay the payment of bonds or the use of the Board's property notwithstanding such property's status as special revenues or the applicability of Section 922(d) of the Bankruptcy Code. Moreover, proceedings for reorganization under the Bankruptcy Code are usually complex multilateral negotiations with the threat of protracted litigation before the bankruptcy court as a forum. This atmosphere is sometimes utilized to induce compromise and settlement of even strong legal positions. The risk of confirmation of a chapter 9 plan of adjustment that involves a negotiated outcome cannot be addressed by a legal opinion.

We express no opinion as to the availability of temporary relief by a court pending a final determination on the merits of a proceeding seeking to determine the parties' rights with respect to the Pledged CIT Revenues.

We also refer you to the Special Report by the TriBar Opinion Committee, Opinions in the Bankruptcy Context: Rating Agency, Structured Financing and Chapter 11 Transactions, 46 Bus. Law. 717 (February 1991), and incorporate herein by reference the discussion therein of limitations and uncertainties involved in opinions of this nature.

We express no opinion as to the law of any jurisdiction other than the federal bankruptcy laws of the United States of America and the State of Illinois or to any issue not expressly addressed herein. The opinions set forth herein are limited to the effect of the present state of the federal bankruptcy law of the United States, insofar as it relates to the issue of special revenues. This opinion letter is given on the date hereof and we assume no obligation to advise you of changes in fact or law that may hereafter be brought to our attention. In rendering this opinion letter, we assume no obligation to revise or supplement this opinion letter should the present laws, or the interpretation thereof, be changed.

This opinion letter is being furnished only to and may be relied upon only by the Board and solely in connection with the Financing, and is not to be used, circulated or quoted to any other person or entity, relied upon, published or otherwise referred to for any purpose without our express prior written consent. Copies of this opinion may be furnished to, but may not be relied upon by, the Board's professional advisors, municipal bond rating agencies engaged by the Board for the purpose of rating the 2023 CIT Bonds and the professional advisors of any such rating agencies. We further consent to the inclusion of a copy of this opinion in the appendices to the preliminary official statement and the official statement with respect to the public offering of the 2023 CIT Bonds.

Very truly yours,

KATTEN MUCHIN ROSENMAN LLP

APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company, New York, New York ("**DTC**"), has been furnished by DTC for use in this Official Statement. Neither the Board nor the Underwriters are responsible for its accuracy or completeness.

DTC will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the 2023 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "*banking organization*" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "*clearing corporation*" within the meaning of the New York Uniform Commercial Code, and a "*clearing agency*" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the "**Exchange Act**"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "**SEC**"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued. See "**THE 2023 BONDS - General**."

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee under the Indenture securing such Bonds and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds of a Series are being redeemed, DTC's usual practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuing/Paying Agent General Operating Procedures ("**MMI Procedures**"). Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or its Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, the Board or the Trustee, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board, or the Trustee under the Indenture securing such bonds, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Board or the Trustee under the Indenture securing such Bonds. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates are required to be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

NEITHER THE BOARD NOR THE TRUSTEE UNDER THE INDENTURE SECURING THE 2023 BONDS HAS ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2023 BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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