

*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 Bonds will not be includable in gross income for federal income tax purposes. Interest on the 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 Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. Interest on the Bonds is not exempt from Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion.*



**\$575,000,000**  
**BOARD OF EDUCATION OF THE CITY OF CHICAGO**  
**UNLIMITED TAX GENERAL OBLIGATION BONDS**  
**(DEDICATED REVENUES), SERIES 2023A**



**Dated: Date of Delivery**

**Due December 1, as shown on the inside cover pages**

The Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A will be issued by the Board of Education of the City of Chicago (the “Board” or “CPS”) in the aggregate principal amount of \$575,000,000 (the “Bonds”). The Bonds will be issued under a Trust Indenture (the “Indenture”) by and between the Board and Zions Bancorporation, National Association, Chicago, Illinois, as trustee, registrar and paying agent (the “Trustee”). The proceeds of the Bonds will be used as described herein. See “PLAN OF FINANCE.”

The Bonds will be issued as fully registered bonds in denominations of \$100,000 and any multiple of \$5,000 in excess thereof. The 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 Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Principal of and interest on the 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 disbursement to the beneficial owners of the Bonds of such Series. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 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 C – “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are general obligations of the Board. 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 Bonds. The Bonds are payable from and secured under the Indenture by a pledge of and lien on the Pledged Revenues (as defined herein) securing the Bonds and the Pledged Taxes (as defined herein). To the extent that the Pledged Revenues are insufficient to pay the principal of and interest on the Bonds, such Bonds will be payable from the Pledged Taxes consisting of ad valorem taxes levied by the Board without limitation as to rate or amount, against all taxable property within the School District (as defined herein) governed by the Board, the boundaries of which are coterminous with the boundaries of the City of Chicago. The Bonds are also payable from all Funds, Accounts and Sub-Accounts pledged as security for the payment of the Bonds under the Indenture. See “SECURITY FOR THE BONDS.”

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

**INVESTMENT IN THE 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 EVALUATED CAREFULLY PRIOR TO PURCHASING ANY BONDS. THE 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 BONDS BEFORE CONSIDERING A PURCHASE OF THE BONDS. See “BONDHOLDERS’ RISKS” and “RATINGS.”**

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

The Bonds are being offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinions of Bond Counsel. In connection with the issuance of the Bonds, certain legal matters will be passed upon for the Board by its General Counsel, Ruchi Verma, by its Issuer’s Counsel, Cotillas and Associates, 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, Chapman and Cutler LLP, Chicago, Illinois.

Delivery of the Bonds is expected to be made through the facilities of DTC, on or about November 9, 2023.

**BofA Securities**

<b>Cabrera Capital Markets LLC</b>	<b>Loop Capital Markets</b>	<b>PNC Capital Markets LLC</b>	<b>Siebert Williams Shank &amp; Co., LLC</b>
<b>Estrada Hinojosa</b>	<b>Goldman Sachs &amp; Co. LLC</b>	<b>J.P. Morgan</b>	<b>Mesirow Financial, Inc.</b>
<b>Morgan Stanley</b>	<b>Piper Sandler and Co.</b>	<b>Ramirez &amp; Co., Inc.</b>	<b>Rice Financial Products Company</b>

**\$575,000,000**  
**BOARD OF EDUCATION OF THE CITY OF CHICAGO**  
**UNLIMITED TAX GENERAL OBLIGATION BONDS**  
**(DEDICATED REVENUES), SERIES 2023A**

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>Price (%)</u>	<u>CUSIP</u> <sup>†</sup>
2030	\$ 10,000,000	5.000	5.190	98.885	167505YW0
2031	34,315,000	5.500	5.210	101.885	167505YX8
2032	15,000,000	5.000	5.230	98.353	167505YY6
2033	23,010,000	5.000	5.250	98.061	167505YZ3
2034	29,885,000	5.000	5.320	97.346	167505ZA7
2035	27,145,000	5.250	5.420	98.505	167505ZB5
2036	28,970,000	5.250	5.540	97.325	167505ZC3
2037	21,600,000	5.500	5.620	98.840	167505ZD1
2038	30,010,000	5.500	5.700	97.992	167505ZE9
2047	117,830,000	5.875	6.040	97.916	167505ZF6

\$237,235,000 6.00% Term Bonds due December 1, 2049, Yield 6.08%, Price 98.955% CUSIP<sup>†</sup> 167505ZG4

<sup>†</sup> 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 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 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 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 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 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 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 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 Bonds are further qualified by reference to the information with respect thereto contained in the Indenture for such Bonds. Copies of the Indenture is 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.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts.

In making an investment decision, investors must rely on their own examination of the Board and terms of the offering, including the merits and risks involved. Neither the Securities and Exchange Commission, any state securities commission nor any other federal or state regulatory authority has approved or disapproved of the Bonds or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense.

### **Cautionary Note Regarding Forward-Looking Statements**

This Official Statement contains disclosures which contain “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. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by use of words like “believe,” “intend,” “expect,” “project,” “forecast,” “estimate,” “anticipate,” “plan,” “continue,” or similar expressions or by the use of future or conditional verbs such as “may,” “will,” “should,” “would,” or “could.” 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 and/or difficult or impossible to predict, 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 benefit the Board. As a consequence, current plans, anticipated actions and forecasted or future financial positions and liquidity may differ materially from those expressed in (or implied by) any forward-looking statements made by the Board herein based on a number of factors, including, among others, the amount and availability of State funding, cost reduction, capital markets condition, future long-term and short-term borrowings, the financial condition of the State and/or the City, potential legislative, judicial or other actions, and other risks and uncertainties discussed under the heading “BONDHOLDERS’ RISKS.”

Investors are cautioned not to place undue reliance on such forward-looking statements when evaluating the information presented in this Official Statement. Forward-looking statements speak only as of the date they are made and, except as set forth in this Official Statement under the heading “CONTINUING DISCLOSURE UNDERTAKING,” the Board does not have any obligation, and does not undertake, to update any forward-looking statements to reflect events or circumstances arising after the date hereof, whether as a result of new information, future events or otherwise.

**BOARD OF EDUCATION OF THE CITY OF CHICAGO**

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MEMBERS

**Jianan Shi**  
*President*

**Elizabeth Todd-Breland**  
*Vice President*

**Mariela Estrada**  
**Mary Fahey Hughes**  
**Rudy Lozano, Jr.**  
**Michelle Morales**  
**Tanya D. Woods**

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MANAGEMENT

**Pedro Martinez**  
*Chief Executive Officer*

**Miroslava Mejia Krug**  
*Chief Financial Officer*

**Walter M. Stock**  
*Treasurer and Deputy Chief Financial Officer*

**Ruchi Verma**  
*General Counsel*

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**Katten Muchin Rosenman LLP**  
*Bond Counsel*

**Cotillas and Associates**  
*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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- APPENDIX B – ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022
- APPENDIX C – BOOK-ENTRY ONLY SYSTEM
- APPENDIX D – THE REAL PROPERTY TAX SYSTEM
- APPENDIX E – FORM OF DEPOSIT DIRECTION TO COUNTY COLLECTORS REGARDING PLEDGED TAXES
- APPENDIX F – STATE AID REVENUES ESCROW AGREEMENT
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**\$575,000,000**  
**BOARD OF EDUCATION OF THE CITY OF CHICAGO**  
**UNLIMITED TAX GENERAL OBLIGATION BONDS**  
**(DEDICATED REVENUES), SERIES 2023A**

**INTRODUCTION**

**General**

The purpose of this Official Statement, including the cover pages 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 \$575,000,000 aggregate principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A (the “Bonds”). The Bonds will be issued under a Trust Indenture (the “Indenture”), by and between the Board and Zions Bancorporation, National Association, Chicago, Illinois, as trustee, registrar and paying agent for the Bonds (the “Trustee”). See 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 ILCS 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”). See “BOARD OF EDUCATION OF THE CITY OF CHICAGO” (including “-Legislation Regarding Elected School Board”) and “CHICAGO PUBLIC SCHOOLS.”

**The Bonds and Use of Proceeds**

The proceeds of the Bonds will be used to provide funds for the continued implementation of the Board’s Capital Improvement Program, as described under “CHICAGO PUBLIC SCHOOLS – Capital Improvement Program,” and to pay capitalized interest and costs of issuance in connection with the issuance of the Bonds.

The Bonds will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. See “THE BONDS - General” and APPENDIX C – “BOOK-ENTRY ONLY SYSTEM.”

**Security for the Bonds**

The Bonds are general obligations of the Board. 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 Bonds. The Bonds are Alternate Revenue Bonds (as defined herein), under the Local Government Debt Reform Act, as amended (30 ILCS 350 *et. seq.*) (the “Debt Reform Act”), and are secured by a dedicated revenue source (the “Pledged Revenues”). Under the Bond Resolution (as defined herein), the Board has levied ad valorem property taxes without limitation as to rate or amount against all of the taxable property within the School District for each year that the Bonds are outstanding, in amounts sufficient to pay debt service on such Bonds when due (the “Pledged Taxes”). In addition, the Board has covenanted under the Indenture to take

all actions necessary to cause the levy and extension of ad valorem property taxes in excess of those previously levied, if necessary, to pay debt service on the Bonds. The Bonds are also payable from all funds, accounts and sub-accounts established as security for such Bonds pursuant to the Indenture. See “SECURITY FOR THE BONDS” for a more detailed description of the Pledged Revenues securing the Bonds and the Pledged Taxes pledged to payment of the Bonds, and for a discussion of certain risks related to the security for the Bonds, see “BONDHOLDERS’ RISKS - Availability of State Aid Revenues,” and “- Bankruptcy of the Board and Enforcement Remedies Under the Indenture.”

### **Bondholders’ Risks and Suitability of Investment**

INVESTMENT IN THE 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 EVALUATED CAREFULLY PRIOR TO PURCHASING ANY BONDS. THE 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 RISK OF LOSS OF THEIR INVESTMENT IN THE BONDS BEFORE CONSIDERING A PURCHASE OF THE BONDS. See “BONDHOLDERS’ RISKS.”

### **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 relating to ownership of the Bonds. All statements, summaries and references to documents 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.”

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 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 take responsibility for the information contained therein nor have they attempted to verify the accuracy of such information.

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## PLAN OF FINANCE

### Series 2023A Bonds

A portion of the proceeds of the Bonds will be used, together with other available funds, to pay or reimburse the Board's General Operating Fund for the prior payment of costs of capital expenditures consisting of projects approved in the Board's ongoing Capital Improvement Program (as herein defined) and to provide funding for the Fiscal Year 2024 Capital Budget (as defined herein) and Fiscal Year 2024 Capital Plan (as defined herein). For additional information regarding the Board's Capital Improvement Program, see "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

### Estimated Sources and Uses of Funds

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

#### SOURCES:

Principal Amount	\$575,000,000.00
Net Original Issue Discount	<u>(7,919,633.05)</u>
<b>Total Sources of Funds</b>	<b><u>\$567,080,366.95</u></b>

#### USES:

Project Fund Deposit	\$528,229,582.99
Capitalized Interest Deposit*	34,723,030.69
Costs of Issuance**	<u>4,127,753.27</u>
<b>Total Uses of Funds</b>	<b><u>\$567,080,366.95</u></b>

\* To fund capitalized interest on the Bonds through and including December 1, 2024.

\*\* Includes Underwriters' discount, legal, administrative and miscellaneous fees and expenses.

### Fiscal Year 2024 Capital Plan Financing and Future Financings

The Board expects to evaluate market conditions and may, from time to time, issue additional bonds to fund the Capital Improvement Program, the Fiscal Year 2024 Capital Plan or to refund outstanding bonds of the Board. See "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

## THE BONDS

### General

The Bonds initially are registered through a book-entry only system operated by The Depository Trust Company, New York, New York. Details of payments of the Bonds and the book-entry only system are described in APPENDIX C – "BOOK-ENTRY ONLY SYSTEM." Except as described in APPENDIX C – "BOOK-ENTRY ONLY SYSTEM," beneficial owners of the Bonds will not receive or have the right to receive physical delivery of the 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 C), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal or Redemption Price of, and interest on, the 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 Bonds. So long as DTC or its nominee is the registered owner of the 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 Bonds shall be issued only in fully registered form without coupons and shall be dated the date of issuance. The Bonds shall mature on the dates and in the principal amounts shown on the inside cover pages hereof. The Bonds shall be issued in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof, 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 Bonds**

The Bonds shall bear interest at the respective rates shown on the inside cover page hereof. Each 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 Bonds shall be payable on June 1 and December 1 of each year, commencing June 1, 2024. Interest on each Bond will be payable on each Interest Payment Date to the person in whose name such Bond is registered at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date. Interest on the Bonds is computed on the basis of a 360-day year consisting of 12 months of 30 days each.

### **Redemption Provisions**

#### Optional Redemption

The Bonds maturing on or after December 1, 2034 are subject to prior redemption at the option of the Board, in whole or in part (and if in part, in an Authorized Denomination), from such maturities and in such principal amounts as the Board shall determine, and by lot for the Bonds of the same maturity and interest rate, on any date on or after December 1, 2033, at the Redemption Price of par plus accrued interest thereon to the date fixed for redemption.

#### Mandatory Sinking Fund Redemption

The Bonds maturing on December 1, 2049 are Term Bonds and are also subject to mandatory redemption prior to maturity at a Redemption Price equal to the principal amount thereof, plus accrued interest, on December 1 of the years and in the aggregate amounts set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>
2048	\$118,930,000
*2049	118,305,000

\* Final Maturity

The Term Bonds shall be selected for mandatory sinking fund redemption as described below under “— Redemption Provisions – *Selection of Bonds for Redemption.*”

Purchase of Bonds In Lieu of Mandatory Sinking Fund Redemption. On or before the 60th day next preceding any mandatory sinking fund redemption date for the Term Bonds, at the written direction of the Chief Financial Officer or the Treasurer of the Board, moneys held under the Indenture for the mandatory sinking fund redemption of Term Bonds on such date may be applied to the purchase of Term

Bonds subject to mandatory sinking fund redemption on such date in a principal amount not exceeding the principal amount of such Term Bonds subject to mandatory redemption on such date. The Term Bonds so purchased shall be delivered to the Trustee and canceled. Each such Term Bond or portion thereof so purchased, delivered and canceled shall be credited against the mandatory sinking fund redemption obligation of the Board on such date.

Reduction of Mandatory Redemption Amounts. At its option, to be exercised on or before the 60th day next preceding any mandatory sinking fund redemption date for the Term Bonds, the Board may (i) deliver to the Trustee for cancellation Term Bonds or portions thereof in Authorized Denominations or (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for such Term Bonds or portions thereof in Authorized Denominations, which prior to said date have been redeemed (otherwise than through the operation of such mandatory sinking fund redemption) and canceled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Term Bond or portion thereof subject to mandatory sinking fund redemption so delivered or previously redeemed shall be credited against future mandatory sinking fund redemption obligations in such order as the Board shall designate, or if no such designation is made, in chronological order.

#### Redemption Procedures.

*General.* In the case of any redemption of the Bonds at the option of the Board, the Board shall give written notice to the Trustee under the Indenture securing such Bonds of its election to so redeem, of the date fixed for redemption, and of the maturity, interest rate and principal amounts of the Bonds to be redeemed. Such notice shall be given at least 45 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 as described herein under the heading “ – Notice of Redemption”, (i) there shall be paid on or prior to the specified redemption date to the Trustee under the Indenture an amount in cash and/or Defeasance 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 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 registered owners of the Bonds so called for redemption, or (ii) such redemption notice given may state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture.

Whenever the Trustee is required to redeem Term Bonds pursuant to the mandatory sinking fund provisions of the Indenture, the Trustee shall select the Term Bonds to be redeemed, give notice of redemption and pay the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, in accordance with the Indenture, without further direction from the Board.

*Selection of Bonds for Redemption.* Whenever Bonds are redeemed, the particular Bonds or portion thereof to be redeemed shall be selected as follows: (i) any Bond of a denomination of more than \$100,000 shall be in the principal amount of an Authorized Denomination and (ii) in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of the Bonds of the same Series, which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$100,000. No such redemption shall cause the remaining principal amount of Bonds of any Series and maturity outstanding to be less than \$100,000. If all Bonds are held in book-entry only form, the particular Bonds or portions thereof to be redeemed shall be selected by the securities depository for the Bonds in such manner as such securities depository shall determine.

Notice of Redemption. For a description of the giving of notices while the Bonds are in the book-entry only system, see APPENDIX C – “BOOK-ENTRY ONLY SYSTEM.” When the Trustee shall receive notice from the Board of its election to redeem Bonds pursuant to the Indenture as described herein under the heading “ – Optional Redemption” or when the Trustee is required to redeem Bonds pursuant to the Indenture as described under the heading “— Mandatory Sinking Fund Redemption,” the Trustee shall give notice, in the name of the Board, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the date fixed for the 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 Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of 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 whether the redemption is conditioned upon sufficient moneys being available on the redemption date, or any other conditions. Such notice shall further state that on the redemption date there will become due and payable the Redemption Price of each Bond to be redeemed, or the Redemption Price of the specified portions of the principal thereof in the case of 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 less than 30 days and not more than 60 days before the date fixed for redemption, to the registered owners of the 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 Bonds. The failure of the Trustee to give notice to a registered owner of any Bond or any defect in such notice shall not affect the validity of the redemption of any other Bonds as to which proper notice was given.

### **Bond Registration and Transfers**

For a description of the procedure to transfer ownership of a Bond of Series while in the book-entry only system, see APPENDIX C – “BOOK-ENTRY ONLY SYSTEM.” Subject to the limitations described below, each Bond of a Series shall be transferable only upon the registration books of the Board, which shall be kept for that purpose by the Trustee, 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 Trustee, duly executed by the Owner or its duly authorized attorney. Upon the transfer of any such Bond of a Series, the Board shall issue in the name of the transferee a new Bond or Bonds of such Series in Authorized Denominations of the same aggregate principal amount. The Board and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the registration books of the Board as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of, and interest on, such Bond and for all other purposes, and all such payments so made to any such Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Board nor the Trustee shall be affected by any notice to the contrary.

### **Defeasance**

The Bonds of a Series or interest installments thereon for the payment or redemption of which moneys have been set aside and held in trust by the Trustee under the Indenture at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of such Indenture and the pledge of the Trust Estate under such Indenture and all covenants, agreements and other obligations of the Board thereunder shall be discharged and satisfied with respect to such Bonds. See APPENDIX A – “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance.”



## **SECURITY FOR THE BONDS**

### **General Obligations of the Board**

The Bonds are the direct and general obligations of the Board. The full faith and credit and taxing power of the Board are pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds are not secured by any real property of the Board or any physical assets of the Board. The maturity of the Bonds cannot be accelerated in the event that the Board fails to pay any installment of interest on, or principal of, such Bonds when due. The Bonds are not the obligations of the City, the State or any political subdivision of the State other than the Board. Neither the full faith and credit nor the taxing power of the City, the State or any political subdivision of the State other than the Board is pledged to the payment of the Bonds.

### **Alternate Revenue Bonds, Authorization and Bond Resolution**

The Bonds are issued under the School Code and the Debt Reform Act as “alternate bonds” (defined herein as “Alternate Revenue Bonds”). The Debt Reform Act authorizes the Board to adopt a resolution authorizing the issuance of general obligation bonds as Alternate Revenue Bonds (an “Authorization”) in a not to exceed principal amount payable from one or more dedicated revenue sources (the “Pledged Revenues”).

The Bonds are authorized and will be issued pursuant to Resolution No. 22-1026-RS6, adopted by the Chicago Board of Education on October 26, 2022 (the “2022 Authorization”) and Resolution No. 23-0125-RS2, adopted by the Chicago Board of Education on January 25, 2023 (the “Bond Resolution”), which authorizes the issuance of bonds in the aggregate principal amount not to exceed \$600,000,000 for the purpose of paying costs associated with the funding of the Board’s Capital Improvement Program.

### **Sources of Payment for the Bonds**

The Bonds are payable from and secured under the Indenture by a pledge of and lien on (i) Pledged Revenues pledged pursuant to the 2022 Authorization under the Indenture to secure the Bonds, and (ii) the Pledged Taxes. The Bonds are also payable from all funds, accounts and sub-accounts pledged as security for the payment of the Bonds under the Indenture.

### **Pledge and Lien Under Debt Reform Act**

As Alternate Revenue Bonds, the Bonds are entitled to the benefits and security of the Debt Reform Act that provides that the pledge of Pledged Revenues and Pledged Taxes as security for the payment of the Bonds is valid and binding from the time such pledge is made and that such Pledged Revenues, Pledged Taxes and the other moneys and funds so pledged and thereafter received by the Board shall be immediately subject to the lien of such pledge without any physical delivery or further act and that the lien of such pledge is 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 of such lien. Pursuant to the Indenture, the Board has granted to the Trustee for the benefit of the holders of the Bonds a lien on Pledged Revenues and Pledged Taxes. The Debt Reform Act also provides that covenants relating to Alternate Revenue Bonds are enforceable by any Bondholder, any taxpayer of the Board and the people of the State acting through the Attorney General of the State or any designee. The right to such enforcement is included in the Indenture securing the Bonds.

## **Pledged Revenues**

Overview. The Pledged Revenues securing the Bonds consist of Pledged State Aid Revenues (as defined herein), in the maximum annual amount specified in the 2022 Authorization. The Board has determined that the Pledged Revenues securing the Bonds, as a “governmental revenue source” under the Debt Reform Act, will provide in each year an amount not less than 1.10 times annual debt service to be paid from the Pledged State Aid Revenues. The amount of Pledged Revenues as compared to the annual debt service to be paid from the Pledged Revenues is referred to as the “Statutory Coverage.”

The “Pledged State Aid Revenues” consist of a portion of the State Aid (as defined herein) payments to be made to the Board in the maximum annual amount specified in the 2022 Authorization in any year pursuant to Article 18 of the School Code, or such successor or replacement act as may be enacted from time to time (the “State Aid”). Revenues received by the Board from State Aid are referred to herein as “State Aid Revenues.” See “STATE AID REVENUES.” Assuming the issuance of the Bonds, the Board has issued and there are outstanding approximately \$6.9 billion of Alternate Revenue Bonds secured by Pledged State Aid Revenues (the “Outstanding Pledged State Aid Revenue Bonds”) and such bonds, together with the Bonds, are referred to herein as “Pledged State Aid Revenue Bonds.” The pledge of Pledged State Aid Revenues as Pledged Revenues securing Alternate Revenue Bonds of the Board has from time to time been combined with one or more additional sources of Pledged Revenues, with each source allocated to specified debt service and coverage obligations of the Board that secure such bonds. See “STATE AID REVENUES – State Aid Revenues Pledged to Secure Alternate Revenue Bonds” for a description of the amount of such revenues pledged to Outstanding Pledged State Aid Revenue Bonds.

Under the 2022 Authorization, \$425,000,000 is the maximum annual amount of State Aid Revenues that may be pledged in any year for the payment of the Bonds and all other Alternate Revenue Bonds payable from the pledge under the 2022 Authorization. There are no currently outstanding Alternate Revenue Bonds secured by the Pledged State Aid Revenues pledged under the 2022 Authorization.

## **Additional Bonds Payable from Pledged Revenues**

Pursuant to the Indenture, the Board reserves the right to issue Additional Bonds, from time to time, payable on a parity basis with the Bonds, from all or any portion of the Pledged Revenues or any other source of payment which may be pledged under the Debt Reform Act; provided, however, that no Additional Bonds may be issued except in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of such Additional Bonds. For an overview of the requirements of the Indenture regarding the issuance of Additional Bonds see APPENDIX A – “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

## **Pledged Taxes**

Illinois Real Property Tax System Overview. The levy, extension and collection of ad valorem property taxes in Illinois are governed by the Illinois Property Tax Code (35 ILCS 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 D – “THE REAL PROPERTY TAX SYSTEM.” In Illinois, property taxes levied for a calendar year (the “Tax Year”) are extended by the County for collection and are billed to property owners in the following calendar year (the “Collection Year”). Property taxes are currently due and payable by property owners in two installments, the first typically due on the first business day in March and the second typically on the later of the first business day in August or 30 days after the mailing of the tax bills in each 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 then-current year’s tax extension.

Pledged Taxes Levied. Pursuant to each Bond Resolution, the Board has levied the Pledged Taxes for each year that the Bonds are outstanding, in amounts sufficient to pay debt service on the Bonds when due. In 1995, the Board became subject to the provisions of the Property Tax Extension Limitation Law (35 ILCS 200/18–185) (“PTELL”) that limits the ability of the Board to increase property taxes for operations. The restrictions of PTELL do not apply to the levy of the Pledged Taxes. The Pledged Taxes are ad valorem taxes levied against all of the taxable property within the School District without limitation as to rate or amount. In addition, the Board has covenanted under the Indenture to take all actions necessary to cause the levy and extension of ad valorem property taxes in excess of those previously levied, if necessary, to pay debt service on the Bonds.

The Board intends to make each payment on the Bonds from the Pledged Revenues, or from other legally available funds of the Board, and anticipates that the Pledged Taxes that have been levied will be abated on a year-by-year basis prior to such taxes being extended for collection. To date, the Board has never had to extend ad valorem property taxes for collection to provide sufficient revenues for payment of any of its Alternate Revenue Bonds.

Direct Deposit of Pledged Taxes with the Trustee. In the event that the Pledged Taxes are extended in any year for collection, the Board has directed the County Collectors of Cook and DuPage Counties (the “County Collectors”) to segregate from each distribution of property tax collections to the Board, the amount of total tax collections attributable to the Pledged Taxes extended and collected for payment of the Bonds and to directly deposit the amount so segregated with the Trustee under the Indenture (the “Deposit Directions” and each a “Deposit Direction”). All Pledged Taxes received by the applicable Trustee shall be (i) deposited into the Pledged Taxes Account established under the Indenture and (ii) applied to the payment of the interest on and principal of the Bonds due during the calendar year in which such Pledged Taxes are extended and collected. The form of Deposit Directions executed by the Board and delivered to the County Collectors are attached hereto as APPENDIX E.

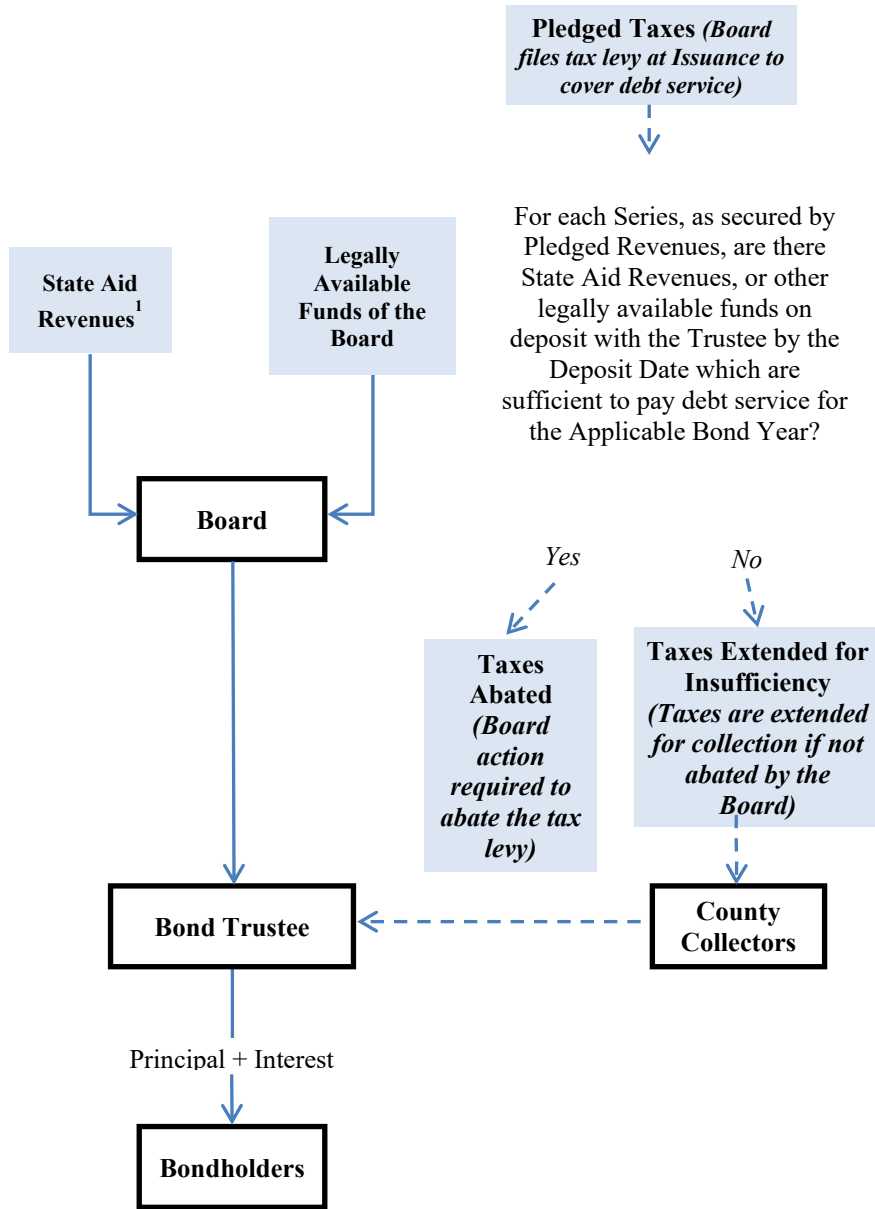
Pursuant to the Indenture, the Board covenants that as long as any of the Bonds remain outstanding, the Board will not modify or amend any Deposit Direction, except for such modifications or amendments as may be necessitated by changes in State law, procedures, rules or regulations thereunder with respect to the collection and distribution of ad valorem property taxes; provided that no such modification or amendment may provide for the deposit with the Trustee of less than all of the Pledged Taxes to be collected in any year. A violation of this covenant constitutes an Event of Default under the Indenture, for which there is no cure period. See APPENDIX A – “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default and Remedies.”

Annual Determination of Abatement or Extension of Pledged Taxes. The Pledged Taxes securing the Bonds can be abated or extended by the Board each year in accordance with the provisions of the Indenture securing such Bonds. See APPENDIX A – “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Particular Covenants and Representations of the Board - *Covenants Regarding Pledged Taxes.*” With respect to the Bonds secured by Pledged State Aid Revenues, the Pledged Taxes will be extended and collected each year unless the Board takes a formal action to abate the Pledged Taxes based on a determination by the Trustee that sufficient funds have been deposited in the Pledged Revenues Account under the Indenture by the Deposit Date (as defined in the Indenture).

In the event the Trustee in any year determines an insufficiency in the amount on deposit in a Pledged Revenues Account pursuant to the provisions of the Indenture, the Trustee will notify the Board of the amount of such insufficiency and direct the Board to take such actions as are necessary to cause the extension of the Pledged Taxes levied for collection during such year in an amount sufficient, when added to the amount then on deposit in such Pledged Revenues Account, to provide funds sufficient to pay such interest on and principal of the Bonds that will become due and payable during such year.

## Flow of Pledged Revenues and Pledged Taxes Under the Indenture

The diagram below describes the collection, deposit and application of Pledged State Aid Revenues and Pledged Taxes under the Indenture.



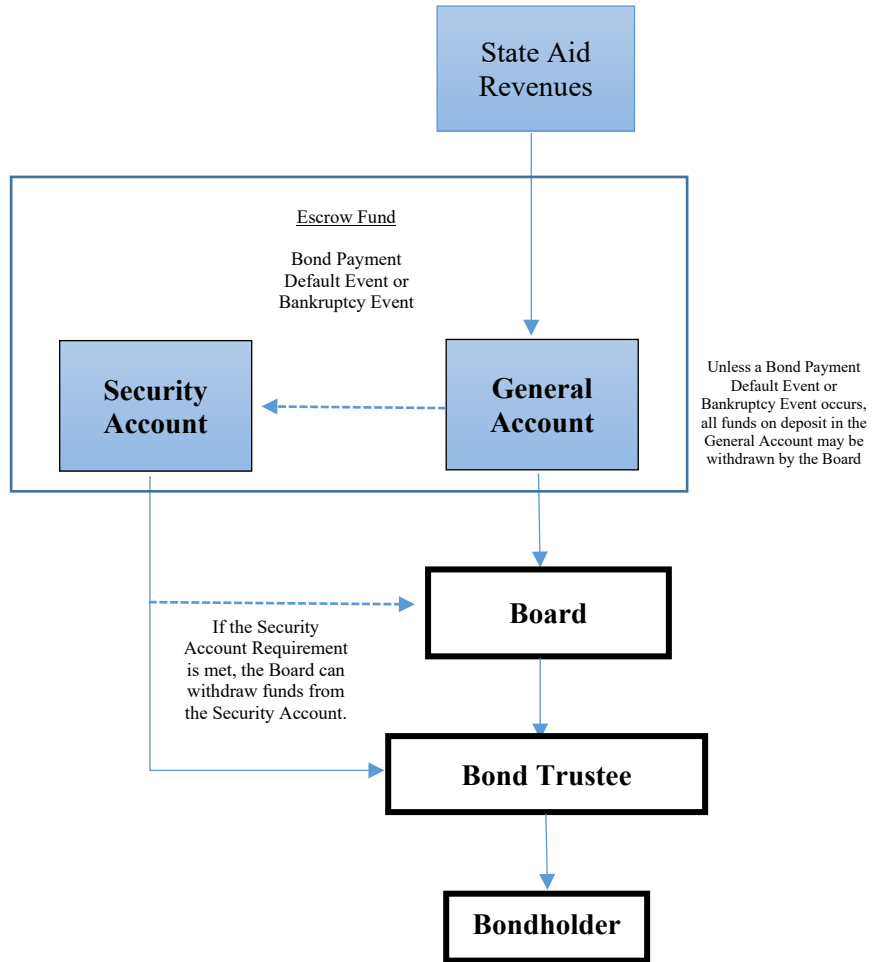
1. See “—Post Default Remedy for Pledged State Aid Revenues” herein.

## **Post Default Remedy for Pledged State Aid Revenue Bonds**

The Board has entered into a State Aid Revenues Escrow Agreement, dated as of July 13, 2017 (the “State Aid Revenues Escrow Agreement”), with Amalgamated Bank of Chicago, as escrow agent (the “State Aid Escrow Agent”), that provides a post default remedy to bondholders for the Board’s Pledged State Aid Revenue Bonds, including the Bonds. A copy of the executed State Aid Revenues Escrow Agreement is attached hereto as APPENDIX F. The State Aid Revenues Escrow Agreement provides that all State Aid Revenues are paid by the State Comptroller directly to the State Aid Escrow Agent and are held and distributed pursuant to the provisions of the State Aid Revenues Escrow Agreement until the Escrow Termination Date (as defined therein). During a “Required Funding Period” (as defined therein) which is triggered by the occurrence of a “Bankruptcy Event” (as defined therein) or a “Bond Payment Default Event” (as defined therein), the State Aid Revenues are deposited in a Security Account in an amount equal to the greater of the annual debt service requirements allocable to State Aid Revenues for the current or next succeeding Bond Year (as defined therein) on all of the Board’s Pledged State Aid Revenue Bonds, including the Bonds. Funds in the Security Account will be used to pay debt service and satisfy other indenture funding requirements of the Board’s Pledged State Aid Revenue Bonds on a parity basis and are not available to the Board for its general operations, unless and until the “Security Account Requirement” (as defined therein) has been met. Other than amounts deposited in the Security Account during a Required Funding Period, all funds on deposit under the State Aid Revenues Escrow Agreement may be withdrawn by the Board in its complete discretion.

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The diagram below describes the flow of State Aid Revenues pursuant to the State Aid Revenues Escrow Agreement:



## STATE AID REVENUES

### Overview

Public Act 100-465. 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 (as defined herein). See “- Historical State Aid Revenues for Fiscal Years 2008-2017” and for a discussion of the calculation of State Aid under the Historical State Aid Formula see APPENDIX G – “OVERVIEW OF HISTORICAL STATE AID REVENUES TO THE BOARD.” 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 “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 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.

### Evidence-Based Funding Formula

Overview. 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)

<b>Fiscal Year</b>	<b>Additional Statewide EBF Funding</b>
2018	\$350
2019	300*
2020	375
2021	0**
2022	362
2023	350
2024	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 Illinois State Board of Education (“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 Formula 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 their 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 grant funding received from the State (“State Grants” or “State Grant”).

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 2024, the Board is currently a Tier 2 school district with an adequacy level of 80.6%. 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 the COVID-19 pandemic, no new tier funding was provided and all school districts received a base funding minimum that was equal to the prior year. The State resumed increasing annual funding beginning in Fiscal Year 2022. For Fiscal Year 2024, of the 929 school districts assigned to a tier, 340 fall within the Tier 1 adequacy level threshold of 77.3% or less. Tier 2 consists of 248 districts, including the Board, with adequacy levels between 77.3% and 90%.

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.

### **Calculation of State Aid Under the EBF Formula**

Adequacy Target Calculation. Each school district’s Adequacy Target is determined by multiplying the Average Student Enrollment (“ASE”) for each subgroup of children (categorized by grade and demographics) by the number of “Full-Time Equivalent” personnel (“FTE”) the EBF Formula indicates is needed for an adequate education. “Average Student Enrollment” is the average of the number of students enrolled at the school district on October 1 and March 1, for the greater of the immediately preceding school year or the immediately preceding three school years. On June 26, 2021 the General Assembly passed P.A. 102-33, which provides that for Fiscal Years 2022 through 2024 the ASE representing the 2020-21 school year will be the greater of enrollment for the 2019-20 school year or the 2020-21 school year.



The product of ASE and FTE is then multiplied by the average Illinois salary for a similar FTE position, adding 30% for benefits to such cost as well the value of any teacher pension normal cost being paid by a school district determined under the EBF Formula, with adjustments for regional cost of living differences using the National Center for Education Statistics “Comparable Wage Index” (“CWI”). The EBF Formula then adds non salary-based items (such as funding for instructional materials) to come to a final Adequacy Target for each school district.

The FTE’s calculated to determine a school district’s Adequacy Target are various categories of core (“Core Investments”) and specialist (“Additional Investments”) teaching positions allocated by the EBF Formula expressed as the number of students per FTE position, based on position type, grade band, and whether or not a student is low-income, an English learner or in special education.

The combination of the assumed salary and benefit costs calculated as Core Investments and Additional Investments, and the value of the “Per-Student Investments” such as instructional materials, students activities, professional development, is a school district’s final Adequacy Target. This is the amount of State and local resources that the EBF Formula establishes for each school district to educate their unique student population.

Local Capacity Calculation. A school district’s “Local Capacity Target” (or “LCT”) is the dollar amount obtained by multiplying its Adequacy Target by its Local Capacity Ratio (“Local Capacity Ratio”). The goal of the EBF Formula’s Local Capacity Target calculation is to determine how adequately a school district is already funded, relative to its Adequacy Target, and to rank order school districts by this adequacy gap for the purposes of distributing State Aid Revenues, should the State not appropriate enough to fully fund each school district’s Adequacy Target.

To determine how well a school district is already funded, the EBF Formula looks at the sum of a school district’s Local Capacity, Personal Property Replacement Tax Revenues (“PPRT Revenues”) from the prior calendar year, and the Base Funding Minimum. The Personal Property Replacement Tax (“PPRT”) is a tax that businesses and partnerships, trusts, and S corporations pay on their net Illinois income, along with a tax that public utilities pay on invested income. The amount of funding school districts receive from this revenue can vary significantly from year to year due to contributing factors such as changes in the economy, tax policies and tax rates. While the rate of taxation used by the State to determine collections has been primarily constant under Illinois Department of Revenue regulations, more recent robust economic performance and tax policy changes to the State and Local Tax (“SALT”) deduction cap by the federal government and the State’s creation of a Pass-Through Entity Tax (“PTE”), have resulted in large increases in PPRT receipts for the District. Increases in the Board’s PPRT Revenues in recent years have been a contributing factor in the Board becoming a Tier 2 district, rather than Tier 1. The Base Funding Minimum is the total amount allocated to a school district in the prior school year for State Aid, equity grants, funding for children requiring special education services, special education facilities and staffing, special education summer school, and bilingual education. Each year’s Base Funding Minimum is the amount of the prior year’s EBF funding and Base Funding Minimum. The Board’s Base Funding Minimum is increased by the value of the loss in funding associated with the State Block Grant funding items remaining outside of the EBF Formula, which are reduced as a result of the elimination of the State Block Grant protection. This provision has the effect of holding the Board harmless generally once all grants are included and results in an approximate \$203 million shift of State funding of the Board from State Block Grant funding to State Aid funding.

For the Local Capacity Target calculation, the EBF Formula assumes a school district levies at a dollar amount of the greater of a school district's Real Receipt<sup>1</sup> or LCT. For those school districts subject to PTELL, such as the Board, the formula adjusts its calculated Local Capacity to account for the statutorily capped property tax extensions. The formula also reduces a school district's LCT by the amount, if any, of any remaining required school district contribution towards its teacher pensions. This provision reduces Board's LCT calculation by the difference of the statutorily-required employer contribution and the State's contribution to the Board's required pension contribution. See "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS."

Each school district is then given a Local Capacity Ratio that is calculated by dividing its Adjusted EAV or PTELL EAV by its Adequacy Target. The PTELL EAV is the product of the EAV last used in the calculation of Historical State Aid or EBF and the school district's Extension Limitation Ratio, for school districts subject to PTELL. The Extension Limitation Ratio is a numerical ratio, certified by the County Clerk, in which the numerator is the Base Tax Year's Tax Extension and the denominator is the Preceding Tax Year's Tax Extension. The Local Capacity Ratios are then converted into a normal cost equivalent score, or "Local Capacity Percentage" to determine each school district's relative position in the school district queue for New State Funds each year.

Distribution Formula. The EBF Formula provides that each school year, a school district is entitled to funding at the level of its Base Funding Minimum plus a portion of New State Funds (also known as "EBF Funding"). If a school district is fully-funded as determined by the model, then the State appropriation will be sufficient to fund each school district's Adequacy Target. If a school district is not fully-funded as determined by the model, the EBF funds are distributed in a manner that allocates funding to the least adequately funded school districts first. In the event of the latter, each school district is placed into one of four Tiers based on a school district's existing State and local resources divided by its Adequacy Target.<sup>2</sup> Tier 1 districts are the least adequately funded while Tier 4 districts are the most adequately funded. Tier 2 school districts have a percent of adequacy less than 90%. Tier 3 school districts have a percent of adequacy of at least 90% and less than 100%. Tier 4 school districts have a percent of adequacy of at least 100%. 50% of new EBF funds are allocated to Tier 1 school districts, 49% are allocated to Tier 2 (which also includes Tier 1 school districts), 0.9% are allocated to Tier 3, and 0.1% are allocated to Tier 4. The percent of adequacy that defines a Tier 1 school district is that level necessary to allocate the designated amount of appropriations in a given year and this number will change annually with the State appropriation level.

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 the Tier 1 school districts, such as the Board, have priority in receiving the most New State Funds in the event the State fails to appropriate in any Fiscal Year the Minimum Funding Level.

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<sup>1</sup> Product of the applicable district's adjusted operating tax rate and its Adjusted or PTELL EAV; the Adjusted EAV is the average of its EAV over the immediately preceding three years or its EAV in the immediately preceding year if the EAV in the immediately preceding year has declined by 10% or more compared to the 3-year average.

<sup>2</sup> Existing State and local resources are the sum of Local Capacity, PPRT, and Base Funding Minimum.

## State Aid Revenues for Fiscal Year 2018 and Subsequent Fiscal Years Under the EBF Formula

In April 2018, ISBE finalized EBF for Illinois school districts for Fiscal Year 2018. The Illinois General Assembly adopted technical amendments to clarify P.A. 100-465 (Public Act 100-578 and Public Act 100-582). In addition, ISBE has been working with Illinois school districts to verify detailed enrollment counts and determine the Adequacy Target for each school district, based on enrollment numbers and the cost of 34 factors proven to deliver the greatest positive impact to students, and each school district's Local Capacity Target. The formula compares each school district's current resources (Local Capacity) to its unique Adequacy Target. State Aid is distributed to the Board twice per month from August through June, and until April 2018, State Aid payments were based on the level of funding provided in Fiscal Year 2017 (Base Funding Minimum) to the Board totaling approximately \$1.5 billion. Beginning in April 2018, State Aid distributions to school districts included New State Funds provided for all school districts.

In Fiscal Year 2021, as a result of the impact of the COVID-19 pandemic, there were no new EBF State Funds and Illinois school districts, including the Board, received an EBF base funding minimum equal to their Fiscal Year 2020 funding. In Fiscal Year 2022, the State resumed increasing annual EBF Funding amounts.

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 – 2024 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
2023 est.	1,749.2	(49.4)	16.3	(10.9)	1,705.2
2024 proj.	1,772.5	TBD	16.3	(10.9)	TBD

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, concluding in 2029
- E The amount of State Aid Revenues available for general operating purposes

Based solely on the Board's Fiscal Year 2024 Budget, State Aid Revenues for the Board are expected to be \$1.7 billion.

**Historical State Aid Revenues for Fiscal Years 2008 – 2017 Under Historical State Aid Formula**

Total State Aid Revenues received by the Board for each of the Fiscal Years 2008 through 2017 and the required historical statutory contributions for the Supplemental General State Aid allocation of \$261 million, required by the School Code (prior to the adoption of P.A. 100-465) to be provided to individual schools for supplemental programs for children from low-income families, and the net amount of “Historical State Aid Revenues” were deposited into the General Fund and available to the Board for its general operating purposes, including to be pledged as a source of Pledged Revenues securing Alternate Revenue Bonds under the Debt Reform Act. For a discussion of the calculation of the Historical State Aid Formula and the calculation of Historical State Aid Revenues prior to the adoption of P.A. 100-465, see APPENDIX G – “OVERVIEW OF HISTORICAL STATE AID REVENUES TO THE BOARD.”

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## State Aid Revenues Pledged to Secure Alternate Revenue Bonds

Assuming the issuance of the Bonds, there are outstanding approximately \$7.5 billion of Outstanding Pledged State Aid Revenue Bonds under various Authorizations of the Board. The following table sets forth the amount of State Aid Revenues collectively pledged to secure Alternate Revenue Bonds of the Board pursuant to the requirements of the Debt Reform Act under their respective bond resolutions (i.e. the amounts pledged include 110% or 125% coverage under the Debt Reform Act).

<u>Year of Deposit Date</u> <sup>(1)</sup>	<u>Debt Service on Outstanding Pledged State Aid Revenue Bonds</u> <sup>(2)(3)</sup>	<u>Debt Service on Series 2023A Bonds</u> <sup>(3)</sup>	<u>Total Debt Service Secured by Pledged State Aid Revenues</u> <sup>(3)</sup>	<u>State Aid Revenues Pledged</u>
2023	\$502,062,990	\$ -	\$502,062,990	\$561,455,709
2024	502,999,003	-	502,999,003	600,663,400
2025	554,771,072	32,723,275	587,494,347	655,145,294
2026	556,120,751	32,723,275	588,844,026	656,737,313
2027	522,518,569	32,723,275	555,241,844	619,869,144
2028	465,530,996	32,723,275	498,254,271	554,586,618
2029	462,599,083	32,723,275	495,322,358	552,529,941
2030	435,712,527	42,723,275	478,435,802	533,885,366
2031	449,682,139	66,538,275	516,220,414	579,390,479
2032	451,692,696	45,335,950	497,028,646	561,259,160
2033	451,923,480	52,595,950	504,519,430	569,514,960
2034	452,681,914	58,320,450	511,002,364	576,646,713
2035	448,951,857	54,086,200	503,038,057	567,286,013
2036	444,409,008	54,486,088	498,895,095	562,428,230
2037	448,784,447	45,595,163	494,379,610	553,737,333
2038	449,193,456	52,817,163	502,010,618	561,830,880
2039	448,710,176	21,156,613	469,866,789	526,172,705
2040	448,808,972	21,156,613	469,965,584	525,981,905
2041	445,758,970	21,156,613	466,915,583	521,959,554
2042	447,150,820	21,156,613	468,307,433	516,719,664
2043	415,947,948	21,156,613	437,104,560	491,722,754
2044	439,394,550	21,156,613	460,551,163	517,439,954
2045	451,779,555	21,156,613	472,936,167	526,997,784
2046	451,779,650	21,156,613	472,936,263	526,998,451
2047	67,850,000	138,986,613	206,836,613	227,520,274
2048		133,164,100	133,164,100	146,480,510
2049		125,403,300	125,403,300	137,943,630

Source: Chicago Public Schools.

- (1) "Deposit Date" with respect to the Bonds, means March 15 of each year or such earlier date as may be necessary to permit the Board to lawfully make the abatement of taxes described in the Indenture relating to the Bonds and Outstanding Pledged State Aid Revenue Bonds. For all other Pledged State Aid Revenue Bonds, the deposit date is February 15 of each year.
- (2) Calculated based on debt service on Outstanding Pledged State Aid Revenue Bonds after the issuance of the Bonds. For Outstanding Pledged State Aid Revenue Bonds secured by a combination of State Aid Revenues and another dedicated source of revenue, the column only includes the portion of debt service to be paid from State Aid Revenues. The amounts shown are pledged pursuant to the Debt Reform Act as described above.
- (3) Net of capitalized interest and expected federal subsidy to be received in connection with payment of debt service on Build America Bonds and Qualified School Construction Bonds.

## **Required Timing of State Aid Payments**

The School Code requires semimonthly payments of State Aid to be made by the State during the months of August through June in an amount equal to 1/22 of the total amount to be distributed and are to be made as soon as possible after the 10th and 20th days of each month. Typically, payments are available one or two days after the 10th and 20th days of the month or on the following working day if the payment date falls on a weekend or a holiday. Payments of appropriated amounts of State Aid from the State have consistently been received by the Board on a timely basis for at least the last 10 years.

## **Recognized District and Legislative Standards for Receipt of State Aid**

State Aid is distributed to Illinois school districts that maintain “recognized district status” that is achieved pursuant to the periodic compliance reviews of a school district by the office of the regional superintendent of schools. Recognition activities are designed to assure that school districts comply with the required standards of State law and in case of failure to meet the standards for all or a portion of a district’s schools, the school district is ineligible to file a claim for all or a portion of State Aid for the subsequent school year. The Board is a “recognized district” under the provisions of the School Code.

In addition to the general requirement of maintaining recognition, the Board must also adhere to a variety of other legislated standards in order to receive State Aid, including the following, and the Board is currently in compliance with the legislated standards for receipt of State Aid.

(i) Adoption of a School Calendar that ensures at least 176 days of pupil attendance. The Board’s approved School Calendar for Fiscal Year 2024 reflects 176 days of pupil attendance. School districts which fail to operate schools for the required number of pupil attendance days may be subject to the loss of State Aid. The financial loss is calculated on the basis of a daily penalty of 0.56818% (1 divided by 176) of the total amount of State Aid Revenues for each day of required operation not met. Under certain circumstances, a school district may not be penalized for failure to meet the required school calendar requirement, such as, but not limited to, the occurrence of “acts of god.” In addition to the foregoing, remote learning by students due to the COVID-19 pandemic did not have an impact on State Aid Revenue payments, as the State, in its responses to the pandemic, agreed to hold school districts harmless from reduced in-person student attendance days due to the pandemic.

(ii) Filing of an annual report relating to the number of children who have received, have not received, or are exempted from necessary immunizations and health examinations. If less than 90% of those students enrolled in a school district have had the necessary immunizations or health examinations, 10% of each subsequent State Aid payment is withheld by the regional superintendent until the school district is in compliance with the 90% requirement.

## **BONDHOLDERS' RISKS**

*Investment in the Bonds involves certain risks. In evaluating an investment in the Bonds, prospective purchasers should carefully consider the risk factors set forth under this heading "BONDHOLDERS' RISKS," 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 or incorporated by reference herein and in the appendices hereto, copies of which are available as described herein. The risks and uncertainties described below and elsewhere in this Official Statement (or in documents incorporated by reference into this Official Statement) could materially and adversely affect the Board's financial position, liquidity and ability to make payments in respect of the Bonds.*

*There may be other risk factors and investment considerations that are not presently foreseen by the Board, or that the Board does not currently consider material, including risks that an investor may consider material to its decision to invest in the 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 Bonds.*

### **Suitability of Investment**

The 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 Bonds before considering a purchase of the Bonds. The factors described under this heading "BONDHOLDERS' RISKS," many of which are outside of the control of the Board, may impact the Board's financial condition as well as its ability to make timely debt service payments on the Bonds.

### **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 2024 are estimated to total approximately \$785.5 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 million. The General Operating Fund balance increased by \$276 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 13.7%, 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. The Alternate Revenue Bonds are 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 until such time as an audit of the Board shall show that such series of Alternate Revenue Bonds have been paid from the Pledged Revenues for a complete Fiscal Year.

The Board expects to continue to issue short-term debt to address its cash flow, liquidity and operating needs and for other purposes. The Board has levied in calendar year 2022 for collection in calendar year 2023 approximately \$2.70 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 October 26, 2023, the Board has issued \$1.15 billion of 2022 TANs structured as drawdown notes, with an aggregate principal amount of draws outstanding totaling \$1.15 billion. 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.

### **Availability of State Aid Revenues**

State Aid Revenues make up a substantial portion of the available operating revenues of the Board and a substantial portion is pledged to pay debt service on Alternate Revenue Bonds, including the Bonds.

The availability of State Aid Revenues is dependent upon numerous factors, including the impact of certain factors, such as PPRR Revenue receipts, EAV adjusted for PTELL, the Board's Adequacy Target and State Aid Base Funding Minimum under the EBF Formula. Other factors impacting the availability of State Aid Revenues include: (i) the continuation of the State Aid program under Illinois law and the Board's



continued eligibility for State Aid under the provisions of the School Code including a required school calendar; (ii) timely collection by the State of the revenues from which State Aid is derived; (iii) the amount of funds appropriated by the State to pay State Aid; and (iv) and the financial condition of the State and the availability of sufficient State revenues to pay State Aid appropriations. Changes in any one of the foregoing may impact the receipt of State Aid Revenues in an amount sufficient to provide for Pledged State Aid Revenues for annual debt service on the Bonds and other Outstanding Pledged State Aid Revenue Bonds. See “– Financial Condition of the State” and “STATE AID REVENUES.”

The Board cannot predict if State Aid Revenues will be available in sufficient amounts to pay debt service on the Bonds and the Outstanding Pledged State Aid Revenue Bonds in any given year and if State Aid Revenues remaining after payment of debt service (together with other revenues available for operating expenses) will be sufficient to fund the operating expenses of the Board.

### **Availability of Property Tax Revenues**

The availability of property tax revenues in amounts sufficient, together with Pledged Revenues, to pay the annual debt service on the Board’s general obligation bonds, including the Bonds and outstanding Alternate Revenue Bonds, and to support the ongoing operating expenses of the Board is dependent on numerous factors. The Board has never had to extend ad valorem property taxes for collection to provide sufficient revenues for payment of its previously-issued Alternate Revenue Bonds.

The availability of property tax revenues is dependent on the tax base of real property within the City and the School District (which boundaries are coterminous) and the ability of this tax base to support the tax burden imposed in any year by the Board and the other Overlapping Taxing Districts (as defined herein) for operations, debt service and other payment obligations, including pension and other post-employment retirement benefits. The availability of ad valorem property tax revenues is also dependent on the administration of the assessment, levy and tax collection procedures by the County Collectors. See “DEBT STRUCTURE – 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 (the “Overlapping Taxing Districts”). 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. See “PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS—Overlapping Taxing Districts.” The Board does not control the amount or timing of the taxes levied by these Overlapping Taxing Districts.

In addition, certain of the Board, the City and the Overlapping Taxing Districts have levied taxes to pay Alternate Revenue Bonds and certain other general obligation bonds and such taxes are currently not extended for collection and are not reflected in the current tax rates of such entities. Such taxes could be extended in the future resulting in a substantial increase in the tax burden of property owners within the boundaries of such entities. 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, including the Pledged Taxes if extended for collection.

## **COVID-19 Pandemic**

The COVID-19 pandemic had certain economic impacts on governmental entities, including the Board. With respect to the payment of the principal of and interest on the Bonds, these impacts may affect the level and timing of property tax collections and other impacts more particularly described in “CASH FLOW AND LIQUIDITY” in this Official Statement. As a part of the Board’s Fiscal Year 2024 operating budget and Fiscal Year 2025 budget forecast, the Board anticipates the availability of COVID-related financial relief funds for use during Fiscal Year 2024 in the approximate amount of \$670 million and use during Fiscal Year 2025 in the approximate amount of \$300 million. See “CASH FLOW AND LIQUIDITY.” The Board cannot provide any assurances that any specific amount of such funds will be available for use by the Board in Fiscal Year 2024 and Fiscal Year 2025. Further, the Board cannot provide any assurance that any such funds will be available for use by the Board beyond Fiscal Year 2025.

## **Labor**

The two labor unions that represent the largest number of Board employees are the CTU (representing teachers) and SEIU Local 73 (representing custodians, security officers, special education classroom assistants and bus aids). The Board approved a new agreement with the CTU on November 20, 2019 (retroactive to July 1, 2019 and expiring on June 30, 2024) following extended negotiations with the union and an eleven-day teacher strike in October 2019. The Board’s current agreement with SEIU Local 73 expired on June 30, 2023. The parties are currently in active bargaining on the terms of a new collective bargaining agreement. The terms of the agreement remain in effect. See “CHICAGO PUBLIC SCHOOLS – Chicago Teachers Union and Other Employee Groups” for information on all union representation of Board employees and the status of the related collective bargaining agreements. While agreements are in currently in place with the CTU and SEIU Local 73, negotiations will be required to extend the agreements beyond their respective expiration dates. To the extent that the negotiation process does not produce new agreements, upon a sufficient vote of the respective union membership and compliance with applicable notice requirements, strikes could occur. If a strike or strikes occur during the school year, school days may be lost, which in turn, could have a negative impact on State Aid Revenues. See “STATE AID REVENUES – Recognized District and Legislative Standards for Receipt of State Aid.”

## **Bankruptcy of the Board and Enforcement Remedies Under the Indenture**

*General.* Units of local government, such as the Board, cannot file for protection under the U.S. Bankruptcy Code unless they are specifically authorized to be a debtor by state law or by a governmental officer or an 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 Pledged Taxes and/or Pledged Revenues to pay the Bonds could be stayed during the proceeding, and that the terms of the Bonds, the applicable Bond Resolution, the 2022 Authorization, or the Indenture securing the Bonds (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.

*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 Pledged Taxes currently pledged by the Board under the Indenture securing the Bonds 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 Pledged Taxes currently pledged by the Board under each such 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 should 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 Pledged 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 Pledged Taxes under the terms of each related Indenture should 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 Pledged Taxes securing the Bonds be treated as *special revenues*. Investors are cautioned that the representations of the Board contained in this paragraph should not be construed to be conclusions of law and should not place undue reliance on the Board’s beliefs, expectations or any other “forward-looking statements” when evaluating the information presented in this paragraph and in this Official Statement. See “REGARDING THE USE OF THIS OFFICIAL STATEMENT – Cautionary Note Regarding Forward-Looking Statements.”

*No Opinion or Belief Regarding Special Revenue Treatment of the Pledged Revenues Securing the Bonds.* No opinion, intent or belief is expressed with regard to the treatment of the Pledged Revenues securing the Bonds in a bankruptcy proceeding.

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 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 APPENDIX J – “FORM OF OPINION OF BOND COUNSEL” and APPENDIX A — “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default and Remedies.”

### **Availability of Federal Revenues**

The operations of the Board depend in part on its receipt of federal revenues, which are revenues received by the Board in the form of federal grants dedicated to specific purposes (“Federal Revenues”). Funding for Federal Revenues is appropriated annually by the United States Congress and is paid to the Board on a reimbursement basis for qualified expenditures. See “FINANCIAL INFORMATION – Federal Revenues.” The receipt of Federal Revenues is impacted by many factors including satisfaction of grant eligibility requirements, compliance with requirements of the grant agreements including certain federal regulations, and congressional appropriation of funding. The Board is unable to predict the amount, timing or likelihood of receipt of future Federal Revenues.

School enrollment is a factor in receipt of Federal Revenues, and enrollment at Board schools has declined over the last seven years from 381,349 students enrolled for the Fall of 2016 to 323,251 students enrolled for the Fall of 2023.

## **Financial Condition of the State**

The State has experienced and continues to experience a structural deficit and pension obligations that result annually in significant shortfalls between the State's general fund revenues and spending demands. There can be no certainty as to if or when the State will resolve its structural deficit. Continued budget problems of the State may impact State appropriations of State Aid and State Grants to the Board and State Statutory Contributions to the Pension Fund and could impact the level and timing of payments of State revenues to the Board. Any failure of the State to resolve its current and future deficits or resolve them by budget cuts and/or increases in taxes, could have an adverse effect on the local and State economy and/or property tax base and therefore an adverse impact on the operations and revenues of the Board. Further information regarding the State may be obtained on its website.

## **Financial Condition of the City**

The City has experienced structural deficits in recent years. Over the past ten years, the City has experienced an imbalance of tax revenues relative to operating expenditures resulting in operating budget gaps. Since 2012, the City has reduced its General Fund budget gap each year through targeted cuts, revenue enhancements, and improved operating efficiencies. Recurring operating budget gaps and increases in the City's debt burden could result in the need for new or enhanced revenue sources, including tax increases, or reduction of essential City services.

The City may increase property taxes in the future to address budget needs and the City is not currently subject to the PTELL limit on property tax increases. The City has an overlapping taxing base with the Board and, from time to time, provides certain funding to the Board. The failure of the City to resolve any future deficits or resolving them by budget cuts and/or continued increases in property taxes, could have an adverse effect on the local economy and/or property tax base. Such actions may therefore have an adverse impact on the operations of the Board and the revenues it receives, including the Pledged Taxes if extended for collection.

## **Local and State Economy**

The financial health of the Board is in part dependent on the strength of the local economy, which in turn is a component of the State economy. Many factors affect both economies, including rates of employment and economic growth and the level of residential and commercial development. Actions of 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.

## **Credit Ratings, Investment Illiquidity and Market Prices**

The interest rates the Board pays on new issuances of long and short-term debt are heavily impacted by the credit ratings of the Board's debt obligations, and downward changes in such ratings have resulted and may continue to result in higher interest rates payable by the Board on bond issuances and other borrowings. The credit ratings of the Board's Alternate Revenue Bonds are currently below investment grade by each of Moody's, S&P, and Fitch. KBRA, which maintains an investment grade rating on the Board's Alternate Revenue Bonds, first rated the Board's credit in 2015.

Numerous factors may impact the liquidity of the Bonds, including any loss of value of the Bonds as a result of downgrades to the credit ratings of the Bonds or the other debt of the Board, additional downgrades to the credit ratings of the City or State, any deterioration of the Board's financial condition, or as a result of market or other factors. There is no assurance that the secondary market for the Bonds will provide the Bondholders with sufficient liquidity for their investment or that such secondary market will continue through the final maturity of the Bonds.

### **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.

### **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.

## **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 fourth 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 \$765 billion in 2021. 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 2.2 million tons of freight, mail, and goods annually. See APPENDIX I – "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 Brandon Johnson took office on May 15, 2023 and subsequently appointed new members to the Board. The current members of the Board appointed by Mayor Johnson and the dates on which their respective terms are currently scheduled to expire are as follows:

<u>Member</u>	<u>Term Expires</u>
Jianan Shi, President .....	January 15, 2025
Elizabeth Todd-Breland, Vice President.....	January 15, 2025
Mariela Estrada .....	January 15, 2025
Mary Fahey Hughes .....	January 15, 2025
Rudy Lozano, Jr. ....	January 15, 2025
Michelle Morales. ....	January 15, 2025
Tanya D. Woods. ....	January 15, 2025

Currently, at the expiration of the term of each board member on January 15, 2025, a 21-member hybrid school board consisting of 11 mayoral appointed members and 10 elected members will commence. See “BOARD OF EDUCATION OF THE CITY OF CHICAGO – Legislation Regarding Elected School Board.” The first set of elections of 10 board members is expected to occur in November 2024, in order for them to be seated with the 11 successor board members that will be appointed by the Mayor. The term of all elected board members is 4 years and will be from January 15, 2025 to January 15, 2029. The term of the Mayoral appointed members is 2 years and will be from January 15, 2025 to January 15, 2027. In November 2026, the election of 11 additional board members, including a board president, is expected to occur so that they can be seated for 4 year terms on January 15, 2027 with the 10 elected board members that were seated on January 15, 2025. 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 7-member Board to a hybrid 21-member Board of mayoral-appointed and 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:

**Jianan Shi** was appointed President to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023.

Jianan served as the Executive Director of Raise Your Hand for Illinois Public Education (RYH) from 2019 until his appointment to the board in 2023. Prior to RYH, Jianan was a high school Science educator at Eric Solorio Academy, a CPS neighborhood high school on the Southwest Side. The highlight of his time at Solorio was being the faculty supervisor of the DREAM Team, a group of undocumented

students who advocated for immigrant rights. Shi taught high school Biology and Neuroscience, led Science professional development, and chaired the Senior Committee.

Prior to his time in Chicago, Jianan taught for three years at Codman Academy, an expeditionary learning school in Boston. He holds a Master of Education in Secondary Education in Biology from Boston College and was a Donovan Urban Scholar and NOYCE Teaching Fellow. He holds a Bachelor of Science in Biology and a Bachelor of Arts in Psychology from Boston College, as well.

Jianan served on the ALSC at National Teachers Academy. He was a 2018 New Leaders Council (NLC) Fellow and 2019 NLC Board Member. He also was a Chicago United for Equity (CUE) Fellow (2020) and CUE Senior Fellow (2022). He was a lead volunteer at Asian American Advancing Justice and now serves as Board President of Asian American Midwest Progressives.

**Elizabeth Todd-Breland** was re-appointed Vice President to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023. She 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.

**Mariela Estrada** was appointed to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023.

Mariela was born in Guerrero, Mexico, raised on the Southwest Side of Chicago, and is the mother of a CPS student. Estrada is currently the Director of Community Engagement at United Way of Metro Chicago, where she supports neighborhood networks across the south and west side communities all making collaborative impact. She previously was the first Community Engagement Coordinator for the City of Chicago Office of Inspector General (OIG); OIG is charged with rooting out corruption, ensuring effectiveness and looking at ways to improve city government. In this capacity, she promoted the work of OIG by conducting outreach and educational workshops to communities across the 77 communities in Chicago and included community voices in all published reports that impacted communities, including a CPD Gang Database review and a Chicago Public Schools School Resource Officers report.

Mariela was also the Director of Organizing for Brighton Park Neighborhood Council (BPNC). In this capacity, she managed all health and wellness initiatives throughout the Brighton Park community with a base in seven Chicago Public Schools in the community, where she started a health promoter model duplicated by national best practices and customizing based on community needs. In addition, she was a

part of the initiative to expand mental health services across the city by starting local advocacy and coordinating trainings for locals to get more informed on topics that were affecting the community. She coordinated the efforts to collect health and mental health data across nine community areas on the southwest side to prove the need for mental health services.

Mariela has a B.A in Sociology from the University of Illinois at Chicago and a minor in Latin American and Latino Studies and a CPS graduate. Mariela is a trained Spanish/English Interpreter through the DuPage Language Access Center and was a participant of the Latino Policy Forum's Leadership Academy. She also served two terms as a Local School Council parent member on the southwest side of Chicago. In addition, she has worked with various coalitions throughout the city focused on increasing the minimum wage, early childhood education, immigrant rights, voter engagement, health care access and mental health access advocate.

**Mary Fahey Hughes** was appointed to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023.

Mary is a special education advocate and grassroots community organizer who has been an outspoken supporter of students with disabilities in Chicago Public Schools. As the parent of two CPS graduates and two current CPS students, three of whom have disabilities, she has the lived experience of navigating special education on behalf of her children and, as a special education advocate, she has a deep knowledge of ongoing areas of weakness and the need for systemic improvements to special education procedures and services.

Mary began her special education advocacy work in 2007 as the Founder and Director of 19th Ward Parents for Special Education, a parent support and advocacy group on the far southwest side. She also served on the Office of Special Education and Supports Parent Advisory Committee and was a Parent Advocate for the Illinois Parent Educator Partnership (PEP) Program, where she provided direct support to parents navigating CPS Special Education. Mary was one of the founding members of The Special Education Advocacy Coalition of Chicago (SPEACC), the group of advocates that requested the ISBE investigation into the systemic delays and denials of special education services in CPS. In addition, as Special Education Parent Liaison for Raise Your Hand, she led parent and academic research volunteers to investigate, report on, and make recommendations to address inequities against students with disabilities in the CPS high school application and placement process and to help improve nursing services at the school level. During much of the COVID shut down, Mary led weekly Zoom meetings for families of students with disabilities to assist with getting meaningful and mandated special education services for their children.

As one of eight children born to two CPS teachers, Mary was taught to value education, be kind, cooperate, consider other people's perspectives, speak out against injustice, and be of service to others. She served as a Local School Council representative at Southside Occupational Academy, Sutherland Elementary, The Chicago High School for Agricultural Sciences, Cassell Elementary, Keller Regional Gifted Center, and Barbara Vick Early Childhood and Family Center. In addition to her advocacy work, Mary is an actor who believes in the transformative and motivating power of arts education. She was a Company and Ensemble Member of The Noble Fool and The Free Associates theater companies and has taught children's theater at The Art Institute of Chicago's Young Artists Studio and improvisation at The Second City.



**Rudy Lozano, Jr.** was appointed to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023.

Rudy is an Executive Director with Global Philanthropy at JPMorgan Chase & Co. He is Head of The Fellowship Initiative. Rudy is a leader in youth development and community education. He has held positions with nationally recognized organizations: The Association House of Chicago, Instituto Del Progreso Latino, and Enlace Chicago. Rudy's diverse experiences include mentoring youth, teaching in alternative high schools, coordinating community schools programs and directing statewide citizenship programs. He is an alumnus of Public Allies, Leadership Greater Chicago, and the Surge Fellowship. Rudy is a CPS graduate and parent. He earned his Bachelor's degree in Youth and Community Organizing from Northeastern Illinois University and his Master's degree in Educational Leadership from the University of Illinois at Chicago.

**Michelle Morales** was appointed to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023.

Michelle is the President of Woods Fund Chicago, a local foundation which supports community organizing and advocacy in the city of Chicago. She is a first-generation US born Puerto Rican. Prior to Woods Fund, she led the Illinois chapter of the Mikva Challenge, an organization that develops middle and high school aged youth to become civically engaged and creates space for their civic participation and leadership. Michelle's background has been in the field of alternative education, focusing on and advocating for educational justice, first as a teacher at an alternative high school in Chicago's Humboldt Park community and then as Associate Director at the Alternative Schools Network. In addition, Michelle was a community organizer for 16 years in Chicago's Puerto Rican community, organizing against police brutality and gentrification, and for community-informed economic development and educational justice. Since Michelle's leadership, Woods Fund Chicago has centered racial justice both internally and externally, has increased its annual payout, restructured to embed a Trust-Based Philanthropy framework into its grantmaking practices, and continues to advocate in the sector on behalf of its grantee partners.

She received a BA in Latin American/Latino Studies from DePaul University, a Master's in Special Education from the University of Illinois-Chicago and a Master's in Educational Leadership from Northeastern Illinois University. Michelle currently serves on the Board of Trustees at Northeastern Illinois University and on the advisory committee for the Latin American/Latino Studies program at DePaul University. Most recently, she was appointed co-chair of Mayor Johnson's Transition Committee.

**Tanya D. Woods** was appointed to the Chicago Board of Education by Mayor Brandon Johnson and began serving on July 18, 2023.

Tanya is a licensed attorney in the State of Illinois who oversees all the operations, strategic direction and vision for the Westside Justice Center, and a holistic legal aid clinic in Chicago. She has served as the Executive Director for the Westside Justice Center almost since its inception in 2016. She is a certified Mediator and Trainer at the Center for Conflict Resolution and volunteers as a mediator in the most underserved courtrooms in the Circuit Court of Cook County. Once a public school Reading Specialist and Librarian, Tanya is now an Adjunct Professor at Loyola University, School of Law. As a seasoned professional, and before her career in the law, Tanya enjoyed successful tenures in higher education, government, tech, and non-profit sectors. As an active steward in her professional community, Tanya is a member of and leader in several bar associations, legal societies, boards, African-American civic organizations and a former Chicago Public Schools Local School Council Chair. Tanya has earned numerous awards in recognition for her work in building coalitions and expanding legal services to some of the most underserved communities throughout the state. Tanya is an alumna of Trinity High School, Northwestern University and Loyola University School of Law.

She marries her profession with her passions by dedicating herself to availing communities with much needed resources, illuminating pathways to reinvest in historically divested communities; advocating for basic human rights, and shining a light on systemic and structural racism.

### **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 capital improvement taxes), 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 was required, no later than July 1, 2023, 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.” On June 23, 2023, ISBE delivered its assessment and recommendations to the General Assembly, identifying seven potential risks to the Board and making seven recommendations. ISBE specifically noted that additional EBF funding “can be used to fund each area [of risk] identified...” ISBE’s recommendations to the General Assembly included: continuing to increase school funding by \$350 million overall; continuing to fund school transportation costs and other grants at a high level for the benefit of all schools; re-establishing a statewide school capital construction program; providing CPS with the ability to call for a referendum for operating tax increases; and providing a mechanism whereby CPS would have board representation for MEABF. ISBE’s recommendations to CPS included: considering undertaking the process to secure a short-term exception to PTELL to generate increased property tax revenues; and, continuing to partner with the City on student transportation and school resource officer costs. P.A. 102-0691 does not obligate the General Assembly to take-up any of ISBE’s recommendations. Similarly, the Board is not obligated to take any actions with respect to ISBE’s recommendations.

## 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
General Counsel	Ruchi Verma

*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.* **Ruchi Verma** leads the District’s Law Department, advising on general litigation, labor and employment matters, school law, school finance, student discipline, commercial transactions, and workers’ compensation.

Ms. Verma is a graduate of the University of Illinois with a B.A. in Political Science and Speech Communications and the University of Pennsylvania Law School. She began practicing law at Sidley & Austin, LLP in 2003, and became a CPS lawyer in 2008 when she joined the CPS Law Department’s school law practice area as an Assistant General Counsel. She was promoted to lead that unit as deputy general counsel in 2012. In 2019, the Board tapped Ms. Verma to be the first assistant to the general counsel, drawing on her wealth of knowledge and experience in education issues. She was appointed general counsel effective March 4, 2023.

**School System and Enrollment**

The following table presents the number of schools and the enrollment for the Board for Fiscal Years 2019 through 2024. 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 2023 (occurring in Fiscal Year 2024) school enrollment was 323,251 students and has remained flat from the Fall 2022 enrollment.

**Chicago Board of Education  
Number of Schools and School Enrollment**

Number of Schools	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Elementary <sup>(1)</sup>	422	422	422	422	425	424
High School	107	106	106	106	101	101
Charter Schools	<u>130</u>	<u>127</u>	<u>127</u>	<u>126</u>	<u>122</u>	<u>122</u>
Total Schools	659	655	655	654	648	647
<b>School Enrollment <sup>(2)</sup></b>						
Elementary <sup>(1)</sup>	222,955	220,539	206,314	197,429	190,702	192,950
High School	78,762	76,340	77,062	77,548	75,361	75,132
Charter Schools	<u>59,597</u>	<u>58,277</u>	<u>57,282</u>	<u>55,434</u>	<u>56,043</u>	<u>55,169</u>
Total School Enrollment	361,314	355,156	340,658	330,411	322,106	323,251

Source: Chicago Public Schools. Number of Schools Includes Alternative Learning Opportunities Programs (ALOPs).

<sup>(1)</sup> Elementary schools include the traditional classification of middle schools.

<sup>(2)</sup> 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 647 in Fiscal Year 2024. 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 2024 budget includes a capital budget (the “Fiscal Year 2024 Capital Budget”) totaling \$155 million that focuses on the funding of a capital plan (the “Fiscal Year 2024 Capital Plan”) that prioritizes critical facility needs, interior improvements, programmatic investments, site improvements, and IT upgrades. The Fiscal Year 2024 Capital Plan includes, among other projects: (i) \$34.2 million for priority roof, envelope, and mechanical projects; (ii) \$2.2 million for fire alarm system replacement; (iii) \$5.2 million for building automation system upgrades; (iv) \$23.6 million for site improvements so that students can benefit from a well-rounded education that promotes healthy and active development; and (v) \$6.2 million investment in ITS governance, risk, compliance management, private and public cloud upgrades & data storage capacity, and ITS data center network infrastructure upgrades. Funding of the Fiscal Year 2024 Capital Plan derives from the proceeds of bond issuances and other confirmed and potential outside resources as they become identified.

The Board released the 2023 Educational Facilities Master Plan (the “EFMP”) as of September 28, 2023. 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. The EFMP will be used along with community input to prepare a five-year strategic plan to be released in 2024. Future Capital Plans will align with the priorities outlined in the EFMP and the strategic plan. Additionally, the Board conducts biannual facility assessments for each facility owned, leased, or operated by the district. The Board completed its most recent round of facility condition assessments for each Board-operated school building between June 2021 and December 2022. The current round of assessments started in June 2023.

## 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 continues to be at all-time highs 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. 2022 marked the highest 5-year graduation rate on record, with 21,205 graduates, an increase from the prior 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 12<sup>th</sup> 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 2023 earned more than \$2.0 billion in scholarship offers, approximately five times more than 2013 when CPS students earned \$0.4 billion 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:

### Administrative Initiatives

*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 hire approximately 1,400 safe passage workers each school year. Crime along Safe Passage routes has fallen since the inception of Safe Passage. The program provides students with the enhanced confidence in the ability to travel to and from school safely and has demonstrated improved attendance at the schools served.

*“Back to Our Future” Initiative.* With an initial investment of \$18 million (including a \$16.2 million award from the Illinois Department of Human Services), in 2022 CPS began piloting a new high touch intervention model to 1,000 youth who have been disconnected from school for at least 12-18 months. CPS partners 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.* CPS originally established the Children First Fund in 1996 to promote the growth and success of CPS through philanthropy and partnerships. The Children First Fund serves as a knowledge hub and liaison between CPS and its community of partners, including businesses, foundations, and individuals. By matching resources provided by external donors and partners with the students, schools, and staff that need them most, the fund maximizes the impact of CPS’ partnerships and advances the CPS Vision. For many years, Chicago’s business, philanthropic, higher education, health and cultural institutions have invested in CPS schools and enriching experiences for its students. The Children’s First Fund continues 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 started during the COVID-19 pandemic 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. On Lead with CPS, employees can search for leadership opportunities, learn how the framework aligns with their role, and access additional tools, resources, and information.

*CPS’ Three-Year Blueprint.* Building on the important work outlined in the five-year strategic plan, Success Starts Here developed in 2019, the Three-Year Blueprint began in 2022 to ensure a strong recovery for CPS students coming out of COVID-19 along with seizing the opportunity to create a better, more equitable school district. The Blueprint acknowledges the obligation of CPS to do more to mitigate the impact of COVID-19 and confronts longstanding challenges and opportunity gaps that impact our students and communities.

### District Wide Education Initiatives

*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.

*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.

### Early Childhood Education Initiatives

*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 continuing to work together 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.* In the 2016-2017 school year, 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 all school and community-based early learning 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 42,792 persons of which approximately 92% are represented by six unions that engage in collective bargaining with the Board. Approximately 63% of the Board employees are represented by the CTU, approximately 29% are represented by other unions and approximately 8% of the Board employees have no union affiliation. The unions, number of employees represented and effective dates of the Board’s most recent collective bargaining agreements are as follows:

<u>Labor Organization</u>	<u>Number Of Covered Employees</u>	<u>Agreement Start Date</u>	<u>Agreement End Date</u>
CTU	26,768	July 1, 2019	June 30, 2024
SEIU Local 73	10,292	July 1, 2018	June 30, 2023
UNITE-HERE Local 1	1,797	July 1, 2021	June 30, 2025
SEIU Local 1	439	July 1, 2021	June 30, 2025
IB of T Local 700	28	July 1, 2017	June 30, 2022
Other and Non-Union	3,468		

*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 most recent collective bargaining agreement with SEIU Local 73 became effective as of July 1, 2018. The agreement expired June 30, 2023, and its terms remain in effect until a new agreement is completed. The parties are currently in active bargaining on the terms of a new collective bargaining agreement. SEIU Local 73 represents custodians, security officers, special education classroom assistants, bus aides, and crossing guards. The recently expired agreement called 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 most recent collective bargaining agreement with IB of T Local 700 became effective July 1, 2017, and expired June 30, 2022. The terms of that agreement remained in place while the Board was in negotiations on a new collective bargaining agreement. Negotiations ended with a tentative agreement on new terms in June 2023. The Board and IB of T Local 700 are currently in the process of finalizing and implementing the successor agreement. The employees covered by this agreement are motor truck drivers and covered by prevailing wage statutes.

*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 collective 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 H – “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, 2023, the Pension Fund included 65,760 members (the majority of which are Board employees) consisting of 27,474 retirees and beneficiaries currently receiving benefits, 6,947 vested terminated members entitled to benefits but not yet receiving them, 16,375 total active vested current members and 15,449 nonvested current members. An additional 27,834 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 H — "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 \$309 million in Fiscal Year 2023 and will be approximately \$323 million in Fiscal Year 2024. 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 lower assumed investment rate of return increases the likelihood that the assumed rate of return will be realized in future years.

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 July 2023 meeting. The study recommended maintaining most of the current actuarial assumptions, including price inflation, cost of living adjustments, investment returns, wage inflation, and salary increases. The study recommended assumption adjustments in mortality, retirement, and employee turnover rates.

### **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, 2022, the Annuity Fund had 83,849 total members including 25,894 retirees and beneficiaries, 22,586 inactive members entitled to benefits and 35,369 active members (of which 12,929 were vested and 22,440 were non-vested). As of December 31, 2022, the most recently available information, CPS employees comprised about 62% 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 H — “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 H — “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.

### **Long-Term General Obligation Debt**

As of November 9, 2023, the Board has approximately \$8.1 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.

**Board’s Long–Term General Obligation Debt Service Schedule**  
(Dollars in Thousands)

<u>Deposit Year</u>	<u>Outstanding Alternate Revenue Bonds Debt Service<sup>(1)</sup></u>	<u>Series 2023A Debt Service<sup>(1)</sup></u>	<u>Total Annual Debt Service<sup>(1)</sup></u>
2023	\$708,376	\$ -	\$708,376
2024	710,190	-	710,190
2025	761,780	32,723	794,503
2026	732,446	32,723	765,169
2027	790,393	32,723	823,116
2028	725,970	32,723	758,694
2029	733,602	32,723	766,325
2030	693,132	42,723	735,856
2031	638,033	66,538	704,571
2032	497,164	45,336	542,500
2033	496,785	52,596	549,381
2034	478,078	58,320	536,398
2035	473,562	54,086	527,648
2036	461,704	54,486	516,190
2037	464,455	45,595	510,050
2038	463,721	52,817	516,538
2039	462,023	21,157	483,180
2040	460,852	21,157	482,009
2041	456,412	21,157	477,568
2042	451,782	21,157	472,939
2043	451,778	21,157	472,934
2044	451,780	21,157	472,937
2045	451,780	21,157	472,936
2046	451,780	21,157	472,936
2047	67,850	138,987	206,837
2048	0	133,164	133,164
2049	0	125,403	125,403

Source: Chicago Public Schools.

<sup>(1)</sup> Net of capitalized interest.

**Additional Alternate Revenue Bonds**

The Board may issue Alternate Revenue Bonds secured by Pledged Revenues made available by the Board under the 2022 Authorization and future Authorizations and pursuant to separate trust indentures, in accordance with the provisions 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 2024 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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Equalized Assessed Value <sup>(1)</sup>	\$86,335,882	\$87,825,670	\$89,524,130	\$96,918,460	\$98,895,516
Debt Limit (13.80% of EAV)	11,914,352	12,119,942	12,354,330	13,374,748	13,647,581
General Obligation Debt <sup>(2)</sup>	30,636	-	-	-	-
Less: Amount set aside for repayment of debt <sup>(2)</sup>	<u>\$ (23,173)</u>	=	=	=	=
Total Net Applicable Debt <sup>(2)</sup>	<u>\$ 7,463</u>	=	=	=	=
Legal Debt Margin	<u>\$11,906,889</u>	<u>\$12,119,942</u>	<u>\$12,354,330</u>	<u>\$13,374,748</u>	<u>\$13,647,581</u>
Total Net Applicable Debt as a percentage of Debt Limit	0.06%	0.00%	0.00%	0.00%	0.00%

Source: Chicago Public Schools.

<sup>(1)</sup> Includes taxable property within the School District located in Cook County and DuPage County.

<sup>(2)</sup> 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 H – “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 November 9, 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	\$ 575,000
Total Outstanding General Obligation Bonds	7,550,116
Dedicated Capital Improvement Tax Bonds	1,401,315
<b>Total Direct Debt<sup>(1)</sup></b>	<b><u>\$ 9,526,431</u></b>

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping Debt<sup>(1)(2)</sup></b>			
City of Chicago	\$5,477,430	100.00%	\$ 5,477,430
Community College District <sup>(3)</sup>	296,749	96.19%	285,437
Chicago Park District <sup>(4)</sup>	857,350	100.00%	857,350
Cook County <sup>(5)</sup>	2,251,062	55.24%	1,243,392
Forest Preserve District	98,005	55.24%	54,134
MWRD	2,572,646	56.11%	<u>1,443,395</u>
<b>Total Overlapping Debt</b>			<b><u>\$9,361,137</u></b>
<b>Total Direct and Overlapping Debt</b>			<b><u>\$18,887,568</u></b>
Estimated Population (2022)			2,665,039 <sup>(6)</sup>
Equalized Assessed Valuation (2022)			\$96,895,516 <sup>(7)</sup>
Estimated Fair Market Value (2019)			\$335,856,711 <sup>(8)</sup>
	<u>Per Capita<sup>(9)</sup></u>	<u>% EAV</u>	<u>% FMV</u>
<b>Direct Debt</b>	\$3,574.59	9.83%	2.84%
<b>Total Direct and Overlapping Debt</b>	7,087.13	19.49%	5.62%

Source: Chicago Public Schools. As of November 9, 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.

**Dedicated Capital Improvement Tax Bonds**

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 property tax (the "Capital Improvement Tax") to aid in funding its ongoing Capital Improvement Program. For the Fiscal Year 2024 Budget, the Capital Improvement Tax is estimated at \$64 million. The statute establishing the levy authorizes annual increases to the amount of the levy based on inflation, and further provides for the amount of the levy to increase by an additional \$142.5 million in Tax Year 2031. The Capital Improvement Tax levy is not subject to the limitations of PTELL. The Board issued and has outstanding \$1.4 billion in aggregate principal amount of its dedicated capital improvement tax bonds payable from and

secured by a lien on the revenues from the Capital Improvement Tax pursuant to a master trust indenture securing bonds issued by the Board secured by the Capital Improvement Tax (the “Dedicated Capital Improvement Tax Bonds”). The Dedicated Capital Improvement Tax Bonds are not general obligations of and are not secured by the unlimited taxing power of the Board. From time to time, the Board may issue additional Dedicated Capital Improvement Tax Bonds.

### **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 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. In Fiscal Year 2022, the due date for the second installment for Tax Levy Year 2021 was extended to December 30, 2022 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. In Fiscal Year 2023, the due date for the first installment for Tax Levy Year 2022 was extended to April 3, 2023 and the due date for the second installment for Tax Levy Year 2022 was extended to December 1, 2023 due to computer system upgrades. See APPENDIX D – “THE REAL PROPERTY TAX SYSTEM.”

The Board levied in Tax Year 2022 for collection in Collection Year 2023, approximately \$2.80 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 not to exceed 85% of such tax levy and Resolution 22-1026-RS5 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 October 26, 2023, the Board has issued \$1.15 billion of 2022 TANs structured as drawdown notes, with an aggregate principal amount of draws totaling \$1.15 billion 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 2024 and into early Fiscal Year 2025, see “CASH FLOW AND LIQUIDITY.”

## 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 2024 Budget, the Board increased its educational fund property tax levy to the maximum levy allowable under PTELL. The Fiscal Year 2024 Budget includes revenue from property taxes budgeted to be approximately \$3.8 billion and will be approximately 44% of Fiscal Year 2024 budgeted operating revenues. For a discussion of the real property tax system see APPENDIX D – "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 2024 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 D – “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 2024 Budget, the Capital Improvement Tax is estimated at \$64 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 2024, the Board budgeted approximately \$557 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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**Assessed, Equalized Assessed and Estimated Value of All Taxable Property within the School District for Years 2012–2021**  
(Dollars in Thousands)

Tax Year Levy <sup>(1)</sup>	Assessed Values					State Equalization Factor	Total Equalized Assessed Value <sup>(6)</sup>	Total Estimated Fair Cash Value <sup>(7)</sup>	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value %
	Class 2 <sup>(2)</sup>	Class 3 <sup>(3)</sup>	Class 5 <sup>(4)</sup>	Other <sup>(5)</sup>	Total				
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.

<sup>(1)</sup> Triennial updates of assessed valuation occurred in years 2012, 2015, 2018, and 2021.

<sup>(2)</sup> Residential, six units and under.

<sup>(3)</sup> Residential, seven units and over and mixed-use.

<sup>(4)</sup> Industrial/Commercial.

<sup>(5)</sup> Vacant, not-for-profit and industrial/commercial incentive classes.

<sup>(6)</sup> Source: Cook County Clerk's Offices. Calculation is net of exemptions and includes assessment of pollution control facilities. Excludes DuPage County Valuation.

<sup>(7)</sup> 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.

The table below sets forth the Board’s ad valorem property tax extensions and collections for Collection Years 2018 – 2023.

**Board of Education of City of Chicago Education Fund Property Tax Collections**  
(As of October 5, 2023) (Dollars in Thousands)

Tax Levy Year	Collection Year	Education Fund Total Tax Extension	Amounts Collected within the Collection Year of Extension <sup>(1)</sup>			All Collections to Date <sup>(1)</sup>		
			1/1 to 6/30 (A)	7/1 to 12/31 (B) <sup>(3)</sup>	1/1 to 12/31 (A +B)	Percentage of Extension	Amount <sup>(2)</sup>	Percentage of Extension
2017	2018	2,426,902	1,214,851	1,154,054	2,368,095	98%	2,372,619	98%
2018	2019	2,455,702	1,279,858	1,121,472	2,401,330	98%	2,391,971	97%
2019	2020	2,540,880	1,281,903	1,182,997	2,464,900	97%	2,468,260	97%
2020	2021	2,621,866	1,320,780	1,204,482	2,525,262	96%	2,582,926	99%
2021	2022	2,700,357	1,402,307	1,228,325	2,630,632	97%	2,670,616	99%
2022	2023	2,867,239	1,436,953	37,652	1,474,605	51%	1,474,605	51%

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.

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes all amounts including those received during and after the calendar year of the extension.

<sup>(3)</sup> First year collections for Levy Year 2021 are shown through January 27, 2023 due to the Cook County property tax collections delay. The second half installment payments for Tax Levy Year 2022 are due December 1, 2023.

Property tax collections may experience impacts during the current Fiscal Year 2024. 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 1, 2023, 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.

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 in tax years 2013–2022. 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 Property Tax Revenues.” 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**  
**2013–2022 Tax Levy Year**  
(per \$100 equalized assessed valuation)

<b>Year of Levy</b> (Taxes Extended for Collection in Following Calendar Year)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Tax Rates by Board Fund:</b>										
Educational	\$3.519	\$3.409	\$3.205	\$3.115	\$3.161	\$2.845	\$2.893	\$2.929	\$2.786	\$2.959
Workers' and Unemployment Compensation Tort Immunity	0.067	0.169	0.111	0.107	0.038	0.093	0.090	0.094	0.089	0.084
PBC Lease Rentals	0.085	0.082	0.075	0.072	0.069	0.036	0.000	0.000	0.000	0.000
Capital Improvement Tax <sup>(1)</sup>	0.000	0.000	0.064	0.065	0.070	0.068	0.071	0.070	0.076	0.093
Teacher Pension <sup>(2)</sup>	0.000	0.000	0.000	0.367	0.551	0.511	0.565	0.562	0.532	0.567
Levy Adjustment <sup>(3)</sup>									0.032	0.052
<b>Board Subtotal</b>	<b><u>\$3.671</u></b>	<b><u>\$3.660</u></b>	<b><u>\$3.455</u></b>	<b><u>\$3.726</u></b>	<b><u>\$3.890</u></b>	<b><u>\$3.552</u></b>	<b><u>\$3.620</u></b>	<b><u>\$3.656</u></b>	<b><u>\$3.517</u></b>	<b><u>\$3.757</u></b>
<b>Other Major Government Units:</b>										
City of Chicago	1.496	1.473	\$1.806	\$1.880	\$1.894	\$1.812	\$1.893	\$1.886	\$1.838	\$1.914
Community College District	0.199	0.193	0.177	0.169	0.164	0.147	0.149	0.151	0.145	0.155
Chicago Park District	0.420	0.415	0.382	0.362	0.352	0.330	0.326	0.329	0.311	0.323
Water Reclamation District	0.417	0.430	0.426	0.406	0.402	0.396	0.389	0.378	0.382	0.374
Cook County	0.560	0.568	0.552	0.533	0.496	0.489	0.454	0.453	0.446	0.431
Cook County Forest Preserve	<u>0.069</u>	<u>0.069</u>	<u>0.069</u>	<u>0.063</u>	<u>0.062</u>	<u>0.060</u>	<u>0.059</u>	<u>0.058</u>	<u>0.058</u>	<u>0.081</u>
<b>Other Unit Subtotal</b>	<b><u>\$3.161</u></b>	<b><u>\$3.148</u></b>	<b><u>\$3.412</u></b>	<b><u>\$3.413</u></b>	<b><u>\$3.37</u></b>	<b><u>\$3.234</u></b>	<b><u>\$3.270</u></b>	<b><u>\$3.255</u></b>	<b><u>\$3.180</u></b>	<b><u>\$3.278</u></b>
<b>TOTAL</b>	<b><u>\$6.832</u></b>	<b><u>\$6.808</u></b>	<b><u>\$6.867</u></b>	<b><u>\$7.139</u></b>	<b><u>\$7.20</u></b>	<b><u>\$6.786</u></b>	<b><u>\$6.890</u></b>	<b><u>\$6.911</u></b>	<b><u>\$6.697</u></b>	<b><u>\$7.035</u></b>

Source: Cook County Clerk's Office – tax rates by levy year.

(1) The Capital Improvement Tax was levied for the first time in 2015.

(2) The Pension Property Tax Levy was levied for the first time in 2016.

(3) Public Act 102-0519 went into effect in 2021 and amends PTELL to provide that a taxing district's levy will be automatically 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. See "APPENDIX D – THE REAL PROPERTY TAX SYSTEM."

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 Pledged Taxes extended by the Board with respect to its Alternate Revenue Bonds, including the Bonds. See APPENDIX D – "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**

State Aid Revenues under the EBF Formula for Fiscal Year 2024 are budgeted to be \$1,735.1 million. For Fiscal Year 2023, State Aid Revenues were budgeted at \$1,746.7 million and in Fiscal Year 2022, the Board received, State Aid Revenues in the amount of \$1,727.9 million, which represents approximately 23% of General Operating Fund Revenues. State Aid Revenues are received from August through June in similar semi-monthly installments. For a discussion of the calculation, funding and payment

of State Aid to the Board under the EBF Formula and the Historical State Aid Formula, see “STATE AID REVENUES” and “BONDHOLDERS’ RISKS—Availability of State Aid Revenues.”

### **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 2024, Board revenues from State Grants are budgeted to be approximately \$433.5 million. For Fiscal Year 2023 State Grants were budgeted at \$395.7 million, and for Fiscal Year 2022, the Board received State Grants in the amount of \$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 \$538.7 million for Fiscal Year 2024. For Fiscal Year 2023 PPRT was budgeted at \$340.5 million and for Fiscal Year 2022 the Board received PPRT Revenues in the amount of \$570.5 million, which represents approximately 7.4% of General Operating Fund Revenues.

### **Federal Revenues**

Federal grants for Fiscal Year 2024 are budgeted to be \$1.67 billion and make up approximately 19.7% 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 2024, Title 1–A was budgeted at \$331.5 million, the Individuals with Disabilities Education Act was budgeted at \$110.6 million, the National School Lunch Program and Child and Adult Care Food Program was budgeted at \$214 million, and Medicaid was budgeted at \$35.450.9 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 2024 budget includes \$670 million of ESSER III funding, with the last \$300 million slated for Fiscal Year 2025.

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<sup>(1)</sup>**

(Dollars in Thousands)

Fiscal Years	2018	2019	Restated 2020 <sup>(2)</sup>	2021	2022
<b>Revenue:</b>					
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	<u>332,323</u>	<u>383,654</u>	<u>469,328</u>	<u>470,381</u>	<u>465,885</u>
<b>Total Revenue</b>	<b><u>\$ 5,826,046</u></b>	<b><u>\$ 6,006,354</u></b>	<b><u>\$ 6,197,941</u></b>	<b><u>\$ 6,744,533</u></b>	<b><u>\$ 7,659,608</u></b>
<b>Expenditures:</b>					
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
<b>Total Expenditures</b>	<b><u>\$ 5,513,880</u></b>	<b><u>\$ 5,858,860</u></b>	<b><u>\$ 6,163,647</u></b>	<b><u>\$ 6,507,858</u></b>	<b><u>\$ 7,396,311</u></b>
Revenue (less than) Expenditure	\$ 312,166	\$ 147,494	\$ 34,294	\$ 236,675	\$ 263,297
Lease value	-	-	-	-	<u>12,613</u>
Transfers in (out)	<u>286,828</u>	<u>508</u>	<u>11,010</u>	<u>-</u>	<u>(10)</u>
Net Change in Fund Balance	598,994	148,002	45,304	236,675	275,900
<b>Fund Balance, beginning of period</b>	<b><u>(275,230)</u></b>	<b><u>323,764</u></b>	<b><u>471,766</u></b>	<b><u>567,093</u></b>	<b><u>803,768</u></b>
Adjustment to record student activity net position <sup>(2)</sup>			50,023		
<b>Fund Balance, end of period</b>	<b><u>\$ 323,764</u></b>	<b><u>\$ 471,766</u></b>	<b><u>\$ 567,093</u></b>	<b><u>\$ 803,768</u></b>	<b><u>\$ 1,079,668</u></b>
<b>Composition of Fund Balance</b>					
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	<u>243,671</u>	<u>346,296</u>	<u>378,855</u>	<u>603,435</u>	<u>906,905</u>
<b>Total Ending Fund Balance</b>	<b><u>\$ 323,764</u></b>	<b><u>\$ 471,766</u></b>	<b><u>\$ 567,093</u></b>	<b><u>\$ 803,768</u></b>	<b><u>\$ 1,079,668</u></b>

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."

<sup>(1)</sup>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."

<sup>(2)</sup>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 20<sup>th</sup> 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
<b>Revenue:</b>			
<b>Total Revenue</b>	\$ 7,811.6	\$ 7,659.6	\$ (152.0)
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>\$ (7,821.6)</u>	<u>\$ (7,396.3)</u>	<u>\$ 425.1</u>
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
<b>Fund Balance, beginning of period*</b>	<u>559.1</u>	<u>803.8</u>	<u>0</u>
<b>Fund Balance, end of period</b>	<u>\$ 549.1</u>	<u>\$ 1,079.7</u>	<u>\$ 285.9</u>

**Board’s Fiscal Year 2023 Budget and Anticipated Results**

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.

Through the end of Fiscal Year 2023, with revenues performing better than expected versus the budget, the Board anticipates that Fiscal Year 2023 will produce another surplus in its General Operating Fund. Currently, the Board has been unable to close-out its Fiscal Year 2023 as the result of Cook County’s delay in releasing second installment property tax bills, however, it projects that it ended Fiscal Year 2023 with an operating surplus of \$200 million to \$250 million. These results are unaudited and preliminary. The Board’s final Fiscal Year 2023 financial and operating results will be reflected in the Board’s Fiscal Year 2023 audited financial statements, which are anticipated to be released by January, 2024.

**Board’s Fiscal Year 2024 Budget**

On June 28, 2023, the Board approved its Fiscal Year 2024 budget, which includes approximately \$8.49 billion in revenues and expenditures.

The Fiscal Year 2024 Budget reflects \$496 million increase in revenues over Fiscal Year 2023, including a \$123 million increase in the property tax revenues for the General Operating Fund, a \$130 million decrease in Federal Revenues related to the use of ESSER funds, a \$198 million increase in PPRT Revenues, a \$37 million increase in State funding, and no change in TIF Surplus.

The Fiscal Year 2024 Budget assumes a full year of normal in-person operations and full staffing. Up to \$670 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 2024 Budget, the funds would be claimed by the Board past the end of Fiscal Year 2024 and applied toward the Board’s future budgets as allowable under reimbursement guidelines.

## 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 2023, the Board's liquidity position on June 30th decreased by approximately \$18 million compared to Fiscal Year 2022. This was primarily attributable to the timing of the last Fiscal Year 2023 payroll date landing on Friday, June 30, 2023. Despite this, on June 30, 2023, no Tax Anticipation Notes were outstanding and the net cash position was positive for the second consecutive year. The Board increased its maximum amount of Tax Anticipation Notes outstanding by \$350 million for Fiscal Year 2023 versus Fiscal Year 2022 due to delayed property tax receipts. The maximum principal amount of Tax Anticipation Notes borrowed was \$800 million and \$1.15 billion in Fiscal Year 2022 and Fiscal Year 2023, respectively. The maximum principal amount of Tax Anticipation Notes borrowed against the second installment of property taxes for the 2022 Tax Levy totaled \$1.15 billion and was outstanding as of October 26, 2023.

The due dates for the second installment for Tax Levy Year 2021, the first installment for Tax Levy Year 2022, and the second installment for Tax Levy Year 2022 were extended to December 30, 2022, April 3, 2023, and December 1, 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 for each installment distribution. In Fiscal Year 2024, to react to the delay in revenues, the Board drew a maximum principal amount of \$1.15 billion of Tax Anticipation Notes against Tax Levy Year 2022 second installment property taxes from July to October 2023.

In Fiscal Year 2024, the Board anticipates authorizing 2023 Tax Anticipation Notes in order to fund future cash flow needs. For additional information on projected issuance and repayment, see "Forecasted Liquidity" herein.

### 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 44% of Fiscal Year 2024 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, due to COVID-19, 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. Again, due to COVID-19, the County delayed the property tax due date for the second installment by 60 days to October 1, 2021 (again, due to COVID-19). The due dates for the second installment for Tax Levy Year 2021, the first installment for Tax Levy Year 2022, and the second installment for Tax Levy Year 2022 were extended to December 30, 2022, April 3, 2023, and December 1, 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.”

State Revenues. EBF State Aid Revenues for Fiscal Year 2024 are expected to be approximately 14% 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 2023, the amount of State Grants appropriated but unpaid by June 30 was approximately \$46 million. Prior to Fiscal Year 2023, the amount of unpaid but appropriated State Grants by June 30 was \$22 million in Fiscal Year 2022, \$68 million in Fiscal Year 2021 and \$50 million in Fiscal Year 2020.

Federal Revenues. Federal revenues (the “Federal Revenues”) are approximately 20% of the Board’s total Fiscal Year 2024 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 2024, the amount of ESSER III funds in the operating budget totaled \$755 million. The Board has not received any ESSER III Funds in Fiscal Year 2024 to date, but anticipates approximately \$250 million will be received by November 1, 2023. See “FINANCIAL INFORMATION – Board’s Fiscal Year 2024 Budget” for a discussion of expected federal funding relating to the Fiscal Year 2024 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 2024, approximately 66% 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 8% 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 March 15, prior to when the Board receives the first installment of property tax revenues. In Fiscal Year 2024, the projected debt service deposit in February 2024 relative to these alternate revenue bonds is approximately \$503 million, an increase of \$1 million from Fiscal Year 2023. Deposits for debt service for alternate revenue bonds backed PPRT in Fiscal Year 2024 total approximately \$40 million.

Pension Contributions. In Fiscal Year 2024, the Board expects total CTPF pension contributions to be approximately \$1.02 billion, as certified by the Pension Fund as the necessary contribution to achieve 90% funded status by 2059 as prescribed by statute. In Fiscal Year 2024, approximately \$557 million of this pension contribution will be funded through the Pension Property Tax Levy and \$322 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, approximately \$879 million or 86%, 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 make approximately \$142 million in contributions out of unrestricted general operating revenues for Fiscal Year 2024. 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 2023, the Board contributed \$175 million to the Annuity Fund. Additional annual contributions may be made by the Board beyond Fiscal Year 2023. The Board expects to make a Fiscal Year 2024 contribution to the Annuity Fund in the amount of \$175 million. Any such contribution would need to be authorized by the Board. 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. See APPENDIX H — "PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS — Pensions for Other Board Personnel."

The historical annual growth in equalized assessed valuation of property within the School District for the period 2013-2023 has averaged approximately 3.80% 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 2024, the Board budgeted approximately \$142 million of operating expenditures for 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. From November 2022 to March 2023, the Board drew \$950 million against the 2022 Tax Anticipation Notes in anticipation of the of the 2022 tax levy and these were repaid in full on April 10, 2023. From July to October 2023, the Board drew a maximum par amount of \$1.15 billion against the 2022 Tax Anticipation Notes in anticipation of the 2022 tax levy, and as of October 26, 2023, the aggregate principal amount of draws outstanding was \$1.15 billion. In Fiscal Year 2024, the Board anticipates authorizing 2023 Tax Anticipation Notes in order to fund future cash flow needs.

### **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 2023 to August 2024. 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 2024 and early Fiscal Year 2025. 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 2024 and Fiscal Year 2025, and (ii) the issuance of the Tax Anticipation Notes providing net funding to the Board of a maximum of approximately \$1.05 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.

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**Projected Cash Flow Table (as of October 26, 2023)**

**Chicago Public Schools**

Cash Flow Forecast

FY 2024 - Current Forecast

\$ in millions

		FY 2024												Total FY 2024	FY 2025	
		Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24		Jul-24	Aug-24
<i>Beginning cash balance</i>	<b>A</b>	\$ 197.0	\$ 150.2	\$ 249.7	\$ 440.5	\$ 400.1	\$ 130.3	\$ 299.2	\$ 349.4	\$ 345.5	\$ 102.3	\$ 444.8	\$ 319.9	\$ 197.0	\$ 101.1	\$ 106.5
Operating receipts																
Property taxes		\$ -	\$ 53.0	\$ 0.0	\$ -	\$ 719.8	\$ 742.1	\$ -	\$ -	\$ 709.1	\$ 934.0	\$ -	\$ 0.0	\$ 3,158.0	\$ 358.7	\$ 1,193.0
TIF		-	-	29.5	-	-	-	-	-	129.0	67.4	-	-	225.9	-	-
Other local revenue		105.2	26.8	14.8	91.5	10.1	47.8	95.3	8.9	54.0	76.6	121.6	8.4	661.0	98.0	17.9
State block grants		43.2	21.7	19.0	45.5	28.9	32.3	29.5	24.1	54.3	52.6	30.6	60.8	442.5	18.8	10.4
Evidence Based Funding		-	154.9	154.9	154.8	154.8	154.8	154.8	154.8	154.8	171.1	154.8	170.3	1,735.1	-	154.9
Federal revenue		9.8	76.8	56.5	232.3	226.1	160.3	66.8	171.4	182.3	123.6	235.9	176.7	1,718.4	54.7	53.9
<b>Total operating receipts</b>		<b>158.2</b>	<b>333.1</b>	<b>274.7</b>	<b>524.1</b>	<b>1,139.8</b>	<b>1,137.2</b>	<b>346.5</b>	<b>359.2</b>	<b>1,283.5</b>	<b>1,425.4</b>	<b>543.0</b>	<b>416.2</b>	<b>7,941.1</b>	<b>530.2</b>	<b>1,430.1</b>
Operating expenditures																
Payroll		(84.4)	(87.1)	(305.0)	(316.4)	(438.0)	(276.9)	(261.8)	(305.1)	(363.0)	(319.7)	(443.0)	(277.2)	(3,477.5)	(77.7)	(52.8)
Health Insurance		(54.4)	(50.1)	(56.5)	(52.0)	(53.5)	(53.3)	(57.5)	(53.3)	(54.1)	(52.7)	(54.1)	(53.3)	(644.9)	(53.5)	(54.0)
Employer pension payment		-	-	-	-	-	(0.9)	(0.3)	-	(175.6)	(0.3)	(0.7)	(135.6)	(313.4)	-	-
Pension Pick-up		(4.8)	(2.8)	(15.0)	(15.6)	(15.6)	(15.6)	(15.6)	(15.6)	(23.4)	(15.6)	(15.6)	(15.6)	(171.1)	(8.8)	(3.0)
Charter School		(208.8)	(5.5)	(4.1)	(200.8)	(6.3)	(9.1)	(161.1)	(3.9)	(9.3)	(174.2)	(8.3)	(6.8)	(798.1)	(213.4)	(4.6)
AP disbursements		(224.9)	(154.2)	(110.1)	(182.2)	(256.8)	(213.2)	(164.6)	(172.6)	(179.1)	(171.9)	(147.6)	(151.5)	(2,128.7)	(203.4)	(243.5)
<b>Total operating expenditures</b>		<b>(577.3)</b>	<b>(299.6)</b>	<b>(490.6)</b>	<b>(767.1)</b>	<b>(770.1)</b>	<b>(569.1)</b>	<b>(661.0)</b>	<b>(550.7)</b>	<b>(804.6)</b>	<b>(734.4)</b>	<b>(669.4)</b>	<b>(640.0)</b>	<b>(7,533.8)</b>	<b>(556.8)</b>	<b>(357.9)</b>
<b>Net operating cash flows</b>		<b>(419.1)</b>	<b>33.5</b>	<b>(215.8)</b>	<b>(243.0)</b>	<b>369.6</b>	<b>568.1</b>	<b>(314.5)</b>	<b>(191.4)</b>	<b>479.0</b>	<b>691.1</b>	<b>(126.4)</b>	<b>(223.8)</b>	<b>407.3</b>	<b>(26.6)</b>	<b>1,072.2</b>
Financing cash flows																
FY23 TAN drawdown		400.0	119.0	467.0	200.0	-	-	-	-	-	-	-	-	1,186.0	-	-
FY23 TAN repayment		-	(36.0)	-	-	(719.8)	(430.2)	-	-	-	-	-	-	(1,186.0)	-	-
FY24 TAN drawdown		-	-	-	-	-	-	349.0	700.0	-	-	-	-	1,049.0	400.0	-
FY24 TAN repayment		-	-	-	-	-	-	-	-	(709.1)	(340.9)	-	-	(1,050.0)	(358.7)	(41.3)
Debt service and transfers		-	(0.9)	-	-	(27.0)	19.5	-	(503.0)	(6.0)	(2.0)	-	-	(519.4)	-	-
<b>Financing cash flows</b>		<b>400.0</b>	<b>82.1</b>	<b>467.0</b>	<b>200.0</b>	<b>(746.8)</b>	<b>(410.7)</b>	<b>349.0</b>	<b>197.0</b>	<b>(715.1)</b>	<b>(342.9)</b>	<b>-</b>	<b>-</b>	<b>(520.4)</b>	<b>41.3</b>	<b>(41.3)</b>
Capital cash flows																
Capital reimbursements		32.0	68.9	-	33.6	140.3	46.1	50.4	25.2	25.6	26.5	34.8	47.5	530.9	33.1	36.2
Capital expenditures		(59.7)	(84.9)	(60.4)	(31.0)	(32.8)	(34.7)	(34.7)	(34.7)	(32.8)	(32.1)	(33.2)	(42.5)	(513.7)	(42.5)	(42.5)
<b>Net capital cash flows</b>		<b>(27.7)</b>	<b>(16.1)</b>	<b>(60.4)</b>	<b>2.6</b>	<b>107.5</b>	<b>11.4</b>	<b>15.7</b>	<b>(9.5)</b>	<b>(7.2)</b>	<b>(5.6)</b>	<b>1.6</b>	<b>5.0</b>	<b>17.2</b>	<b>(9.4)</b>	<b>(6.3)</b>
<b>Net cash flows</b>	<b>B</b>	<b>\$ (46.8)</b>	<b>\$ 99.6</b>	<b>\$ 190.8</b>	<b>\$ (40.4)</b>	<b>\$ (269.7)</b>	<b>\$ 168.9</b>	<b>\$ 50.2</b>	<b>\$ (4.0)</b>	<b>\$ (243.2)</b>	<b>\$ 342.5</b>	<b>\$ (124.8)</b>	<b>\$ (218.8)</b>	<b>\$ (95.9)</b>	<b>\$ 5.4</b>	<b>\$ 1,024.5</b>
<b>Ending cash balance</b>	<b>A+B=C</b>	<b>\$ 150.2</b>	<b>\$ 249.7</b>	<b>\$ 440.5</b>	<b>\$ 400.1</b>	<b>\$ 130.3</b>	<b>\$ 299.2</b>	<b>\$ 349.4</b>	<b>\$ 345.5</b>	<b>\$ 102.3</b>	<b>\$ 444.8</b>	<b>\$ 319.9</b>	<b>\$ 101.1</b>	<b>\$ 101.1</b>	<b>\$ 106.5</b>	<b>\$ 1,131.0</b>
<i>Minimum cash balance</i>		\$ 150.2	\$ 105.7	\$ 135.7	\$ 95.0	\$ 120.3	\$ 179.6	\$ 349.4	\$ 293.1	\$ 102.3	\$ 96.2	\$ 319.4	\$ 88.1	\$ 88.1	\$ 106.5	\$ 132.5
End of Month TANs Outstanding		\$ (400.0)	\$ (483.0)	\$ (950.0)	\$ (1,150.0)	\$ (430.2)	\$ -	\$ (350.0)	\$ (1,050.0)	\$ (340.9)	\$ -	\$ -	\$ -	\$ -	\$ (41.3)	\$ -
Maximum TANs Outstanding		\$ (400.0)	\$ (483.0)	\$ (950.0)	\$ (1,150.0)	\$ (1,150.0)	\$ (430.2)	\$ (350.0)	\$ (1,050.0)	\$ (1,050.0)	\$ (340.9)	\$ -	\$ -	\$ -	\$ (400.0)	\$ (41.3)

## 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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes. Interest on the 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 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 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes.

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

### Special Tax Treatment of 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 Bonds bearing the same interest rate is sold to the public (the "*Offering Price*") and the principal amount payable at maturity of such Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a 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 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 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 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 Bond. The 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 Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bond).

Owners of Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds. For example, under the laws of a State, original issue discount on the 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 Bonds. Among these requirements are the following:

*Limitations on Private Use.* The Code includes limitations on the amount of 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 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 Bonds.

*Rebate of Arbitrage Profit.* Unless the Bonds qualify for one of several exemptions, earnings from the investment of the “gross proceeds” of the 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 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 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Bonds.

## **Risks of Non-Compliance**

In the event that the Board fails to comply with the requirements of the Code, interest on the 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 Bonds nor payment of any additional interest or penalties to the owners of the Bonds.

## **Federal Income Tax Consequences**

Pursuant to Section 103 of the Code, interest on the 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 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 BONDS.

*In General.* Owners of the 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 Bonds.

*Corporate Owners.* Interest on the 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 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 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 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 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 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 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 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 Bonds are Outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

## **CERTAIN LEGAL MATTERS**

### **Opinions Related to the Bonds**

Certain legal matters incident to the authorization, issuance and sale of the 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 act as Bond Counsel to, the Board. The proposed form of such opinion is included herein as APPENDIX J. Bond Counsel has not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in their capacity as Bond Counsel, Katten Muchin Rosenman LLP, at the request of the Board, reviewed those sections of this Official Statement involving the description of the Bonds, the security for the Bonds and the description of the federal tax exemption of interest on the 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 Bonds, certain legal matters were passed upon for the Board by its General Counsel, Ruchi Verma, and by its Issuer’s Counsel, Cotillas and Associates, 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, Chapman and Cutler 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 15 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 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 Bonds, or in any way contesting the validity or enforceability of the 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 US, LLP, Chicago, Illinois, independent auditors, as stated in their report appearing herein. Baker Tilly US, LLP 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 US, LLP 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 Bonds. The Financial Advisor has provided advice on the plan of financing and structure of the 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.

## **RATINGS**

The Bonds have been assigned the underlying ratings of "BB+" (stable outlook) by S&P Global Ratings ("S&P"), "BB+" (stable outlook) by Fitch Ratings, Inc. ("Fitch") and "BBB" (stable outlook) by Kroll Bond Rating Agency, LLC ("KBRA"), respectively. 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 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 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 "CONTINUING DISCLOSURE UNDERTAKING," neither the Underwriters nor the Board have undertaken any responsibility to bring to the attention of the holders of the Bonds any

proposed revision or withdrawal of the ratings of the 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 Bonds.

The Board previously engaged Moody's Investors Service to assign ratings for prior bond issues. The Board has elected not to obtain a rating from such rating agency for the Bonds.

## **UNDERWRITING**

The Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement (the "Underwriters"), led by BofA Securities, Inc. The Underwriters have agreed to purchase the Bonds at a purchase price of \$564,032,613.68 (representing an aggregate principal amount of \$575,000,000, less \$7,919,633.05 net original issue discount and less \$3,047,753.27 of Underwriters' discount). The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public.

The obligation of the Underwriters to accept delivery of and pay for the Bonds is subject to various conditions set forth in the Bond Purchase Agreement to be entered into in connection with the 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. The 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.

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.

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.

The Underwriters and their affiliates may have certain inter-company compensation arrangements that relate to transactions that may occur from time to time between the Underwriters and their affiliates, on the one hand, with the Board, on the other, as the case may be. Such inter-company compensation may be determined in part passed on the size of the relevant transaction.

BofA Securities, Inc., one of the Underwriters of the 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 Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the 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 Bonds.

PNC Capital Markets LLC, one of the Underwriters of Bonds, may offer to sell to its affiliate, PNC Investments, LLC (“PNCI”), securities in PNC Capital Markets LLC’s inventory for resale to PNCI’s customers, including securities such as the Bonds.

## **CONTINUING DISCLOSURE UNDERTAKING**

The Board will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the Bonds for the benefit of the beneficial owners of the 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 “Exchange Act”). The MSRB has designated its Electronic Municipal Market Access system (“EMMA”) as the system to be used for continuing disclosure to investors. The information to be provided on an annual basis, the events to be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the Board to comply with the Undertaking will not constitute an event of default under the applicable Bond Resolution or Indenture, and beneficial owners of the 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 that 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” and “– Board’s Borrowing Authority and Legal Debt Margin,” and “FINANCIAL INFORMATION – General Operating Fund Fiscal Years 2018-2022,” and in APPENDIX H - “PENSION AND OTHER POST–EMPLOYMENT OBLIGATIONS.” Except however, the information in APPENDIX H - “PENSION AND OTHER POST–EMPLOYMENT OBLIGATIONS” (except for the section therein entitled “– Recent Reports Regarding the Pension Fund” and information expressly derived from the Chicago Public Schools Annual Comprehensive Financial Reports) is 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 Bonds requires that Annual Financial Information be provided to the MSRB not more than 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 audited general purpose financial statements of the Board prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time (i.e., as subject to pronouncements of the Governmental Standards Accounting Board) and subject to any express requirements of the laws of the State of Illinois. The Undertaking for the Bonds requires that Audited Financial Statements will be provided to the MSRB on a date which is the earlier of 30 days after availability to the Board or 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 such manner and format, accompanied by identifying information as prescribed by the MSRB or the Commission at the time of delivery of such information. 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 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 Bond holders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, 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);

**Note:** For the purposes of the events described in this part (l), the event is considered to occur when any of the following occur: 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 such jurisdiction has been assumed by leaving the existing governing body and 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 applicable Bond Resolution or 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 Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **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 Bonds, as determined by a party unaffiliated with the Board (such as the Trustee or Bond Counsel), or by the approving vote of the owners of the Bonds pursuant to the terms of the 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 for any obligation on or relating to repayment of the Bonds under the Indentures. If a termination of this Undertaking occurs prior to the final maturity of the 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 Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by the Indenture, to which reference is made for a complete statement of the provisions and contents thereof. The discussion herein is qualified by such reference. Copies of the Indenture are on file with the Trustee.

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### *Definitions of Certain Terms*

“*Act*” means the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350.

“*Additional Bonds*” means any Alternate Bonds issued in the future in accordance with the provisions of the Act on a parity with and sharing ratably and equally in all or any portion of the Pledged State Aid Revenues with the Series 2023A Bonds, as authorized by the Series 2023A Indenture.

“*Alternate Bonds*” means general obligation bonds payable from any revenue source as provided by the Act, particularly Section 15 thereof.

“*Annual Debt Service Requirement*” means, with respect to the Series 2023A Bonds and for any Bond Year, the sum of the interest on and principal (including sinking fund installments) of the Series 2023A Bonds that will become due and payable during such Bond Year.

“*Applicable Bond Year*” means, in determining on a Deposit Date the sufficiency of amounts held in the Pledged Revenues Account for the Series 2023A Bonds to satisfy any Annual Debt Service Requirement, the then current Bond Year.

“*Authorized Denominations*” means \$100,000 and any multiple of \$5,000 in excess thereof.

“*Authorized Officer*” means (i) any Designated Official, (ii) the Controller and the Chief Operating Officer of the Board acting together or (iii) any other officer or employee of the Board authorized to perform specific acts or duties under the 2023A Indenture 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, created and established pursuant to Article 34 of the School Code.

“*Bond Counsel*” means any nationally recognized firm(s) of municipal bond attorneys approved by the Board.

“*Bond Payment Account*” means the Bond Payment Account established in the Series 2023A Indenture.

“*Bond Year*” means, each annual period beginning on December 2 of a calendar year to and including December 1 of the next succeeding calendar 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 designated corporate trust office of any Fiduciary is located are authorized by law or executive order to close (and such Fiduciary is in fact closed).

“*Capital Improvement Program*” means the Capital Improvement Program of the Board, as from time to time approved and amended by the Board and on file in the office of the Secretary of the Board.

“*Capitalized Interest Sub-Account*” means the Sub-Account of that name in the Pledged Revenue Account established in the Series 2023A Indenture.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Code and Regulations*” means the Code and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

“*Costs of Issuance Account*” means the Cost of Issuance Account established in the Series 2023A Indenture.

“*Counsel’s Opinion*” or “*Opinion of Counsel*” 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 to the Board) or Bond Counsel.

“*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.

“*Debt Service Fund*” means the Debt Service Fund established in the Series 2023A Indenture.

“*Defeasance Obligations*” means (i) Government Obligations, (ii) Federal Agencies and (iii) Pre-refunded Municipal Obligations which are not subject to redemption other than at the option of the holder thereof.

“*Deposit Date*” with respect to the Series 2023A Bonds, means March 15 of each year or such earlier date as may be necessary to permit the Board to lawfully make the abatement of taxes described in the Series 2023A Indenture.

“*Deposit Sub-Account*” means the Sub-Account of that name in the Pledged Revenues Account.

“*Designated Official*” means (i) the President of the Board, (ii) the Chief Executive Officer, (iii) the Chief Financial Officer, (iv) the Treasurer of the Board or (v) any other officer of the Board authorized to perform specific acts and duties hereunder by resolution duly adopted by the Board.

“*DTC*” means The Depository Trust Company, New York, New York, as securities depository for the Series 2023A Bonds.

“*DTC Participant*” means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2023A Bonds with DTC pursuant to the book entry only system described under the caption “THE BONDS – General” and in APPENDIX C – “BOOK ENTRY ONLY SYSTEM in this Official Statement.

“*Electronic Means*” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issues by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“*Event of Default*” means any event so designated and specified in the Series 2023A Indenture.

“*Federal Agencies*” means senior debt obligations issued or guaranteed by, or otherwise stripped from senior debt obligations issued or guaranteed by, any U.S. federal agency, including but not limited to Fannie Mae, Freddie Mac, the Federal Home Loan Banks, the Federal Farm Credit System, the Tennessee Valley Authority and the Resolution Funding Corporation;

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Registrar and any Paying Agent, or any or all of them, as may be appropriate.

“*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 (i) any direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, including but not limited to Treasury Bills, Bonds, Notes, and STRIPS; Resolution Funding Corporation Interest STRIPS; and United States Agency for International Development (“US AID”) guaranteed notes (including stripped securities), provided that any US AID security shall mature at least 10 business days prior to any cash flow or escrow requirement and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian, (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any Person to whom the custodian may be obligated.

“*Interest Payment Date*” means each June 1 and December 1, commencing June 1, 2024.

“*Interest Sub-Account*” means the sub-account of that name in the Bond Payment Account established in the Series 2023A Indenture.

“*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) Federal Agencies;

(iv) U.S. dollar denominated certificates of deposit, deposit accounts, federal funds and banker’s acceptances with domestic commercial banks insured by the Federal Deposit Insurance Corporation (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” or “A-1+” by S&P and “P-1” by Moody’s;

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

(vi) Obligations issued by any county, township, city, village, incorporated town, municipal corporation, or school district of the State or any other state and having a rating at the time of purchase within the four highest general classifications by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;

(vii) Investments in a money market fund which at the time of purchase is rated “AAAm” or “AAAm-G” or better by any of the Rating Services, including those for which the Trustee or an affiliate performs services for a fee whether as a custodian, transfer agent, investment advisor or otherwise;

(viii) 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;

(ix) Pre-refunded Municipal Obligations;

(x) Any Forward Supply Contract; and

(xi) Any other investment securities authorized by law and the Investment Policy as permitted investments of Board funds.

*“Net Annual Debt Service Requirement”* means, for any Bond Year, the sum of the interest on and principal of the Series 2023A Bonds that will become due and payable during such Bond Year, less (i) the amount held in the Capitalized Interest Sub-Account and allocated for the payment of such interest and (ii) the amount held in the Deposit Sub-Account that is to be transferred to the Interest Sub-Account for the payment of such interest.

*“Outstanding”* means, with respect to the Series 2023A Bonds, as of any date, all such Bonds theretofore or thereupon being authenticated and delivered under the Series 2023A Indenture except:

(i) Any Series 2023A Bonds canceled by the Trustee at or prior to such date;



(ii) Series 2023A Bonds (or portions of Series 2023A 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 Series 2023A Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), *provided that* if such Series 2023A Bonds (or portions of Series 2023A Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the 2023A Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Series 2023A Bonds in lieu of or in substitution for which other Series 2023A Bonds shall have been authenticated and delivered pursuant to the Series 2023A Indenture; and

(iv) Series 2023A Bonds deemed to have been paid as provided in the Series 2023A Indenture.

“*Owner*” means any Person who shall be the registered owner of any Series 2023A Bond or Series 2023A Bonds.

“*Paying Agent*” means the Trustee and any other bank, national banking association or trust company designated by a Designated Official as paying agent for the Series 2023A Bonds and any successor or successors appointed by a Designated Official under the Series 2023A Indenture.

“*Person*” means and includes an association, unincorporated organization, a corporation, a limited liability company, a partnership, 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.

“*Pledged Revenues Account*” means the account of that name in the Debt Service Fund established under the Series 2023A Indenture.

“*Pledged State Aid Revenues*” means State Aid Revenues, in the maximum annual amount of \$425,000,000 provided for under the 2022 Authorization, in amounts each year as shall provide for the annual debt service payments and coverage on the Series 2023A Bonds and any Additional Bonds, and pledged, in conjunction with the lien on the Pledged State Aid Revenues imposed by and arising under the Act and under the Series 2023A Indenture as security for the Series 2023A Bonds.

“*Pledged Taxes*” means the *ad valorem* taxes levied against all of the taxable property in the School District without limitation as to rate or amount and pledged under the Series 2023A Indenture as security for the Series 2023A Bonds.

“*Pledged Taxes Account*” means the account of that name in the Debt Service Fund established in the Series 2023A Indenture.

“*Pre-refunded Municipal Obligations*” means any bonds or other obligations of 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 (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash, Government Obligations or Federal Agencies, 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 such 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 Sub-Account*” means the sub-account of that name in the Bond Payment Account established in the Series 2023A Indenture.

“*Project*” means the construction, acquisition and equipping of school and administrative buildings, site improvements and other real and personal property in and for the School District, all in accordance with the estimate of cost, including the Capital Improvement Program.

“*Project Costs*” means the acquisition, construction and equipping of the Project, including the cost of acquisition of all land, rights of way, property, rights, easements and interests acquired by the Board for such construction, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all machinery and equipment determined to be necessary and desirable by the Board, the costs of issuance of the Series 2023A Bonds, financing charges, financial advisory fees, consultant fees, the cost of engineering and legal expenses, plans, specifications, estimates of cost and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing any portion of the Project, administrative expenses and such other costs, expenses and funding as may be necessary or incident to the construction of the Project, the financing of such construction and the placing of the Project in operation.

“*Project Fund*” means the fund by that name established under the Series 2023A Indenture.

“*Rating Services*” means the nationally recognized rating services, or any of them, that shall have assigned ratings to any Outstanding Series 2023A Bonds as requested by or on behalf of the Board, and which ratings are then currently in effect.

“*Record Date*” means, with respect to any Interest Payment Date for the Series 2023A Bonds, the 15<sup>th</sup> day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“*Redemption Price*” means, with respect to any Series 2023A Bond, the amount payable upon the date fixed for redemption.

“*Registrar*” means the Trustee and any other bank, national banking association or trust company appointed by a Designated Official under the Series 2023A Indenture and designated as registrar for the Series 2023A Bonds, and its successor or successors.

“*School Code*” means 105 Illinois Compiled Statutes 5.

“*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.

“*Series*” or “*Series of Bonds*” means the Series 2023A Bonds. When the term “Series” is used without any other description, it shall mean the Series 2023A Bonds.

“*Series 2023A Bonds*” means the \$575,000,000 aggregate principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A, of the Board issued pursuant to the Series 2023A Indenture.

“*Series 2023A Indenture*” means the Indenture securing and under which the Series 2023A Bonds are issued, dated as of November 1, 2023 by and between the Board and the Trustee.

“*SLGS*” means United States Treasury Certificates of Indebtedness, Notes and Bonds — State and Local Government Series.

“*State*” means the State of Illinois.

“*State Aid Revenues*” means those State Aid payments to be made to the Board in any year pursuant to Article 18 of the School Code, or such successor or replacement fund or act as may be enacted in the from time to time.

“*State Aid Revenues Sub-Account*” means the sub-account of that name in the Pledged Revenues Account established by the Series 2023A Indenture.

“*Supplemental Indenture*” means any Supplemental Indenture between the Board and the Trustee authorized pursuant to the Series 2023A Indenture.

“*Tax Agreement*” means the Tax Exemption Certificate and Agreement of the Board relating to the Series 2023A Bonds.

“*Trustee*” means Zions Bancorporation, National Association, Chicago, Illinois, and any successor or successors appointed under the Indenture. The “designated corporate trust office” of the Trustee means 111 West Washington Street, Suite 1860, Chicago, Illinois 60602 or such other address as is provided by the Trustee.

“*Trust Estate*” means the Pledged State Aid Revenues, the Pledged Taxes and all other property pledged to the Trustee pursuant to the Granting Clauses of the Series 2023A Indenture.

“*2022 Authorization*” means the authorization adopted by the Board pursuant to Resolution No. 22-1026-RS6 on October 26, 2022, authorizing the issuance of alternate bonds pursuant to the Act in an amount not to exceed \$1,800,000,000.

“*Year*” or “*year*” means a calendar year.

### *Pledge of Trust Estate*

In order to secure the payment of the principal of, premium, if any, and interest on all Series 2023A Bonds issued under the Series 2023A Indenture, according to the import thereof, and the performance and observance of each and every covenant and condition in such Series 2023A Indenture and in the Series 2023A Bonds contained, the Board pledges and grants in the Series 2023A Indenture a lien upon the following Trust Estate to the Trustee and its successors in trust and assigns, for the benefit of the Owners, to the extent provided in such Series 2023A Indenture:

(a) The Pledged State Aid Revenues and the Pledged Taxes, *provided* that the pledge of the Pledged State Aid Revenues to the payment of the Series 2023A Bonds is on a parity with the pledge of such revenues to any Additional Bonds that may be hereafter issued.

(b) All moneys and securities and earnings thereon in all funds, accounts and sub-accounts established pursuant to the Series 2023A Indenture; and

(c) Any and all other moneys, securities and property 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 Series 2023A Indenture.

Pursuant to Section 13 of the Act, the moneys, securities and funds pledged under the Series 2023A Indenture and received by the Board, shall immediately be subject to the lien and pledge of such Indenture without any physical delivery or further act, and the lien and pledge under said Indenture 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 of the lien and the pledge.

Except as provided in the Series 2023A Indenture, each and all of the Series 2023A Bonds shall have the same right, lien and privilege under such Indenture and shall be equally secured thereby, with the same effect as if the same had all been made, issued and negotiated upon the delivery of such Indenture.

### *The Series 2023A Bonds are General Obligations*

The Series 2023A Bonds are, at all times Outstanding, the general obligation of the Board, for the payment of which its full faith and credit are irrevocably pledged, and are payable from, in addition to the Pledged State Aid Revenues, the Pledged Taxes, as described in the Series 2023A Indenture. The Series 2023A Bonds do not represent or constitute a debt of the Board within the meaning of any constitutional or any statutory limitation unless the Pledged Taxes shall have been extended for collection, in which case the Outstanding Series 2023A Bonds shall, to the extent required by law, be included in the computation of indebtedness of the Board for purposes of all statutory provisions or limitations until such time as an audit of the Board shows that the Series 2023A Bonds have been paid from the Pledged State Aid Revenues for a complete fiscal year of the Board.

### *Additional Bonds Payable From Pledged State Aid Revenues*

Except as described in the following two paragraphs, the Board shall not hereafter issue any bonds or other evidences of indebtedness, other than the Series 2023A Bonds, which are secured by a pledge of or lien on the Pledged State Aid Revenues, the Pledged Taxes or the

moneys, securities, or funds held or set aside by the Board or by the Trustee under the Series 2023A Indenture, and shall not, except as expressly authorized in the Series 2023A Indenture, create or cause to be created any lien or charge on such Pledged State Aid Revenues, Pledged Taxes or such moneys, securities or funds.

The Board reserves the right to issue Additional Bonds from time to time payable from (i) all or any portion of the Pledged State Aid Revenues or (ii) any other source of payment which may be pledged under the Act, and any such Additional Bonds shall share ratably and equally in such Pledged State Aid Revenues with the Series 2023A Bonds; *provided, however*, that no Additional Bonds shall be issued except in accordance with the provisions of the Act as in existence on the date of issuance of the Additional Bonds.

The Board reserves the right to issue bonds or other evidences of indebtedness payable from Pledged State Aid Revenues subordinate to Series 2023A Bonds. Such subordinate obligations will be paid from various Pledged State Aid Revenues available to the Board in each year in excess of those required to be deposited in the State Aid Revenues Sub-Account during such Year.

#### *Provisions Regarding Transfer and Exchange of Series 2023A Bonds*

Subject to the operation of the global book-entry-only system described in “APPENDIX C—BOOK-ENTRY ONLY SYSTEM” in this Official Statement, the following provisions apply to the transfer and exchange of Bonds of the Series 2023A Bonds under the Series 2023A Indenture. Each Series 2023A Bond shall be transferable only upon the registration books of the Board, which shall be kept for that purpose by the applicable 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. Upon the transfer of any such Series 2023A Bond, the Board shall issue in the name of the transferee a new Series 2023A Bond or Series 2023A Bonds in Authorized Denominations of the same aggregate principal amount. The Board and each Fiduciary may deem and treat the person in whose name any such Series 2023A Bond shall be registered upon the registration books of the Board as the absolute owner of such Series 2023A Bond, whether such Series 2023A Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on, such Series 2023A Bond and for all other purposes, and all such payments so made to any such Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Series 2023A Bond to the extent of the sum or sums so paid, and neither the Board nor any Fiduciary shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Series 2023A Bonds is exercised, the Board shall execute and the Trustee shall authenticate and deliver Series 2023A Bonds in accordance with the provisions of the Series 2023A Indenture. All Series 2023A Bonds surrendered in any such exchanges shall forthwith be canceled by the Trustee. For any exchange or transfer of Series 2023A Bonds whether temporary or definitive, the Board, the Trustee or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid. Neither the Trustee nor any Registrar shall be required to make any registration, transfer or exchange of any Series 2023A Bond after such Series 2023A Bond has been called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of first giving notice of such redemption.

*Establishment and Application of Debt Service Fund and Accounts*

A Debt Service Fund with the following Accounts within the Debt Service Fund are established with the Trustee to be held and applied in accordance with the provisions of the Series 2023A Indenture: (i) Pledged Revenues Account consisting of (1) the Deposit Sub-Account, (2) the Capitalized Interest Sub-Account and (3) the State Aid Revenues Sub-Account (ii) the Pledged Taxes Account; and (iii) the Bond Payment Account, consisting of (1) the Interest Sub-Account and (2) the Principal Sub-Account.

*Pledged Revenues Account.* The Trustee shall deposit to the credit of the Deposit Sub-Account any amounts paid by the Board to the Trustee from time to time with instructions for such deposit. All or a portion of such amounts so deposited to the credit of the Deposit Sub-Account shall be transferred no later than the next succeeding Interest Payment Date to the Interest Sub-Account and applied to pay up to the amount of interest then due on the Series 2023A Bonds on such Interest Payment Date as described in the Series 2023A Indenture.

(i) On or before each Deposit Date, the Board shall deposit to the credit of the State Aid Revenues Sub-Account such amounts derived from Pledged State Aid Revenues as shall be necessary to cause the amount on deposit in said Sub-Account to equal the Net Annual Debt Service Requirement for the Applicable Bond Year. Once such deposit has been made, the Board shall take such actions as are necessary to abate in full the Pledged Taxes levied to otherwise provide funds for the payment of the debt service on the Series 2023A Bonds during the then-current Bond Year. The Board shall make the deposit required pursuant to this paragraph on such earlier date as may be necessary in the future to permit the Board to make the abatement of taxes described in the preceding sentence. In the event that on any Deposit Date there has been deposited to the credit of the State Aid Revenues Sub-Account an insufficient amount to satisfy the Net Annual Debt Service Requirement, the Board shall, pursuant to the provisions of the Series 2023A Indenture, take such actions as are necessary to cause the extension of the Pledged Taxes levied for the calendar year next preceding the calendar year of such Deposit Date in an amount sufficient, when added to the amount then on deposit in the State Aid Revenues Sub-Account, to such Net Annual Debt Service Requirement.

(ii) All amounts on deposit in the State Aid Revenues Sub-Account on December 2 of each Year, following the transfers required to be made to the Bond Payment Account pursuant to the Series 2023A Indenture, shall be withdrawn from such Sub-Account and paid to the Board free and clear of the lien of the Series 2023A Indenture and the Trustee shall provide notice to the Board that such amounts constitute State Aid Revenues.

If, on any Business Day, the amount on deposit in State Aid Revenues Sub-Account is in excess of the unpaid Net Annual Debt Service Requirement for the then current Bond Year then, pursuant to a written direction of the Board signed by an Authorized Officer and filed with the Trustee, all or part of such excess may be withdrawn by the Board free and clear of the lien of the Series 2023A Indenture.

*Pledged Taxes Account.* As described in the Series 2023A Indenture, the Board has directed the County Collectors to deposit all collections of the Pledged Taxes, if and when extended for collection, directly with the Trustee for application in accordance with the provisions of the Series 2023A Indenture. All Pledged Taxes received by the Trustee shall be (i) deposited promptly upon receipt into the Pledged Taxes Account and (ii) applied to the payment of the interest on and principal of the Series 2023A Bonds due during the Year in which said Pledged Taxes are collected. All amounts remaining in the Pledged Taxes Account on December 2 of any Year shall be transferred to the Board and the Board shall deposit such moneys into the Educational Fund of the Board and apply such moneys to the abatement of the first Educational Fund tax levy for which the County Clerks will accept an abatement.

*Bond Payment Account.* The Trustee shall deposit to the credit of the Interest Sub-Account or the Principal Sub-Account any amounts directed by the Board to be deposited into such Sub-Accounts. The Trustee shall also transfer, from time to time, to the credit of the Interest Sub-Account or the Principal Sub-Account all other amounts so directed by the Board to be transferred into each such Sub-Account.

There shall be transferred *first* from moneys on deposit in the Pledged Taxes Account, *second*, pursuant to Board instructions, from money on deposit in the Deposit Sub-Account, and *third*, from money on deposit in the State Aid Revenues Sub-Account (i) to the Interest Sub-Account on or before each Interest Payment Date for any of the Outstanding Series 2023A Bonds, (after crediting the amount to be withdrawn from the Capitalized Interest Sub-Account and deposited into the Interest Sub-Account pursuant to the Series 2023A Indenture), the amount required for the interest payable on such date, less the amount then on deposit in the Interest Sub-Account and available for such payment; (ii) to the Principal Sub-Account on or before June 1, an amount equal to the sum of (A) one-half of the principal amount of the Outstanding Series 2023A Bonds, if any, which mature on the next December 1, and (B) one-half of the amount required for the payment of the Redemption Price of Outstanding Series 2023A Bonds, if any, required to be redeemed on that December 1 by the application of sinking fund installments and (iii) to the Principal Sub-Account after June 1 and on or prior to December 1, an amount sufficient so that the aggregate amount held in the Principal Sub-Account will equal the sum of (A) principal amount of the Outstanding Series 2023A Bonds, if any, which mature on that December 1 and (B) the amount required for the payment of the Redemption Price of Outstanding Series 2023A Bonds, if any, required to be redeemed on that December 1 by the application of sinking fund installments.

The Trustee shall pay to the respective Paying Agents in immediately available funds on or before each date on which interest or principal is due on the Series 2023A Bonds the respective amounts on deposit in the Interest Sub-Account and the Principal Sub-Account described in clauses (i) and (ii) above necessary to pay such debt service. Such amounts shall be paid to the Owners of the Outstanding Series 2023A Bonds by the Paying Agents for the aforesaid purposes on the due dates thereof.

*Board Payments to Cure Deficiencies.* If on any Interest Payment Date the amount held in the Interest Sub-Account is less than the interest payable on the Outstanding Series 2023A Bonds on such Interest Payment Date, then the Board shall immediately pay over to the Trustee for deposit to the credit of the Interest Sub-Account, the sum required to cure such deficiency. If on any December 1, the amount held in the Principal Sub-Account is less than the amount required to pay the principal amount of Outstanding Series 2023A Bonds maturing on that December 1, then

the Board shall immediately pay over to the Trustee for deposit to the credit of the Principal Sub-Account, the sum required to cure such deficiency.

*Notice Regarding Deposit of Pledged Revenues.* On or before the Deposit Date of each Year, (i) whenever funds are on deposit in the State Aid Revenues Sub-Account in an amount sufficient to meet the Net Annual Debt Service Requirement for the Applicable Bond Year, the Trustee shall deliver to the Board a notice evidencing the sufficiency of such deposit for said purpose and directing the Board to take such actions as are necessary to abate the Pledged Taxes with respect to the Series 2023A Bonds and (ii) whenever the funds on deposit in the Pledged Revenues Account are not sufficient to meet the Net Annual Debt Service Requirement for the Applicable Bond Year, the Trustee shall deliver to the Board a notice setting forth the deficiency of such deposit for such purpose and directing the Board to take such actions as are necessary to cause the extension of the Pledged Taxes levied for collection in the Applicable Bond Year in an amount sufficient when added to the amount held on deposit in the State Aid Revenues Sub-Account to provide funds sufficient to satisfy the Net Annual Debt Service Requirement for the Applicable Bond Year.

*Capitalized Interest Sub-Account.* The Trustee shall withdraw from the Capitalized Interest Sub-Account and transfer into the Interest Sub-Account, on each of the Interest Payment Dates set forth in the Series 2023A Indenture, the specified amount set forth in the Series 2023A Indenture.

Any amount remaining in the Capitalized Interest Sub-Account on December 3, 2024, shall be withdrawn from the Capitalized Interest Sub-Account and deposited into the Interest Sub-Account.

#### *Investment of Funds*

Moneys held in the Project Fund, the Cost of Issuance Account and the several Accounts and Sub-Accounts of the Debt Service Fund shall be invested and reinvested by the Trustee at the written direction of a Designated Official in Investment Securities within the parameters of the Series 2023A Indenture and the Investment Policy which mature no later than necessary to provide moneys when needed for payments to be made from such Fund or Account. The Trustee may conclusively rely upon the Designated Official's written instructions as to both the suitability and legality of the directed investments. Ratings of Investment Securities shall be determined at the time of purchase of such Investment Securities. In the absence of written investment instructions from the Board, the Trustee shall not be responsible or liable for keeping the moneys held by it under the Series 2023A Indenture fully invested in Investment Securities, but shall immediately notify the Board in the event moneys are being held uninvested. Nothing contained in the Series 2023A Indenture shall be construed to prevent such Designated Official from directing the Trustee to make any such investments or reinvestments through the use of a Forward Supply Contract, to the extent permitted by Illinois 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. The Board has provided a certified copy of the Investment Policy to the Trustee in connection with the initial delivery of the Bonds and the Board covenants and agrees to provide to the Trustee in a timely fashion any amendments to or revisions of such Investment Policy. The Trustee shall be entitled to conclusively rely on the Investment Policy provided to it by the Board as the Investment Policy in



effect at the time any investment is made. All investment income shall be retained in the Fund or Account to which the investment is credited from which such income is derived.

#### *Valuation and Sale of Investments*

Investment Securities in any Fund, Account or Sub-Account created under the Series 2023A Indenture shall be deemed at all times to be part of such Fund, Account or Sub-Account and any profit realized from the liquidation of such investment shall be credited to such Fund, Account or Sub-Account and any loss resulting from liquidation of such investment shall be charged to such Fund, Account or Sub-Account. Valuations of Investment Securities held in the Funds, Accounts and Sub-Accounts established under the Series 2023A Indenture shall be made by the Trustee as often as may be necessary or requested by the Board to determine the amounts held therein. In computing the amounts in such Funds, Accounts and Sub-Accounts, Investment Securities therein shall be valued as provided in the following paragraph.

The value of Investment Securities shall mean the fair market value thereof; *provided, however,* that all SLGS 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 Series 2023A Indenture, the Trustee at the written direction of a Designated Official shall sell at the best price reasonably obtainable, or present for redemption, any Investment Securities held in any 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, Account or Sub-Account as the case may be.

#### *Particular Covenants and Representations of the Board*

##### ***Covenants Regarding Pledged State Aid Revenues***

Pursuant to Section 15(e) of the Act the Board covenants, so long as there are any Outstanding Series 2023A Bonds, to provide for, collect and apply Pledged State Aid Revenues to the payment of the Series 2023A Bonds and any Additional Bonds secured by Pledged State Aid Revenues and the provision of not less than an additional .10 times debt service on the Series 2023A Bonds and any Additional Bonds secured by such Pledged State Aid Revenues. The Board and its officers will comply with all present and future applicable laws in order to assure that the Pledged State Aid Revenues may be allocated and paid to the Board for application as provided in the Series 2023A Indenture.

##### ***Covenants Regarding Pledged Taxes***

The Board has directed the County Collectors to deposit all collections of the Pledged Taxes, if and when extended for collection, directly with the Trustee for application in accordance with the provisions of the Series 2023A Indenture (the "Deposit Direction"). As long as any of the Series 2023A Bonds remain Outstanding, the Board will not modify or amend the applicable Deposit Direction, except for such modifications or amendments as may be necessitated by changes in State law, procedures, rules or regulations thereunder with respect to the collection and distribution of *ad valorem* property taxes; *provided* that no such modification or amendment shall provide for the deposit with the Trustee of less than all of the Pledged Taxes to be collected in any Year. The Board will deliver an executed copy of any modification or amendment to the Deposit

Direction permitted by the preceding sentence to the Trustee at the same time such modification or amendment is provided to the County Collectors.

As described in this Official Statement under the heading “SECURITY FOR THE SERIES 2023A BONDS — Pledged Taxes – Annual Determination of Abatement or Extension of Pledged Taxes,” the Board shall direct such abatement of the Pledged Taxes in whole or in part as may be required by the Series 2023A Indenture, and proper notification of any such abatement shall be filed with (i) the County Clerks, in a timely manner to effect such abatement, and (ii) the County Collectors, so as to advise such officers of the amount of the Pledged Taxes to be extended for the relevant levy year.

For as long as there are any Outstanding Series 2023A Bonds, the Board and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied and extended and collected and deposited to the Pledged Taxes Account as described above.

In furtherance of the general obligation, full faith and credit promise of the Board to pay the principal and Redemption Price of and interest on the Series 2023A Bonds, the Board will take all actions necessary to (i) cause the levy and extension of Pledged Taxes, including any Pledged Taxes required to be levied in excess of those levied pursuant to the applicable Bond Resolution (as defined in the Official Statement), for collection on a timely basis to make all such payments and (ii) to cause such Pledged Taxes when extended for collection to be deposited directly with the Trustee for application pursuant to the Series 2023A Indenture.

In the event that in any year the Trustee delivers to the Board pursuant to the Series 2023A Indenture a “Notice Regarding Deposit of Pledged State Aid Revenues” described in the Series 2023A Indenture evidencing that the amount on deposit to the credit of the Pledged State Aid Revenues Account is insufficient to meet the Net Annual Debt Service Requirement for the Series 2023A Bonds during the Applicable Bond Year, the Trustee will, promptly after delivering such Deposit Notice to the Board, confirm with the County Collectors that the Deposit Direction remains in full force and effect. In the event the Trustee learns that the Deposit Direction has been modified or amended in a manner contrary to that described in the first paragraph under the subheading “Covenants Regarding Pledged Taxes” under the caption “*Particular Covenants and Representations of the Board*” in this APPENDIX A-1, the Trustee shall be deemed to have taken notice of the resulting Event of Default and shall take such actions to remedy such Event of Default as shall be permitted under the Series 2023A Indenture. See “*Events of Default and Remedies*” in this APPENDIX A-1.

### **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 Pledged State Aid Revenues, the Pledged Taxes and the Funds, Accounts and Sub-Accounts established by the Series 2023A 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 Series 2023A Bonds or their representatives duly authorized in writing.

## **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 Series 2023A Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2023A Bond is subject on the date of original issuance thereof.

The Board shall not permit any of the proceeds of the Series 2023A Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any 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 Series 2023A Bonds or other moneys to be invested in any manner that would cause any 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 and Remedies*

#### **Events of Default**

Each of the following events constitutes an Event of Default as to the Series secured under the Series 2023A Indenture:

(1) If a default shall occur in the due and punctual payment of interest on any Series 2023A Bond issued under such Indenture when and as such interest shall become due and payable;

(2) If a default shall occur in the due and punctual payment of the principal or Redemption Price of any Series 2023A Bond issued under such Indenture when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(3) If a default (other than a default resulting from an action described in paragraph (4) below) shall occur in the performance or observance by the Board of any other of the covenants, agreements or conditions in the Series 2023A Indenture or in the Series 2023A 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 aggregate principal amount of the Outstanding Series 2023A 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);

(4) If the Board shall modify or amend the applicable Deposit Direction in a manner contrary to that described in the first paragraph under the subheading “Covenants Regarding Pledged Taxes” under the caption “*Particular Covenants and Representations of the Board*” in this APPENDIX A-1; 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.

#### **Proceedings Brought by Trustee**

#### **THERE IS NO PROVISION FOR THE ACCELERATION OF THE SERIES 2023A BONDS IF AN EVENT OF DEFAULT OCCURS UNDER THE SERIES 2023A INDENTURE.**

If an Event of Default shall happen under the Series 2023A Indenture 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 Series 2023A Bonds Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners under such Series 2023A Bonds or the Series 2023A Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant therein contained, or in aid of the execution of any power granted therein, 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 such Indenture or enforcing any of the rights on interests of the Owners of the Series 2023A Bonds under such Series 2023A Bonds or the Series 2023A Indenture.

All rights of action under the Series 2023A Indenture may be enforced by the Trustee without the possession of any of the Series 2023A 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 Series 2023A Indenture shall be brought in the State or federal court located in the State.

The Owners of not less than a majority in aggregate principal amount of Series 2023A Bonds at the time 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 Series 2023A Indenture or for the enforcement of any remedy available to the Trustee, or for the exercise of 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 such Owners not parties to such direction.

Regardless of the happening of an Event of Default, the Trustee shall have the power to, but, unless requested in writing by the Owners of a majority in aggregate principal amount of the Series 2023A 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 Series 2023A Indenture and to preserve or protect its interests and the interest of such Owners.

## **Application of Trust Estate and Other Moneys on Default**

During the continuance of an Event of Default under the Series 2023A Indenture, the Trustee shall apply all moneys, securities, funds, Pledged State Aid Revenues, and Pledged Taxes and the income therefrom (other than any amounts not constituting part of the Trust Estate) under such Indenture as follows and in the following order:

- (a) 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; and
- (b) To the payment of the principal of, Redemption Price and interest on the Series 2023A Bonds then due, as follows:

*First:* to the payment to the Persons entitled thereto of all installments of interest then due on the Series 2023A Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on such Series 2023A 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 Series 2023A Bonds which shall have become due, whether at maturity or by call for redemption and, if the amount available shall not be sufficient to pay in full all such Series 2023A 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.

If and whenever all overdue installments of principal and Redemption Price of and interest on all the Series 2023A Bonds together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the Board under the Series 2023A Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all such Series 2023A Bonds held by or for the account of the Board, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Series 2023A Indenture or the Series 2023A 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 such Indenture to be deposited or pledged, with the Trustee), and thereupon the Board, the Trustee and the Owners shall be restored, respectively, to their former positions and rights under such Indenture. No such payment 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 such Indenture or impair any right consequent thereon.

### **Restriction on Owners' Actions**

No Owner of any Series 2023A 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 Series 2023A Indenture or the execution of any trust under such Indenture or for any remedy under said 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 Series 2023A 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 relevant 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 such Series 2023A Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by such Series 2023A Indenture or to enforce any right thereunder, except in the manner provided therein; and that all proceedings at law or in equity to enforce any provision of such Series 2023A Indenture shall be instituted, had and maintained in the manner provided therein and shall be for the equal benefit of all Owners of the Outstanding Series 2023A Bonds.

### **Remedies Conferred By the Act**

The Board and the Trustee each acknowledge that Section 15(e) of the Act provides that all covenants of the Board relating to the issuance of the Series 2023A Bonds as Alternate Bonds pursuant to Section 15 of the Act and the conditions and obligations imposed by said Section 15 are enforceable by any Owner of such Series 2023A Bonds, any taxpayer of the Board and the people of the State acting through the Attorney General of the State or any designee, and in the event that any such action results in an order finding that the Board has not properly collected and applied the Pledged State Aid Revenues as required by the Act, the plaintiff in any such action shall be awarded reasonable attorneys' fees.

### **Remedies Not Exclusive**

No remedy by the terms of the Series 2023A Indenture conferred upon or reserved to the Trustee or the Owners of the Series 2023A Bonds is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under such Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery thereof.

### **Waiver**

The Owners of not less than two-thirds in aggregate principal amount of the Series 2023A Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the Owners of all of the Series 2023A Bonds, waive any past default under the Series 2023A Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of such Series 2023A Bonds when due. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

## *Provisions Relating to Trustee*

### **Resignation and Removal of Trustee**

The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by the Series 2023A Indenture by giving not less than 60 days written notice to the Board, all Owners of the Series 2023A Bonds and the other Fiduciaries with respect to such Series, 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 as provided in such Series 2023A Indenture and accepted such appointment, in which event such resignation shall take effect immediately on the acceptance of such appointment by 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 and accepted such appointment within a period of 60 days following the giving of notice, then the Trustee shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee as described below under “– **Appointment of Successor Trustee.**”

The Trustee may be removed at any time by an instrument in writing approved by and executed in the name of the Board and delivered to the Trustee; *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 the Series 2023A Bonds then Outstanding (excluding any Series 2023A Bonds held by or for the account of the Board). The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Series 2023A Bonds then Outstanding, excluding any such Series 2023A 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. Copies of each such instrument shall be delivered by the Board to each Fiduciary.

### **Appointment of Successor Trustee**

In case at any time the Trustee shall resign, be removed or 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 Series 2023A Bonds then Outstanding, excluding any Series 2023A 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 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 be appointed by the Owners as herein authorized. The Board shall mail notice to each Fiduciary and to the 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 pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Board written notice of resignation as provided in the Series 2023A Indenture 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.

Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of the Series 2023A Indenture in succession to the Trustee shall be a bank, trust company or national banking association, doing business and having a corporate trust office in the State, and having capital stock and surplus aggregating at least \$15,000,000, or shall be a wholly owned subsidiary of such an entity, if there be such a bank, trust company, national banking association or subsidiary 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 such Indenture.

### *Supplemental Indentures*

#### **Supplemental Indentures Not Requiring Consent of Owners**

The Board and the Trustee may without the consent of, or notice to, any of the Owners of the Series 2023A Bonds, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Series 2023A Indenture for any one or more of the following purposes:

- (1) To impose additional covenants or agreements to be, observed by the Board;
- (2) To impose other limitations or restrictions upon the Board;
- (3) To surrender any right, power or privilege reserved to or conferred upon the Board by such Indenture;
- (4) To confirm, as further assurance, any pledge of or lien upon the Pledged State Aid Revenues, the Pledged Taxes or any other moneys, securities or funds;
- (5) To make any necessary amendments to or to supplement such Indenture in connection with the issuance of Additional Bonds as authorized in such Indenture;
- (6) To cure any ambiguity, omission or defect in such Indenture;
- (7) To provide for the appointment of a successor securities depository;
- (8) To provide for the appointment of any successor Fiduciary; and
- (9) To make any other change which, in the judgment of the Trustee, does not materially adversely affect the rights of the Trustee or the Owners of the Series 2023A Bonds.

#### **Supplemental Indentures Effective Upon Consent of Owners**

Any Supplemental Indenture not effective in accordance with the foregoing provisions shall take effect only if permitted and approved and in the manner described below under the heading "*Amendments*".



## *Amendments*

### **General**

Exclusive of Supplemental Indentures as described above under the subheading “**Supplemental Indentures Not Requiring the Consent of Owners**”, and subject to the provisions described below under subheading “**Consent of Owners**”, the Owners of not less than a majority in aggregate principal amount of the Series 2023A Bonds then Outstanding shall have the right, from time to time, anything contained in the Series 2023A Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Board and the Trustee of such other indenture or indentures supplemental to such Indenture as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained therein or in any supplemental indenture, or (ii) waive or consent to the taking by the Board of any action prohibited, or the omission by the Board of the taking of any action required, by any of the provisions of such Indenture or of any indenture supplemental thereto; *provided, however*, that nothing in the Series 2023A Indenture permits or may be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the payment or redemption of any Series 2023A Bond, without the consent of the Owner of such Series 2023A Bond, (b) except for the pledge of the Pledged State Aid Revenues in connection with the issuance of Additional Bonds, the creation of any lien prior to or on a parity with the lien of the Series 2023A Indenture, without the consent of the Owners of all the Series 2023A Bonds at the time Outstanding, (c) a reduction in the aforesaid aggregate principal amount of Series 2023A Bonds, the Owners of which are required to consent to any such waiver or Supplemental Indenture, without the consent of the Owners of all the Series 2023A Bonds at the time Outstanding which would be affected by the action to be taken, (d) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (e) with respect to the Series 2023A Bonds, the loss of the exclusion from federal gross income of the Owners of the interest paid on such Series 2023A Bonds held by a non-consenting Owner to the extent otherwise afforded under the Code and Regulations.

### **Consent of Owners**

The Board may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment described in the preceding paragraph, to take effect when and as described in this paragraph. Upon the authorization of such Supplemental Indenture, a copy thereof shall be delivered to and held by the Trustee for the inspection of the Owners of the Series 2023A Bonds. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to such 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 described below. 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 aggregate principal amount of Outstanding Series 2023A 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 Series 2023A Indenture, is authorized or permitted by such Indenture and,

when effective, will be valid and binding upon the Board and the Trustee, and (b) a notice shall have been delivered as described below. Any such consent shall be binding upon the Owner of the Series 2023A Bonds giving such consent and upon any subsequent Owner of such Series 2023A Bonds and of any Series 2023A Bonds issued in exchange therefor or replacement thereof 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 described in this paragraph referred to is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by the Series 2023A Indenture and shall not be deemed ineffective by reason of such prior delivery or filing. Within 30 days of any date on which the consents on file with the Trustee (and not theretofore revoked) shall be sufficient under the Series 2023A Indenture, the Trustee shall make and deliver to the Board a written statement that the consents of the Owners of the required aggregate principal amount of Outstanding Bonds of such Series 2023A 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 of such Series 2023A Bonds and will be effective as provided in this paragraph, 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). A record, consisting of the information required or permitted by this paragraph to be delivered by or to the Trustee, shall be proof of the matters therein stated.

Additionally, the Series 2023A Indenture and the rights and obligations of the Board and of the Owners of the Series 2023A Bonds may be modified or amended in any respect by a Supplemental Indenture effecting such modification or amendment and with the consents of the Owners of all of the Outstanding Series 2023A Bonds. Such Supplemental Indenture shall take effect upon the filing (a) with the Trustee of (i) a copy thereof, (ii) such consents and accompanying proofs and (iii) the Counsel's Opinion referred to in the preceding paragraph and (b) with the Board of the Trustee's written statement that the consents of the Owners of all of the Outstanding Series 2023A Bonds have been filed with it. No mailing or publication of any Supplemental Indenture (or reference thereto or summary thereof) or of any request or notice shall be required. No such modification or amendment, however, shall change or modify any of the rights or obligations of any Fiduciary without its written consent thereto.

#### *Defeasance*

If the Board shall pay or cause to be paid or there shall otherwise be paid to the Owners of all the Series 2023A 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 Series 2023A Indenture, then the pledge of the Trust Estate under such Series 2023A 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, upon request of the Board, shall provide an accounting of the assets managed by the Trustee to be prepared and filed with the Board for any year or part thereof requested, and shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Paying Agent shall pay over or deliver to the Board all moneys and securities held by it pursuant to such Indenture which are not required for the payment of Series 2023A 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 or a portion of the Outstanding Series 2023A Bonds, 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 Series 2023A Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under such Indenture, and all covenants, agreements and obligations of the Board to the Owners of such Series 2023A Bonds and to the Trustee shall thereupon be discharged and satisfied.

Series 2023A 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 as described in the preceding paragraph if the Board shall have delivered to or deposited with the Trustee (a) 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, (b) irrevocable instructions to mail the required notice of redemption of any such Bonds so to be redeemed, (c) either moneys in an amount which shall be sufficient or Defeasance Obligations the principal of and the interest on which when due without further reinvestment will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time are sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Series 2023A Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, (d) if Defeasance Obligations are used, an opinion from a nationally recognized firm of independent public accountants to the effect that the Defeasance Obligations and moneys will be sufficient to provide for the payment when due of the interest on and principal or Redemption Price, if applicable, of said Series 2023A Bonds, and (e) if any of said Series 2023A Bonds are not to be paid or redeemed within the next succeeding 45 days, irrevocable instructions to mail to all Owners of said Series 2023A Bonds a notice that such deposit has been made with the Trustee and that said Series 2023A Bonds are deemed to have been paid in accordance with the Series 2023A Indenture 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 Series 2023A Bonds. The Defeasance Obligations and moneys deposited with the Trustee pursuant to this paragraph shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Series 2023A 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 Series 2023A 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 said Series 2023A Bonds, at maturity or upon redemption, as the case may be.

The Defeasance Obligations (or any portion thereof) held for the payment of the principal and Redemption Price of and interest on said Series 2023A Bonds as described in the preceding paragraph may not be sold, redeemed, invested, reinvested or removed from the lien of the Series 2023A Indenture in any manner or other Defeasance Obligations substituted therefor (any such direction to sell, redeem, invest, reinvest, remove or substitute to be referred to as a “*Subsequent Action*”) unless prior to the taking of such Subsequent Action, the Trustee shall have received the following: (i) either (a) a certified copy of the proceedings of the Board authorizing the Subsequent Action, or (b) an Opinion of Counsel for the Board to the effect that such Subsequent Action has been duly authorized by all necessary action on the part of the Board; (ii) an opinion from a nationally recognized firm of independent public accountants to the effect that the Defeasance Obligations and cash available or to be available for payment of such Series 2023A Bonds after

the taking of the Subsequent Action will remain sufficient to pay, without any further reinvestment thereof, the principal and Redemption Price of and interest on said Series 2023A Bonds at or prior to their maturity in the manner provided in the preceding paragraph; (iii) an Opinion of Bond Counsel to the effect that the Subsequent Action will not adversely affect any exemption from federal income tax of the interest paid on such Series 2023A Bonds to which such Series 2023A Bonds are otherwise entitled; and (iv) such other documents and showings as the Trustee may reasonably require.

**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

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# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the year ended June 30, 2022

*Prepared by the  
Office of Finance*

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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





# 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

Miguel del Valle  
PRESIDENT

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

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,

A handwritten signature in blue ink that reads "Miguel del Valle".

Miguel del Valle  
President  
Chicago Board of Education

A handwritten signature in blue ink that reads "Pedro Martinez".

Pedro Martinez  
Chief Executive Officer  
Chicago Public Schools

**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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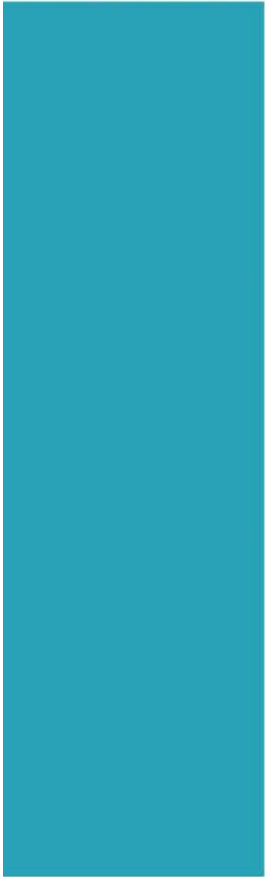
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**CHICAGO PUBLIC SCHOOLS  
Chicago Board of Education**

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**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. Morill*

Executive Director/CEO





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.

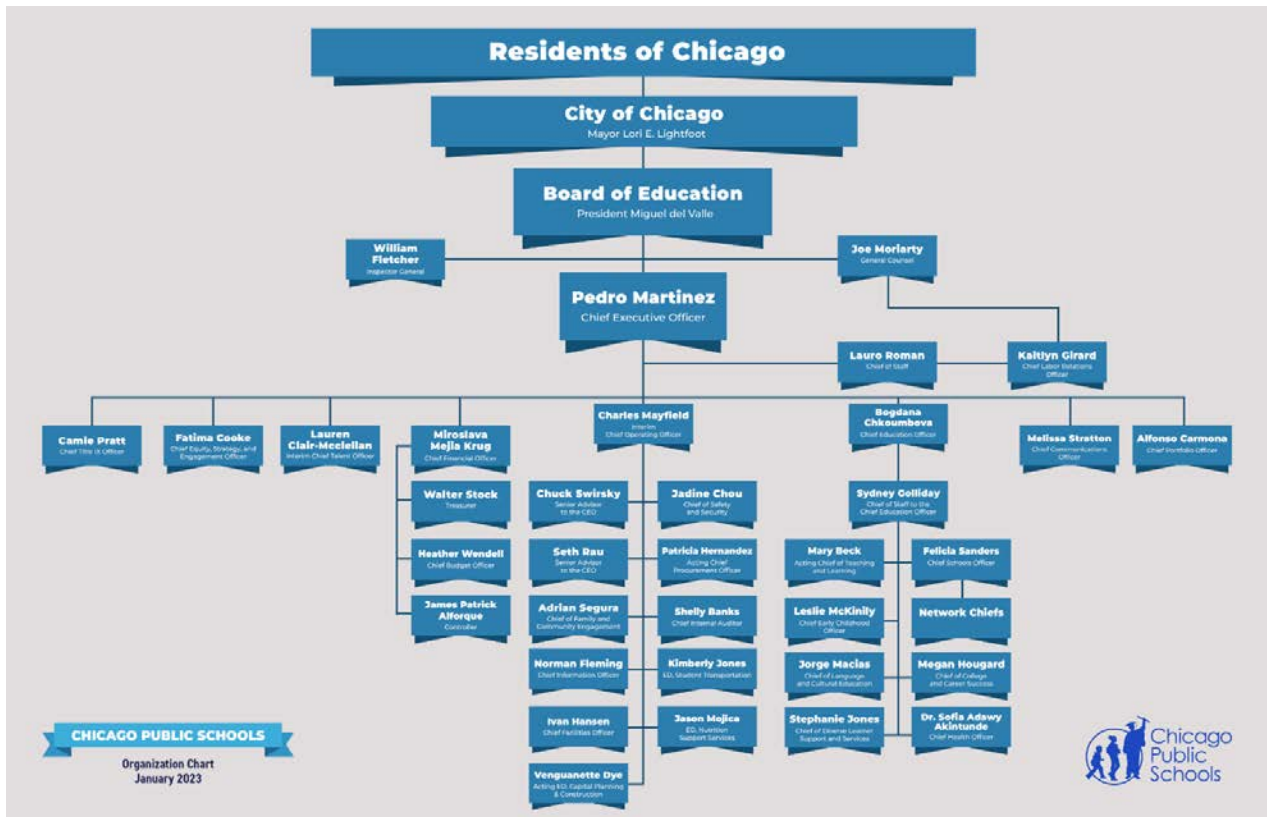


**William A. Sutter**  
President



**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

## Introductory Section

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.

## Introductory Section

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

## Introductory Section

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

## Introductory Section

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:

<b>Member</b>	<b>Term Expires</b>
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.









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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](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

## Introductory Section

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

## Introductory Section

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.

#### Discretionary School Funds to Mitigate Unfinished Learning Loss from Covid-19

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.

#### Universal Pre-K

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.

#### Curriculum Equity

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.

#### Targeted Interventions for Students

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

## Introductory Section

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,



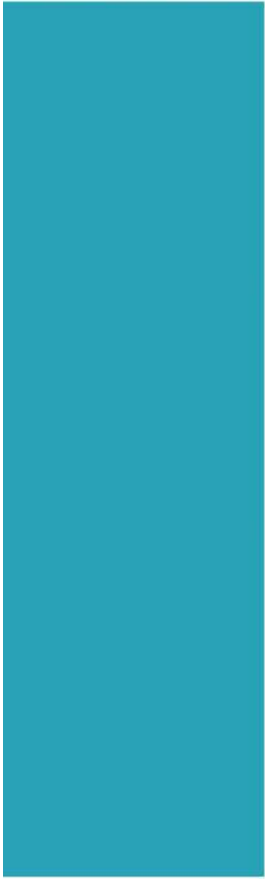
Miroslava Mejia Krug  
Chief Finance Officer



James Patrick Alforque  
Controller









## 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.

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### ***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.

## Financial Section — Independent Auditor’s Report

### ***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.

## Financial Section — Independent Auditor’s Report

### 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.



## Financial Section — Management’s Discussion and Analysis

### 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%
<b>Total Assets .....</b>	<b>\$ 10,484</b>	<b>\$ 9,811</b>	<b>\$ 673</b>	<b>6.9%</b>
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%
<b>Total Liabilities .....</b>	<b>\$ 29,466</b>	<b>\$ 29,256</b>	<b>\$ 210</b>	<b>0.7%</b>
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%
<b>Total net position (deficit) .....</b>	<b>\$ (18,144)</b>	<b>\$ (17,378)</b>	<b>\$ (766)</b>	<b>-4.4%</b>

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.

## Financial Section — Management's Discussion and Analysis

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.

## Financial Section — Management’s Discussion and Analysis

The following table presents the changes in net position to fiscal year 2022 from fiscal year 2021:

### **Changes in Net Position (In Millions)**

	<b>Governmental Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>Difference</b>	<b>% Change</b>
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 .....	<u>\$ 2,537</u>	<u>\$ 2,079</u>	<u>\$ 458</u>	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 .....	<u>\$ 5,857</u>	<u>\$ 5,405</u>	<u>\$ 452</u>	8.4%
Total revenues .....	<u>\$ 8,394</u>	<u>\$ 7,484</u>	<u>\$ 910</u>	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 .....	<u>\$ 9,160</u>	<u>\$ 9,035</u>	<u>\$ 125</u>	1.4%
Change in net position .....	\$ (766)	\$ (1,551)	\$ 785	50.6%
Beginning net position (deficit) .....	<u>(17,378)</u>	<u>(15,827)</u>	<u>(1,551)</u>	-9.8%
Ending net position (deficit) .....	<u>\$ (18,144)</u>	<u>\$ (17,378)</u>	<u>\$ (766)</u>	-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 *governmental 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.

## Financial Section — Management's Discussion and Analysis

### 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
<b>Revenues:</b>					
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%
<b>Expenditures:</b>					
<b>Current:</b>					
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 .....	<u>\$ 286</u>	<u>\$ 283</u>			

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.

## Financial Section — Management’s Discussion and Analysis

### 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.

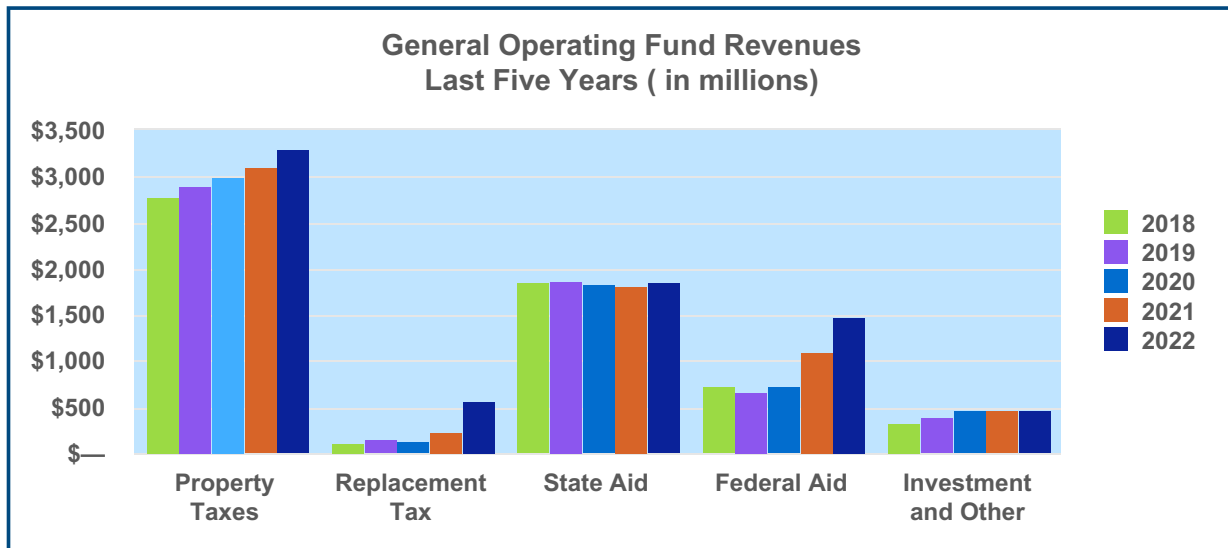
**Federal aid** increased by \$358.0 million in fiscal year 2022. CPS received the revenue from Elementary and Secondary School Emergency Relief Fund (ESSER) as the part of CARES Act to cover new expenditures related to COVID-19. This federal funding, especially, ESSER II and ESSER III, is the main reason 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%
<b>Total.....</b>	<b>\$ 7,396</b>	<b>\$ 6,508</b>	<b>100.0%</b>	<b>\$ 888</b>	<b>13.6%</b>

Note: prior year FY21 amounts were not restated due to the implementation of GASB 87 during the FY22.



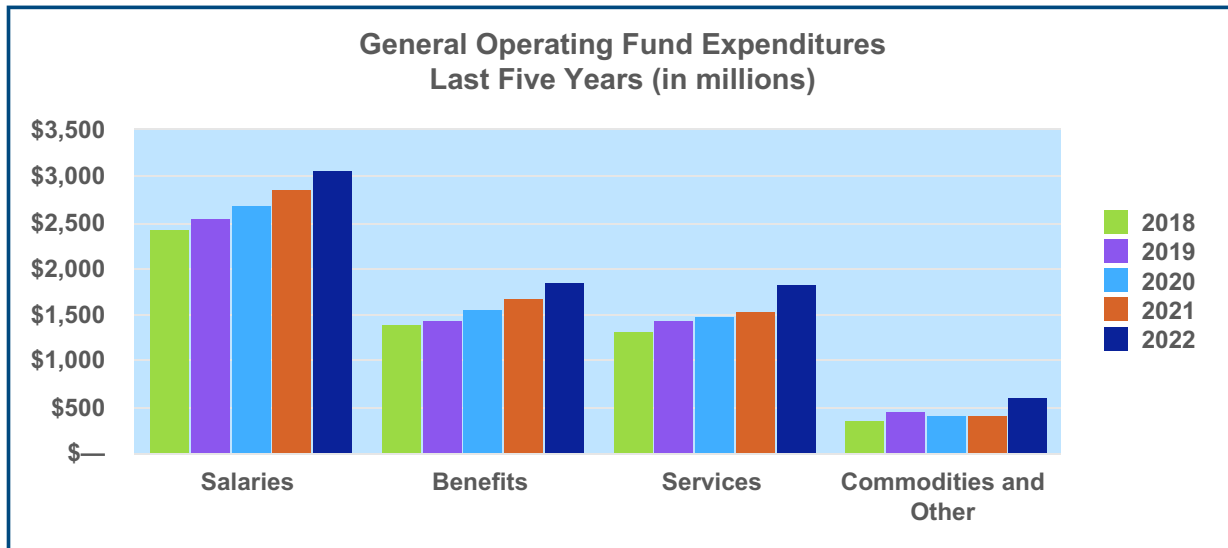
**Salaries** increased by \$205.0 million or 7.2% mainly due to cost of living adjustment for union staff and investment in school-based staff.

**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.

## Financial Section — Management’s Discussion and Analysis

### 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.

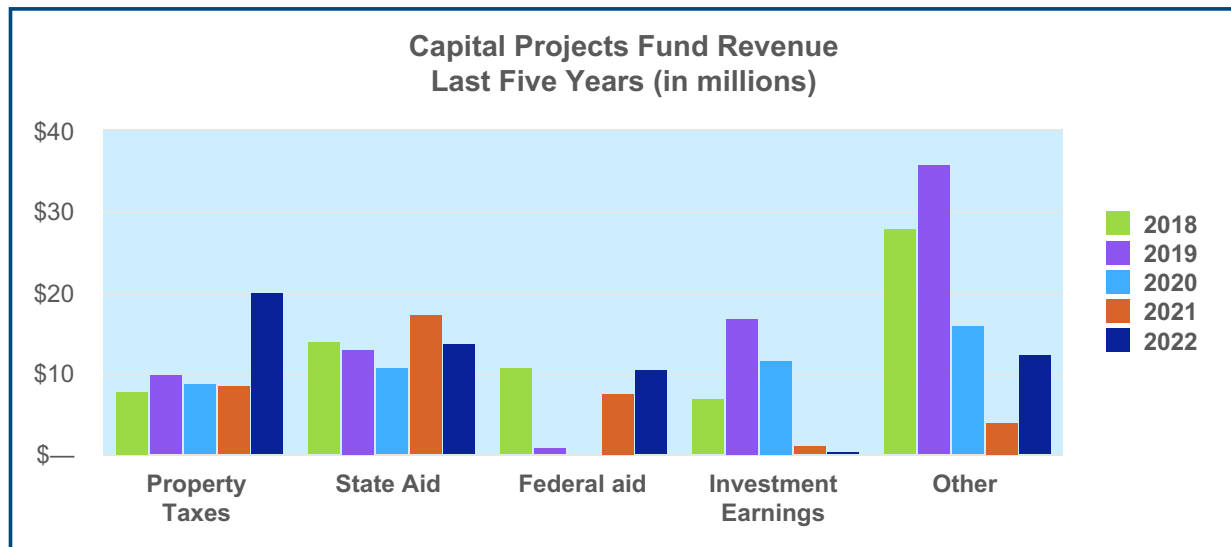
**Property tax** revenues were collected in the Capital Projects Fund in fiscal year 2022, as a result of the Capital Improvement Tax levy. Net collections received were \$20.2 million, higher than the \$8.7 million collected in fiscal year 2021.

**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.



## Financial Section — Management’s Discussion and Analysis

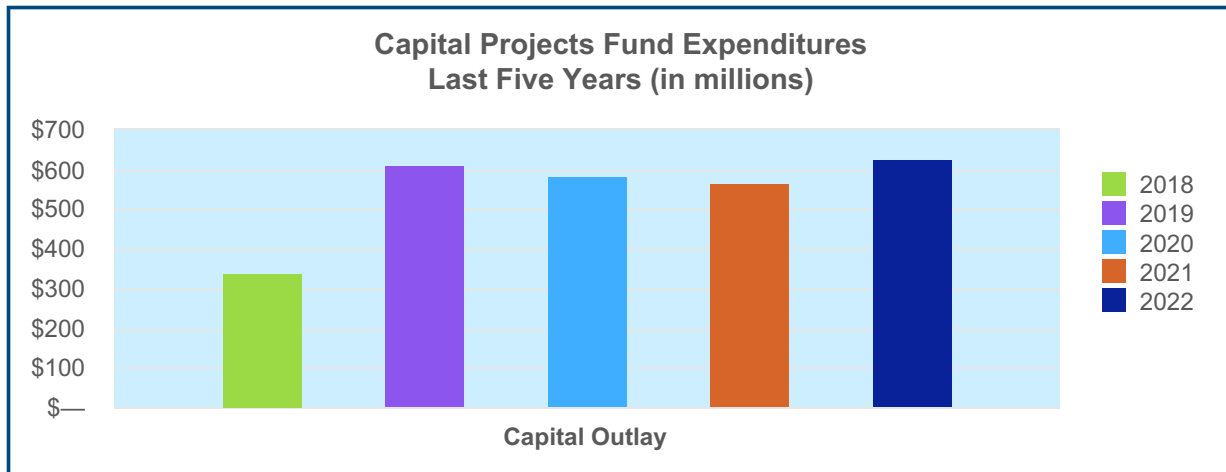
### Expenditures (In Millions)

	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.



## Financial Section — Management’s Discussion and Analysis

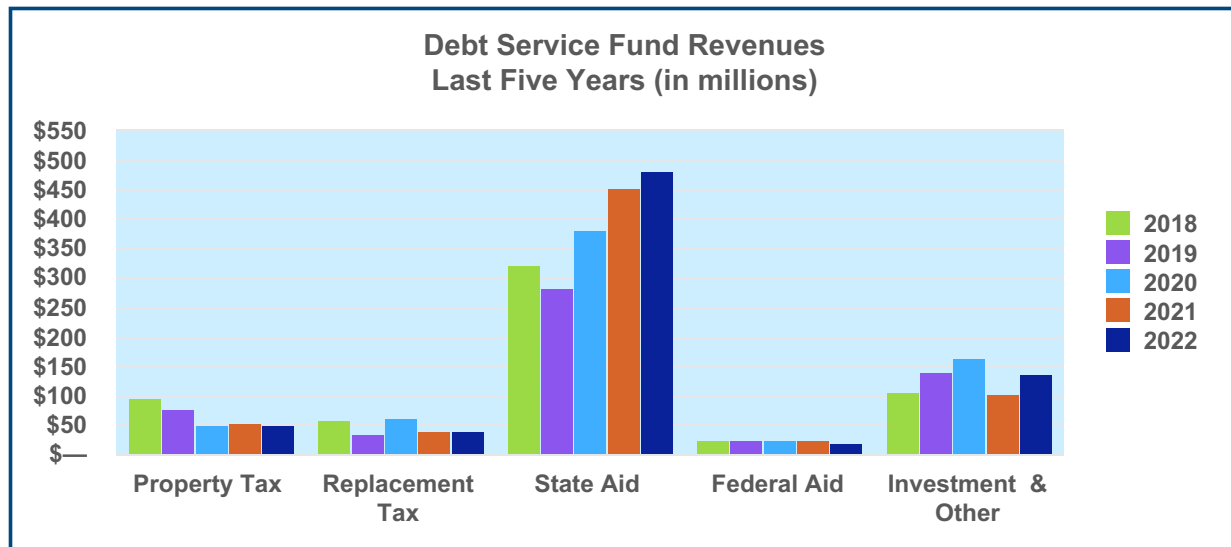
### Debt Service Fund

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.



## Financial Section — Management’s Discussion and Analysis

**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.

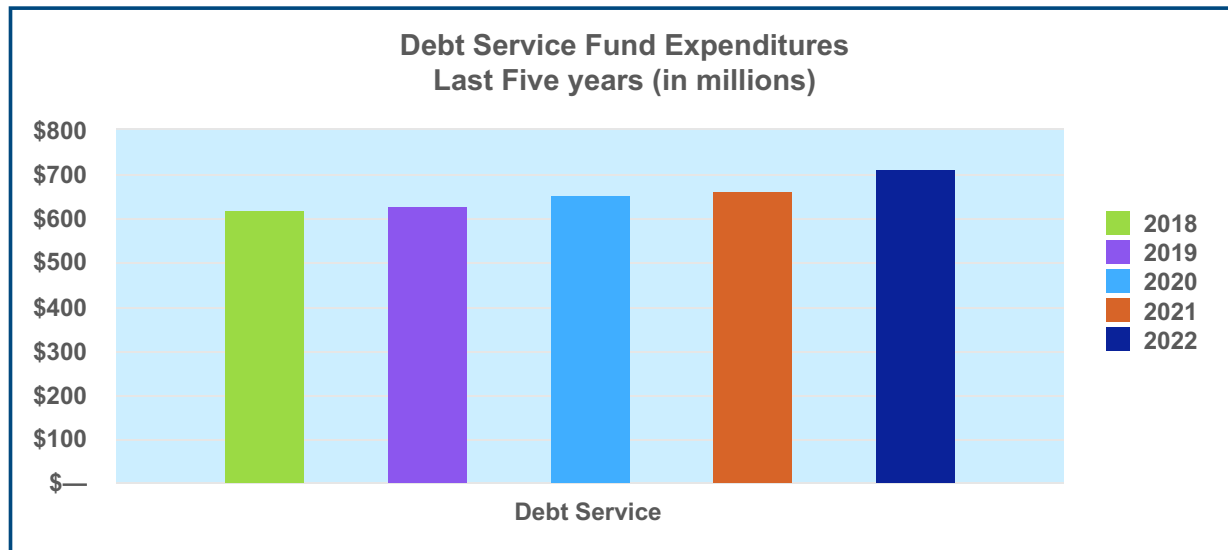
**Other** revenues account for one-time local revenues and/or the disbursement of property tax revenues from the City of Chicago (based on specific IGAs) allocated for debt service. These revenues increased by \$53.0 million from fiscal year 2021.

**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 .....	<u>\$ 1,121</u>	<u>\$ 796</u>	<u>\$ 325</u>	<u>40.8%</u>

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.

## Financial Section — Management’s Discussion and Analysis

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 .....	<u>\$ 7,822</u>	<u>\$ —</u>	<u>\$ 7,822</u>	<u>\$ 7,660</u>	<u>\$ (162)</u>
Other financing sources (uses) .....	10	—	10	13	3
Total .....	<u>\$ 7,832</u>	<u>\$ —</u>	<u>\$ 7,832</u>	<u>* \$ 7,673</u>	<u>\$ (159)</u>
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 .....	<u>\$ 7,822</u>	<u>\$ —</u>	<u>\$ 7,822</u>	<u>\$ 7,397</u>	<u>\$ (425)</u>
Change in fund balances .....	<u>\$ 10</u>		<u>\$ 10</u>	<u>\$ 276</u>	

#### 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 Board of Education**

**STATEMENT OF NET POSITION**  
**June 30, 2022**  
**(Thousands of Dollars)**

	<b>GOVERNMENTAL ACTIVITIES</b>
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
<b>Total current assets</b> .....	<b>\$ 3,288,307</b>
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
<b>Total non-current assets</b> .....	<b>\$ 7,195,900</b>
<b>Total assets</b> .....	<b>\$ 10,484,207</b>
Deferred Outflows of Resources:	
Deferred charge on refunding .....	\$ 79,887
Deferred OPEB outflows .....	587,100
Deferred pension outflows .....	2,448,718
<b>Total deferred outflow of resources</b> .....	<b>\$ 3,115,705</b>

## Financial Section — Basic Financial Statements

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### STATEMENT OF NET POSITION (continued) June 30, 2022 (Thousands of Dollars)

	<b>GOVERNMENTAL ACTIVITIES</b>
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 .....	<u>\$ 1,559,897</u>
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:	<u>27,905,085</u>
Total liabilities .....	<u>\$ 29,464,982</u>
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 .....	<u>\$ 2,278,471</u>
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) .....	<u>\$ (18,143,542)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

## Financial Section — Basic Financial Statements

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### STATEMENT OF ACTIVITIES For the Year Ended June 30, 2022 (Thousands of dollars)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities:</i>					
Instruction .....	\$ 5,616,791	\$ 621	\$ 1,495,924	\$ 24,843	\$ (4,095,403)
<i>Support services:</i>					
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 .....	<u>\$ 9,159,928</u>	<u>\$ 1,978</u>	<u>\$ 2,496,947</u>	<u>\$ 38,317</u>	<u>\$ (6,622,686)</u>
 <i>General revenues:</i>					
<i>Taxes:</i>					
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 .....					<u>\$ 5,856,891</u>
Change in net position .....					(765,795)
Net position - beginning (deficit) .....					(17,377,747)
Net position - ending (deficit) .....					<u>\$ (18,143,542)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

## Financial Section — Basic Financial Statements

### 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 .....	<u>\$ 2,438,491</u>	<u>\$ 385,243</u>	<u>\$ 885,018</u>	<u>\$ 3,708,752</u>
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 .....	<u>\$ 1,034,974</u>	<u>\$ 203,389</u>	<u>\$ 5,547</u>	<u>\$ 1,243,910</u>
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 .....	<u>\$ 323,849</u>	<u>\$ 18,141</u>	<u>\$ 10,433</u>	<u>\$ 352,423</u>
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 .....	<u>\$ 1,079,668</u>	<u>\$ 163,713</u>	<u>\$ 869,038</u>	<u>\$ 2,112,419</u>
Total liabilities, deferred inflows of resources and fund balances .....	<u>\$ 2,438,491</u>	<u>\$ 385,243</u>	<u>\$ 885,018</u>	<u>\$ 3,708,752</u>

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 resources and 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) .....	<u><u>\$(18,143,542)</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

# Financial Section — Basic Financial Statements

## 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
<b>Revenues:</b>					
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 .....	<u>\$ 7,659,608</u>	<u>\$ 57,581</u>	<u>\$ 727,511</u>	<u>\$ 8,444,700</u>	<u>\$ 7,454,463</u>
<b>Expenditures:</b>					
<b>Current:</b>					
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 .....	<u>\$ 7,396,311</u>	<u>\$ 626,240</u>	<u>\$ 714,189</u>	<u>\$ 8,736,740</u>	<u>\$ 7,735,095</u>
Revenues in excess of (less than) expenditures .....	<u>\$ 263,297</u>	<u>\$ (568,659)</u>	<u>\$ 13,322</u>	<u>\$ (292,040)</u>	<u>\$ (280,632)</u>
<b>Other financing sources (uses):</b>					
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) .....	<u>\$ 12,603</u>	<u>\$ 543,553</u>	<u>\$ 22,124</u>	<u>\$ 578,280</u>	<u>\$ 564,077</u>
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 .....	<u>\$ 1,079,668</u>	<u>\$ 163,713</u>	<u>\$ 869,038</u>	<u>\$ 2,112,419</u>	<u>\$ 1,826,179</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



## Financial Section — Basic Financial Statements

### 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
<p>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.</p>	
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 lessee 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**

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**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)

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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 *economic resources measurement focus* 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)**

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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)

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#### *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)

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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:

## Financial Section — Basic Financial Statements

### 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)

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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)**

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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**

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#### **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	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.

## Financial Section — Basic Financial Statements

### 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
<b>Revenues:</b>		
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 .....	<u>\$2,344,633</u>	<u>\$2,260,167</u>
<b>Program revenue:</b>		
Benefit payments .....		(608,695)
Non-program general state aid .....		<u>\$1,651,472</u>

### 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.



## Financial Section — Basic Financial Statements

### 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 .....		<u>\$ 1,147,576</u>	<u>\$ 869,008</u>	<u>\$ 234,864</u>	<u>\$ 43,704</u>
Cash and CDs .....		166,113			
Total Cash and Investments .....		<u>\$ 1,313,689</u>			

**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.

## Financial Section — Basic Financial Statements

### 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 .....	<u>\$ 681,621</u>	<u>\$ 526,250</u>	<u>\$ 155,371</u>	<u>\$ —</u>

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 .....	<u>\$ 1,313,689</u>

## Financial Section — Basic Financial Statements

### 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):

	<b>General Operating Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Fund Financial Statements</b>	<b>Government - Wide Financial Statements</b>
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 .....	<u>\$ 2,352,477</u>	<u>\$ 52,406</u>	<u>\$ 30,558</u>	<u>\$ 2,435,441</u>	<u>\$ 2,435,441</u>
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 .....	<u>\$ 2,230,182</u>	<u>\$ 38,526</u>	<u>\$ 28,705</u>	<u>\$ 2,297,413</u>	<u>\$ 2,297,413</u>

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.

## Financial Section — Basic Financial Statements

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows (\$000's):

<b>Government-wide activities:</b>	<b>Beginning Balance*</b>	<b>Increases</b>	<b>Decreases and Transfers to In-Service</b>	<b>Ending Balance</b>
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):

<b>Governmental activities:</b>	<b>Depreciation Expenses</b>	<b>Impairment Expenses</b>
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

## Financial Section — Basic Financial Statements

### 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 .....	<u>\$ 85,917</u>

#### 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 .....	<u>\$ (80,606)</u>

#### Debt Service Fund:

Bond Redemption and Interest Program — Due to General Operating Fund .....	<u>\$ (5,311)</u>
--	-------------------

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):

	<b>Balance</b>			<b>Balance</b>
<b>Short-Term Debt</b>	<b>June 30, 2021</b>	<b>Draws</b>	<b>Repayments</b>	<b>June 30, 2022</b>
<b>Tax Anticipation Notes</b> .....	\$ 244,000	\$ 1,206,000	\$ (1,450,000)	\$ —

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## Financial Section — Basic Financial Statements

### 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
<b>Governmental activities:</b>					
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.



## Financial Section — Basic Financial Statements

### 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 .....	<u>\$ 299,313</u>

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 .....	<u>\$ 7,769,268</u>	<u>\$ 6,512,487</u>	<u>\$ 14,281,755</u>

## Financial Section — Basic Financial Statements

### NOTE 9. LONG-TERM DEBT (continued)

#### Accreted Interest

Interest and maturities include acceptable interest on the Capital Appreciation Bonds as follows (\$000's):

<u>Series</u>	<u>Accreted Interest June 30, 2021</u>	<u>Increase</u>	<u>Payment</u>	<u>Accreted Interest June 30, 2022</u>
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 .....	<u>\$ 679,899</u>	<u>\$ 51,159</u>	<u>\$ (67,572)</u>	<u>\$ 663,486</u>

#### 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 rate 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):

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 .....	<u>\$ 880,480</u>	<u>\$ 942,113</u>	<u>\$ 1,822,593</u>

#### Defeased Debt

There was no defeased debt outstanding as of June 30, 2022.

#### Legal Debt Limit

Per Illinois school code 1105 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.

## Financial Section — Basic Financial Statements

### 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 .....					<u>\$ 8,378,556</u>

## Financial Section — Basic Financial Statements

### 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	<u>\$ 679,899</u>	<u>\$ 9,058,455</u>	<u>\$ 872,170</u>	<u>\$ (600,978)</u>	<u>\$ 8,649,749</u>	<u>\$ 663,486</u>	<u>\$ 9,313,234</u>
Less Current Portion		(266,140)					(288,215)
For Net Premium/(Discount)		131,674					216,274
Total Long-term Debt, net of current portion and premium/(discount)		<u>\$ 8,923,989</u>					<u>\$ 9,241,293</u>

## Financial Section — Basic Financial Statements

### 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 Ending June 30	Leased Real Property		
	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
<b>Total</b>	<b>\$ 101,469</b>	<b>\$ 14,737</b>	<b>\$ 116,206</b>

##### *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.

## Financial Section — Basic Financial Statements

### 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 Ending June 30	Leased Equipment		
	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

## Financial Section — Basic Financial Statements

### 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.

	<b>Telecommunication Lease Receivable</b>			
	<b>Balance at July 01, 2021 ('000)</b>	<b>Additions ('000)</b>	<b>Deletions ('000)</b>	<b>Balance at June 30, 2022 ('000)</b>
Lease Receivable	\$ 57,002	\$ 5,149	\$ (4,013)	\$ 58,138
Total leases receivable	<u>\$ 57,002</u>	<u>\$ 5,149</u>	<u>\$ (4,013)</u>	<u>\$ 58,138</u>

### 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.



## Financial Section — Basic Financial Statements

### 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
<b>Total</b>	<b>\$ 430,918</b>	<b>\$ 110,416</b>	<b>\$ (51,420)</b>	<b>\$ 489,914</b>
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)
<b>Total long-term other benefits and claims</b> .....				<b>\$ 445,157</b>

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)
<b>Balance July 1, 2021</b> .....	<b>\$ 87,121</b>	<b>\$ 26,337</b>	<b>\$ 18,233</b>	<b>\$ 74,824</b>
Increase/(Decrease) .....	19,314	732	12,067	533,877
Payments .....	(18,372)	(4,842)	—	(521,495)
<b>Balance June 30, 2022</b> .....	<b>\$ 88,063</b>	<b>\$ 22,227</b>	<b>\$ 30,300</b>	<b>\$ 87,206</b>

### 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 .....	<u>\$ 667,180</u>
Contributions from the State of Illinois .....	277,497
CPS contributions on-behalf of employees .....	115,365
Total CTPF Contributions .....	<u><u>\$ 1,060,042</u></u>

**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.

## Financial Section — Basic Financial Statements

### 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 .....	<u>\$ 1,740,358</u>	<u>\$ 2,448,718</u>

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):

<b>Years Ended June 30:</b>	<b>Amount</b>
2023 .....	\$ 273,718
2024 .....	135,429
2025 .....	(36,039)
2026 .....	(331,929)
Totals .....	<u>\$ 41,179</u>

### 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.

## Financial Section — Basic Financial Statements

### 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](http://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  $\frac{1}{4}$  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  $\frac{1}{2}$  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  $\frac{1}{2}$  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)  $\frac{1}{2}$  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.

## Financial Section — Basic Financial Statements

### 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%
<b>Total</b> .....	<b>100%</b>	

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](http://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 .....	<u>\$ 3,304,981</u>

## Financial Section — Basic Financial Statements

### 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):

<b>Deferred outflows of resources</b>	<b>Amount</b>
Changes in assumptions .....	\$ 587,100
<b>Total deferred outflows of resources</b> .....	<b>\$ 587,100</b>

<b>Deferred inflows of resources</b>	<b>Amount</b>
Changes in assumptions .....	\$ 14,119
Differences between expected and actual experience .....	465,152
<b>Total deferred inflows of resources</b> .....	<b>\$ 479,271</b>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (\$000's):

<b>Years Ended June 30:</b>	<b>Amount</b>
2023 .....	\$ 1,351
2024 .....	11,096
2025 .....	30,500
2026 .....	29,738
2027 .....	35,144
Thereafter .....	—
Totals .....	<b>\$ 107,829</b>

## Financial Section — Basic Financial Statements

### 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:

	<u>Initial</u>	<u>Ultimate</u>
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

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#### 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 contaminants 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

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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**

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#### 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 Board of Education

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Required Supplementary Information**

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## Financial Section — 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
<b>Revenues:</b>					
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
<b>Total revenues</b>	<b>\$ 7,821,605</b>	<b>\$ —</b>	<b>\$ 7,821,605</b>	<b>\$ 7,659,608</b>	<b>\$ (161,997)</b>
<b>Expenditures:</b>					
<b>Salaries</b>					
Teachers' salaries	\$ 2,341,174	\$ —	\$ 2,341,174	\$ 2,253,233	\$ (87,941)
Career service salaries	838,392	—	838,392	810,384	(28,008)
<b>Commodities</b>					
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)
<b>Services</b>					
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
<b>Equipment - educational</b>	<b>17,648</b>	<b>—</b>	<b>17,648</b>	<b>125,498</b>	<b>107,850</b>
<b>Building and Sites</b>					
Repair and replacements	34,675	—	34,675	36,466	1,791
Capital outlay	—	—	—	12,667	12,667
<b>Benefits</b>					
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)
<b>Total expenditures</b>	<b>\$ 7,821,605</b>	<b>\$ —</b>	<b>\$ 7,821,605</b>	<b>\$ 7,396,311</b>	<b>\$ (425,294)</b>
<b>Revenues in excess of (less than) expenditures</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 263,297</b>	<b>\$ 263,297</b>
<b>Other financing sources (uses):</b>					
Lease value	\$ —	\$ —	\$ —	\$ 12,613	\$ 12,613
Transfers in / (out)	\$ 10,000	\$ —	\$ 10,000	\$ (10)	\$ (10,010)
<b>Total other financing sources (uses)</b>	<b>\$ 10,000</b>	<b>\$ —</b>	<b>\$ 10,000</b>	<b>\$ 12,603</b>	<b>\$ 2,603</b>
<b>Net change in fund balances</b>	<b>\$ 10,000</b>	<b>\$ —</b>	<b>\$ 10,000</b>	<b>\$ 275,900</b>	<b>\$ 265,900</b>
<b>Fund balances, beginning of period</b>	<b>803,768</b>	<b>—</b>	<b>803,768</b>	<b>803,768</b>	<b>—</b>
<b>Fund balances, end of period</b>	<b>\$ 813,768</b>	<b>\$ —</b>	<b>\$ 813,768</b>	<b>\$ 1,079,668</b>	<b>\$ 265,900</b>

**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 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:**

	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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	—	—	—	—
<b>Total</b>	<u>\$ 9,501,206</u>	<u>\$ 10,023,263</u>	<u>\$ 11,011,400</u>	<u>\$ 12,382,417</u>
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

## Financial Section — Required Supplementary Information

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
100.00%	100.00%	100.00%	100.00%
\$ 13,442,717	\$ 14,127,342	\$15,440,803	\$ 14,727,410
—	—	—	—
<u>\$ 13,442,717</u>	<u>\$ 14,127,342</u>	<u>\$15,440,803</u>	<u>\$ 14,727,410</u>
\$ 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:**

	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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	<u>\$ 2,779,767</u>	<u>\$ 7,829,700</u>	<u>\$ 7,529,116</u>	<u>\$ 4,848,718</u>
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

## Financial Section — Required Supplementary Information

<u>2019</u>	<u>2.02</u>	<u>2021</u>	<u>2022</u>
0.00%	0.00%	0.00%	0.00%
\$ —	\$ —	\$ —	\$ —
5,132,885	5,372,904	5,826,081	6,427,959
<u>\$ 5,132,885</u>	<u>\$ 5,372,904</u>	<u>\$5,826,081</u>	<u>\$ 6,427,959</u>
\$ 690,490	\$ 734,934	\$790,323	\$ 912,739
0.00%	0.00%	0.00%	0.00%
23.29%	23.64%	22.96%	23.41%

## Financial Section — Required Supplementary Information

### 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



## Financial Section — Required Supplementary Information

### 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**

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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.

## Financial Section — Individual Fund Schedules

**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
<b>Revenues:</b>					
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 .....	<u>\$ 7,821,605</u>	<u>\$ 7,659,608</u>	<u>\$ (161,997)</u>	<u>\$ 6,744,533</u>	<u>\$ 915,075</u>
<b>Expenditures:</b>					
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 .....	<u>\$ 7,821,605</u>	<u>\$ 7,396,311</u>	<u>\$ (425,294)</u>	<u>\$ 6,507,858</u>	<u>\$ 888,453</u>
Revenues in excess of (less than) expenditures .....	<u>\$ —</u>	<u>\$ 263,297</u>	<u>\$ 263,297</u>	<u>\$ 236,675</u>	<u>\$ 26,622</u>
<b>Other financing sources (uses):</b>					
Lease value... ..	\$ —	\$ 12,613	\$ 12,613	\$ —	\$ 12,613
Transfers in (out) .....	10,000	(10)	(10,010)	—	(10)
Total other financing sources (uses) .....	<u>\$ 10,000</u>	<u>\$ 12,603</u>	<u>\$ 2,603</u>	<u>\$ —</u>	<u>\$ 12,603</u>
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 .....	<u>\$ 813,768</u>	<u>\$ 1,079,668</u>	<u>\$ 265,900</u>	<u>\$ 803,768</u>	<u>\$ 275,900</u>



**CHICAGO PUBLIC SCHOOLS**  
Chicago Board of Education

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Capital Projects Fund**

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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.

## Financial Section — Individual Fund Schedules

### 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

## Financial Section — Individual Fund Schedules

### 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

## Financial Section — Individual Fund Schedules

### 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
<b>Revenues:</b>					
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 .....	<u>\$ 52,272</u>	<u>\$ 57,581</u>	<u>\$ 5,309</u>	<u>\$ 38,907</u>	<u>\$ 18,674</u>
<b>Expenditures:</b>					
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 .....	<u>\$ 706,594</u>	<u>\$ 626,240</u>	<u>\$ (80,354)</u>	<u>\$ 565,689</u>	<u>\$ 60,551</u>
Revenues less than expenditures .....	<u>\$ (654,322)</u>	<u>\$ (568,659)</u>	<u>\$ 85,663</u>	<u>\$ (526,782)</u>	<u>\$ (41,878)</u>
<b>Other financing sources (uses):</b>					
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) .....	<u>\$ 450,000</u>	<u>\$ 543,543</u>	<u>\$ 93,543</u>	<u>\$ 533,460</u>	<u>\$ 10,083</u>
Net change in fund balance .....	<u>\$ (204,322)</u>	<u>\$ (25,116)</u>	<u>\$ 179,206</u>	<u>\$ 6,678</u>	<u>\$ (31,794)</u>
Fund balance, beginning of period .....	131,214	131,214	—	124,536	6,678
Fund balance, end of period .....	<u><u>\$ (73,108)</u></u>	<u><u>\$ 106,098</u></u>	<u><u>\$ 179,206</u></u>	<u><u>\$ 131,214</u></u>	<u><u>\$ (25,116)</u></u>



**CHICAGO PUBLIC SCHOOLS**

Chicago Board of Education

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Debt Service Fund**

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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.

## Financial Section — Individual Fund Schedules

### 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)

	<b>Bond Redemption and Interest Program</b>
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 .....	<u>\$ 727,511</u>
Expenditures:	
Current:	
Debt service .....	\$ 714,189
Total expenditures .....	<u>\$ 714,189</u>
Revenues less than expenditures .....	<u>\$ 13,322</u>
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) .....	<u>22,124</u>
Net change in fund balances .....	\$ 35,446
Fund balances, beginning of period .....	833,592
Fund balances, end of period .....	<u>\$ 869,038</u>

## Financial Section — Individual Fund Schedules

### 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 .....	<u>\$ 737,956</u>	<u>\$ 727,511</u>	<u>\$ (10,445)</u>	<u>\$ 670,977</u>	<u>\$ 56,534</u>
Expenditures:					
Debt Service .....	\$ 763,447	\$ 714,189	\$ (49,258)	\$ 661,542	\$ 52,647
Total expenditures .....	<u>\$ 763,447</u>	<u>\$ 714,189</u>	<u>\$ (49,258)</u>	<u>\$ 661,542</u>	<u>\$ 52,647</u>
Revenues less than expenditures ..	<u>\$ (25,491)</u>	<u>\$ 13,322</u>	<u>\$ 38,813</u>	<u>\$ 9,435</u>	<u>\$ 3,887</u>
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) .....	<u>\$ —</u>	<u>\$ 22,124</u>	<u>\$ 22,124</u>	<u>\$ 30,617</u>	<u>\$ (8,493)</u>
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 .....	<u>\$ 808,101</u>	<u>\$ 869,038</u>	<u>\$ 60,937</u>	<u>\$ 833,592</u>	<u>\$ 35,446</u>



**CHICAGO PUBLIC SCHOOLS**  
**Chicago Board of Education**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**STATISTICAL SECTION**

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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)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (1)</u> <u>(as restated)</u>
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) .....	<u>\$ (2,804,479)</u>	<u>\$ (3,959,446)</u>	<u>\$ (11,211,903)</u>	<u>\$ (12,093,825)</u>

- 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.

## Statistical Section — Financial Trends

<b>2017 (2)</b> <b>(as restated)</b>	<b>2018</b>	<b>2019</b>	<b>2020 (3)</b> <b>(as restated)</b>	<b>2021</b>	<b>2022</b>
\$ (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)
<u>\$ (13,306,256)</u>	<u>\$ (14,056,879)</u>	<u>\$ (14,795,773)</u>	<u>\$ (15,876,569)</u>	<u>\$ (17,377,747)</u>	<u>\$ (18,143,542)</u>

## Statistical Section — Financial Trends

### 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	<u>\$ 6,345,941</u>	<u>\$ 6,583,722</u>	<u>\$ 6,506,700</u>	<u>\$ 6,203,812</u>
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	<u>\$ 1,155,973</u>	<u>\$ 1,253,430</u>	<u>\$ 1,409,718</u>	<u>\$ 1,259,464</u>
Revenues (less than) expenditures	<u>\$ (5,189,968)</u>	<u>\$ (5,330,292)</u>	<u>\$ (5,096,982)</u>	<u>\$ (4,944,348)</u>
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	<u>\$ 4,182,667</u>	<u>\$ 4,175,325</u>	<u>\$ 4,074,966</u>	<u>\$ 4,185,476</u>
Change in net position	<u>\$ (1,007,301)</u>	<u>\$ (1,154,967)</u>	<u>\$ (1,022,016)</u>	<u>\$ (758,872)</u>



## Statistical Section — Financial Trends

	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	—	—
\$	<u>6,437,982</u>	<u>\$ 6,868,239</u>	<u>\$ 7,414,636</u>	<u>\$ 8,034,274</u>	<u>\$ 9,035,395</u>	<u>\$ 9,159,928</u>
\$	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
\$	<u>1,216,209</u>	<u>\$ 1,387,653</u>	<u>\$ 1,606,980</u>	<u>\$ 1,632,744</u>	<u>\$ 2,078,918</u>	<u>\$ 2,537,242</u>
\$	<u>(5,221,773)</u>	<u>\$ (5,480,586)</u>	<u>\$ (5,807,656)</u>	<u>\$ (6,401,530)</u>	<u>\$ (6,956,477)</u>	<u>\$ (6,622,686)</u>
\$	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
\$	<u>4,304,929</u>	<u>\$ 4,729,963</u>	<u>\$ 5,068,762</u>	<u>\$ 5,320,734</u>	<u>\$ 5,405,276</u>	<u>\$ 5,856,891</u>
\$	<u>(916,844)</u>	<u>\$ (750,623)</u>	<u>\$ (738,894)</u>	<u>\$ (1,080,796)</u>	<u>\$ (1,551,201)</u>	<u>\$ (765,795)</u>

## Statistical Section — Financial Trends

### 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 .....	<u>\$ 949,143</u>	<u>\$ 436,008</u>	<u>\$ 360,285</u>	<u>\$ (126,632)</u>
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 .....	<u>\$ 909,889</u>	<u>\$ 593,476</u>	<u>\$ 471,329</u>	<u>\$ 576,555</u>

#### NOTES:

1) Certain items in the FY2020 financial statements were restated to reflect the effects of GASB 84 adopted in FY2020.

## Statistical Section — Financial Trends

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
<u>\$ (275,230)</u>	<u>\$ 323,764</u>	<u>\$ 471,766</u>	<u>\$ 567,093</u>	<u>\$ 803,768</u>	<u>\$ 1,079,668</u>
\$ 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)	—	—	—	—	—
<u>\$ 3,723,396</u>	<u>\$ 1,680,628</u>	<u>\$ 1,490,789</u>	<u>\$ 975,641</u>	<u>\$ 1,022,411</u>	<u>\$ 1,032,751</u>

## 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
<b>Revenues:</b>				
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
<b>Total revenues .....</b>	<b>\$ 5,388,477</b>	<b>\$ 5,442,407</b>	<b>\$ 5,437,265</b>	<b>\$ 5,272,667</b>
<b>Expenditures:</b>				
<b>Current:</b>				
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
<b>Debt service:</b>				
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
<b>Total expenditures .....</b>	<b>\$ 5,830,236</b>	<b>\$ 6,405,021</b>	<b>\$ 6,528,612</b>	<b>\$ 6,163,442</b>
<b>Revenues (less than) expenditures .....</b>	<b>\$ (441,759)</b>	<b>\$ (962,614)</b>	<b>\$ (1,091,347)</b>	<b>\$ (890,775)</b>
<b>Other financing sources (uses):</b>				
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)
<b>Total other financing sources (uses) .....</b>	<b>\$ 550,117</b>	<b>\$ 138,901</b>	<b>\$ 200,172</b>	<b>\$ 509,084</b>
<b>Net changes in fund balances .....</b>	<b>\$ 108,358</b>	<b>\$ (823,713)</b>	<b>\$ (891,175)</b>	<b>\$ (381,691)</b>
<b>Debt service as a percentage of noncapital expenditures .....</b>				
	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.

## Statistical Section — Financial Trends

	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%

## Statistical Section — Financial Trends

### 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 .....	<u>\$ 5,388,477</u>	<u>100.0%</u>	<u>\$ 5,442,407</u>	<u>100.0%</u>

	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 .....	<u>\$ 6,511,722</u>	<u>100.0%</u>	<u>\$ 6,643,154</u>	<u>100.0%</u>

#### NOTES:

This schedule was prepared using the modified accrual basis of accounting.

## Statistical Section — Financial Trends

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%
<u>\$ 5,437,265</u>	<u>100.0%</u>	<u>\$ 5,272,667</u>	<u>100.0%</u>	<u>\$ 5,828,172</u>	<u>100.0%</u>

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%
<u>\$ 6,933,320</u>	<u>100.0%</u>	<u>\$ 7,454,463</u>	<u>100.0%</u>	<u>\$ 8,444,700</u>	<u>100.0%</u>

## Statistical Section — Financial Trends

### 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 .....	<u>\$ 5,830,236</u>	<u>100.0%</u>	<u>\$ 6,405,021</u>	<u>100.0%</u>

	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 .....	<u>\$ 6,473,500</u>	<u>100.0%</u>	<u>\$ 7,101,473</u>	<u>100.0%</u>



## Statistical Section — Financial Trends

2015		2016		2017	
Amount	Percent of Total	Amount	Percent of Total	Amount	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%
<u>\$ 6,528,612</u>	<u>100.0%</u>	<u>\$ 6,163,442</u>	<u>100.0%</u>	<u>\$ 6,033,552</u>	<u>100.0%</u>

2020		2021		2022	
Amount	Percent of Total	Amount	Percent of Total	Amount	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%
<u>\$ 7,400,844</u>	<u>100.0%</u>	<u>\$ 7,735,095</u>	<u>100.0%</u>	<u>\$ 8,736,740</u>	<u>100.0%</u>

**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 .....	<u>\$ 3,867,434</u>	<u>\$ 3,339,950</u>	<u>\$ 527,484</u>
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 .....	<u>\$ 467,306</u>	<u>\$ 470,965</u>	<u>(3,659)</u>
Total local revenue .....	<u>\$ 4,334,740</u>	<u>\$ 3,810,915</u>	<u>\$ 523,825</u>
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 .....	<u>\$ 1,850,534</u>	<u>\$ 1,817,275</u>	<u>\$ 33,259</u>
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 .....	<u>\$ 1,474,334</u>	<u>\$ 1,116,343</u>	<u>\$ 357,991</u>
Total revenues .....	<u><u>\$ 7,659,608</u></u>	<u><u>\$ 6,744,533</u></u>	<u><u>\$ 915,075</u></u>

## Statistical Section — Financial Trends

### 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 .....	<u>\$ 3,839,806</u>	<u>\$ 3,444,901</u>	<u>\$ 394,905</u>
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 .....	<u>\$ 804,631</u>	<u>\$ 551,884</u>	<u>\$ 252,747</u>
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 .....	<u>\$ 419,014</u>	<u>\$ 408,612</u>	<u>\$ 10,402</u>

**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

## Statistical Section — Financial Trends

### 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 .....	<u>\$ 59,165</u>	<u>\$ 62,993</u>	<u>\$ (3,828)</u>
Teacher's Pension:			
Fixed charges .....	\$ 907,040	\$ 844,054	\$ 62,986
Total teachers' pension .....	<u>\$ 907,040</u>	<u>\$ 844,054</u>	<u>\$ 62,986</u>
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 .....	<u>\$ 35,783</u>	<u>\$ 26,641</u>	<u>\$ 9,142</u>
Debt service:			
Fixed charges .....	\$ 15,943	\$ 2,682	\$ 13,261
Total debt service .....	<u>\$ 15,943</u>	<u>\$ 2,682</u>	<u>\$ 13,261</u>

**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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## Statistical Section — Financial Trends

### 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 .....	<u>\$ 439</u>	<u>\$ 161</u>	<u>\$ (12,915)</u>	<u>\$ 50,162</u>
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 .....	<u>\$ 549,678</u>	<u>\$ 138,740</u>	<u>\$ 213,087</u>	<u>\$ 458,922</u>



## Statistical Section — Financial Trends

2017	2018	2019	2020	2021	2022
\$ 224	\$ —	\$ 33	\$ —	\$ —	\$ —
—	—	—	—	—	12,613
58,350	286,828	475	11,010	—	(10)
<u>\$ 58,574</u>	<u>\$ 286,828</u>	<u>\$ 508</u>	<u>\$ 11,010</u>	<u>\$ —</u>	<u>\$ 12,603</u>
\$ 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)	—	—	—
<u>\$ 791,406</u>	<u>\$ 584,820</u>	<u>\$ 415,974</u>	<u>\$ (13,330)</u>	<u>\$ 564,077</u>	<u>\$ 565,677</u>

## Statistical Section — Financial Trends

### 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.



## Statistical Section - Revenue Capacity



**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	<u>3.422</u>	<u>3.671</u>	<u>3.660</u>	<u>3.455</u>
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	<u><u>6.396</u></u>	<u><u>6.832</u></u>	<u><u>6.808</u></u>	<u><u>6.867</u></u>

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.

## Statistical Section — Revenue Capacity

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

## Statistical Section — Revenue Capacity

### 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)		Collections in Subsequent Years	Total Collections to Date (B)	
			Amount	Percentage of Extension		Amount	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.



## Statistical Section — Revenue Capacity

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Thousands of dollars)

Tax Year Levy	Fiscal Year	Assessed Values (A)				Total
		Class 2 (B)	Class 3 (C)	Class 5 (D)	Other (E)	
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.



## Statistical Section — Revenue Capacity

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

## Statistical Section — Revenue Capacity

### 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)

Property	2021		
	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	—	—	—%
	<u>\$ 2,991,468</u>		<u>3.07%</u>
Property	2012		
	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%
	<u>\$ 2,228,640</u>		<u>3.42%</u>

Source: Cook County Treasurer's Office and Cook County Assessor's Office



## Statistical Section — Revenue Capacity

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### SCHEDULE OF REPLACEMENT TAX DATA Last Ten Fiscal Years

Calendar Year	Invested Capital Tax Collections	Statewide Replacement Tax Data (A)			Total Replacement Tax Allocations to Local Govts.	Board Percent (E)
		Business Income Tax Collections (Net of Refunds)	Net Adjustments (C)			
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 be 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.

## Statistical Section — Revenue Capacity

### 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

## Statistical Section — Revenue Capacity

### 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 %

## Statistical Section — Revenue Capacity

### 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 %

## Statistical Section — Revenue Capacity

### 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 %



## Statistical Section — Revenue Capacity

### 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 %
			<u>\$10,733,308,921</u>	<u>\$25,640,434,535</u>	

#### 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 values in 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

## Statistical Section — Revenue Capacity

### 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)

Tax Year Levy	Fiscal Year	Agency Overall Equalized Assessed Value (A)	Components of New Property by Tax Levy Year (B)			Total New Property (A)	New Property percentage of overall EAV
			New Property	Recovered Tax Increment Value	Expired Incentives		
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.

## Statistical Section — Revenue Capacity

### 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
<b>Modern Schools Across Chicago Program Additional Agreements</b>				
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
<b>MSAC Subtotal .....</b>	<b>\$ 35,232,577</b>	<b>\$ 7,737,740</b>	<b>\$ 20,606,930</b>	
<b>Other Capital Intergovernmental Agreements</b>				
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
<b>Other Capital IGA Subtotal .....</b>	<b>\$ 85,797,000</b>	<b>\$ 72,024,152</b>	<b>\$ 2,961,353</b>	
<b>Grand Total .....</b>	<b>\$ 121,029,577</b>	<b>\$ 79,761,892</b>	<b>\$ 23,568,283</b>	

#### 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**

## Statistical Section — Debt Capacity

### 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
		<b>\$ 8,378,557</b>	<b>\$ 271,192</b>	<b>\$ 8,649,748</b>

NOTES:

A. Excludes total accreted interest in the following series:

Series	Accreted Interest
1998B-1 .....	\$ 406,895
1999A .....	252,346
2019A .....	4,245
<b>Total .....</b>	<b>\$ 663,486</b>

## Statistical Section — Debt Capacity

### 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 <sup>1</sup>		Remaining Authorization <sup>2</sup>
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 <sup>1</sup>	N/A	2,513,299	297,980	2,215,319	(I)	N/A
<b>TOTAL</b>	<b>\$11,205,000</b>	<b>\$12,323,760</b>	<b>\$4,554,492</b>	<b>\$ 7,769,268</b>		<b>\$ 1,394,539</b>

<sup>1</sup> 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.

<sup>2</sup> Remaining authorization not used to issue alternate bonds within three years expires and is no longer available.

## Statistical Section — Debt Capacity

### 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:

	<b>Date Issued</b>	<b>Amount Issued</b>	<b>Principal Outstanding</b>
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	—
		<u>\$ 1,497,703</u>	<u>\$ 405,744</u>

B. The total issued and outstanding debt for the 2006 Authorization is the issuance as outlined below:

	<b>Date Issued</b>	<b>Amount Issued</b>	<b>Principal Outstanding</b>
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	—
		<u>\$ 634,258</u>	<u>\$ —</u>

C. The total issue and outstanding debt for the 2008 Authorization is the issuance as outlined below:

	<b>Date Issued</b>	<b>Amount Issued</b>	<b>Principal Outstanding</b>
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
		<u>\$ 1,899,990</u>	<u>\$ 736,855</u>

## Statistical Section — Debt Capacity

### 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:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
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
		<u>\$ 1,906,180</u>	<u>\$ 851,040</u>

E. The total issued and outstanding debt for the 2012 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
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
		<u>\$ 709,825</u>	<u>\$ 409,825</u>

F. The total issued and outstanding debt for the 2015 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
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
		<u>\$ 1,160,000</u>	<u>\$ 1,160,000</u>

G. The total issued and outstanding debt for the 2016 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
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
		<u>\$ 945,000</u>	<u>\$ 939,510</u>



## Statistical Section — Debt Capacity

### 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:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
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
		<u>\$ 1,057,505</u>	<u>\$ 1,050,975</u>

I. The total issued and outstanding debt for the 2016 Authorization is the issuance as outlined below:

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>
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
		<u>\$ 2,513,299</u>	<u>\$ 2,215,319</u>

## Statistical Section — Debt Capacity

### 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.

## Statistical Section — Debt Capacity

### 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

## Statistical Section — Debt Capacity

### 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	\$351.5 million Series 2017C
\$532.5 million Series 1999A	\$79.3 million Series 2017D
\$193.5 million Series 2005A	\$165.5 million Series 2017F
\$547.3 million Series 2009E	\$126.5 million Series 2017G
\$254.2 million Series 2009G	\$280.0 million Series 2017H
\$257.1 million Series 2010C	\$552.0 million Series 2018A
\$125.0 million Series 2010D	\$10.2 million Series 2018B
\$468.9 million Series 2012A	\$450.1 million Series 2018C
\$109.8 million Series 2012B	\$313.3 million Series 2018D
\$280.0 million Series 2015C	\$225.3 million Series 2019A
\$20.0 million Series 2015E	\$123.8 million Series 2019B
\$725.0 million Series 2016A	\$450.0 million Series 2021A
\$150.0 million Series 2016B	\$107.5 million Series 2021B
\$285.0 million Series 2017A	\$500.0 million Series 2022A
\$215.0 million Series 2017B	\$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.

## Statistical Section — Debt Capacity

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	\$ —	\$ —	\$ —
<u>\$ 10,112,856</u>	<u>\$ 10,546,834</u>	<u>\$ 11,906,889</u>	<u>\$ 12,119,942</u>	<u>\$ 12,354,330</u>	<u>\$ 13,374,748</u>
1.00 %	0.45 %	0.06 %	0.00 %	0.00 %	0.00 %

# Statistical Section — Debt Capacity

## CHICAGO PUBLIC SCHOOLS Chicago Board of Education

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of June 30, 2022 (Thousands of Dollars)

<u>Governmental Unit</u>	<u>Debt Outstanding (A)</u>	<u>Estimated Percentage Applicable (B)</u>	<u>Estimated Share of Overlapping Debt</u>
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			<u>\$ 10,270,832</u>
Chicago Public School Direct Debt			<u>\$ 9,631,626</u>
Total Direct and Overlapping Debt			<u><u>\$ 19,902,458</u></u>

(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.

## Statistical Section — Debt Capacity

### 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
<b>S&amp;P</b>	B	B	B	B+	B+	BB-	BB	BB
<b>Moody's</b>	B3	B3	B3	B2	B2	B1	Ba3	Ba2
<b>Fitch</b>	B+	B+	BB-	BB-	BB-	BB	BB	BB+
<b>Kroll*</b>	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
<b>Fitch</b>	A	A	A	A	A	A-	A
<b>Kroll</b>	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

Employer	2021 (1)			2012 (3)		
	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. © 2022 Crain Communications Inc. All Rights Reserved.
- 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

<u>Year</u>	<u>City of Chicago Population (A)</u>	<u>Personal Income (\$000's)</u>	<u>Per Capita Income (B)</u>	<u>Median Age (C)</u>	<u>Number of Households (C)</u>
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)

<u>Company Name</u>	<u>2021 Net Revenues</u>	<u>Number of Employees (1)</u>
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

# Statistical Section - Operating Information



## 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
<b>Revenues:</b>							
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)
<b>Total revenues</b>	<b>\$ 7,821,605</b>	<b>\$ —</b>	<b>\$ 7,821,605</b>	<b>\$ 7,659,608</b>	<b>\$ (161,997)</b>	<b>\$ 6,744,533</b>	<b>\$ 915,075</b>
<b>Expenditures:</b>							
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)
<b>Total expenditures</b>	<b>\$ 7,821,605</b>	<b>\$ —</b>	<b>\$ 7,821,605</b>	<b>\$ 7,396,311</b>	<b>\$ (425,294)</b>	<b>\$ 6,507,858</b>	<b>\$ 888,453</b>
Revenues in excess of (less than) expenditures	\$ —	\$ —	\$ —	\$ 263,297	\$ 263,297	\$ 236,675	\$ 26,622
<b>Other financing sources (uses):</b>							
Lease value	\$ —	\$ —	\$ —	\$ 12,613	\$ 12,613	\$ —	\$ (12,613)
Transfers in / (out)	\$ 10,000	\$ —	\$ 10,000	\$ (10)	\$ (10,010)	\$ —	\$ (10)
<b>Total other financing sources (uses)</b>	<b>\$ 10,000</b>	<b>\$ —</b>	<b>\$ 10,000</b>	<b>\$ 12,603</b>	<b>\$ 2,603</b>	<b>\$ —</b>	<b>\$ (12,623)</b>
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	—
<b>Fund balances, end of period</b>	<b>\$ 813,768</b>	<b>\$ —</b>	<b>\$ 813,768</b>	<b>\$ 1,079,668</b>	<b>\$ 265,900</b>	<b>\$ 1,040,443</b>	<b>\$ 13,999</b>

## Statistical Section — Operating Information

### 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 .....	<u>\$ 4,791,109</u>	<u>\$ 525,398</u>	<u>\$ 35,937</u>	<u>\$ 104,762</u>	<u>\$ 368,646</u>

## Statistical Section — Operating Information

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
<u>\$ 290,301</u>	<u>\$ 196,719</u>	<u>\$ 85,426</u>	<u>\$ 496,656</u>	<u>\$ 764,654</u>	<u>\$ 7,659,608</u>

## Statistical Section — Operating Information

### 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



## Statistical Section — Operating Information

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
<b>\$ 104,920</b>	<b>\$ 496,657</b>	<b>\$ 218,326</b>	<b>\$ 907,922</b>	<b>\$ 294,572</b>	<b>\$ 294,993</b>	<b>\$ 7,396,311</b>

## Statistical Section — Operating Information

### 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 .....	<u>\$ 2,726,883</u>	<u>\$ 2,694,361</u>	<u>\$ 2,791,265</u>	<u>\$ 2,911,343</u>	<u>\$ 3,335,364</u>	<u>\$ 3,546,838</u>
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 .....	<u>\$ 1,815,798</u>	<u>\$ 1,840,805</u>	<u>\$ 1,847,069</u>	<u>\$ 1,552,325</u>	<u>\$ 1,708,865</u>	<u>\$ 2,196,956</u>
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 .....	<u>\$ 845,796</u>	<u>\$ 907,241</u>	<u>\$ 798,931</u>	<u>\$ 808,999</u>	<u>\$ 783,943</u>	<u>\$ 767,928</u>
Total revenue .....	<u>\$ 5,388,477</u>	<u>\$ 5,442,407</u>	<u>\$ 5,437,265</u>	<u>\$ 5,272,667</u>	<u>\$ 5,828,172</u>	<u>\$ 6,511,722</u>
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.

## Statistical Section — Operating Information

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 %
<u>\$ 3,754,857</u>	<u>\$ 3,946,157</u>	<u>\$ 4,016,330</u>	<u>\$ 4,596,419</u>	<u>\$ 4,565,400</u>	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)%
<u>\$ 2,182,942</u>	<u>\$ 2,239,807</u>	<u>\$ 2,289,188</u>	<u>\$ 2,344,633</u>	<u>\$ 2,450,800</u>	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 %
<u>\$ 705,355</u>	<u>\$ 747,356</u>	<u>\$ 1,148,945</u>	<u>\$ 1,503,648</u>	<u>\$ 1,824,700</u>	8.0 %	18.9 %
<u>\$ 6,643,154</u>	<u>\$ 6,933,320</u>	<u>\$ 7,454,463</u>	<u>\$ 8,444,700</u>	<u>\$ 8,840,900</u>	5.1 %	6.3 %
\$ 131,432	\$ 290,166	\$ 521,143	\$ 990,237	\$ 396,200		
2.0 %	4.4 %	7.5 %	13.3 %	4.7 %		

## Statistical Section — Operating Information

### 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
<b>Compensation:</b>						
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 .....	<u>\$ 2,575,496</u>	<u>\$ 2,541,431</u>	<u>\$ 2,576,529</u>	<u>\$ 2,475,500</u>	<u>\$ 2,396,974</u>	<u>\$ 2,436,762</u>
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 .....	<u>\$ 866,206</u>	<u>\$ 1,263,635</u>	<u>\$ 1,356,061</u>	<u>\$ 1,326,495</u>	<u>\$ 1,321,002</u>	<u>\$ 1,398,768</u>
Total compensation .....	<u>\$ 3,441,702</u>	<u>\$ 3,805,066</u>	<u>\$ 3,932,590</u>	<u>\$ 3,801,995</u>	<u>\$ 3,717,976</u>	<u>\$ 3,835,530</u>
<b>Non-compensation:</b>						
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 .....	<u>\$ 2,388,534</u>	<u>\$ 2,599,955</u>	<u>\$ 2,585,642</u>	<u>\$ 2,361,447</u>	<u>\$ 2,315,576</u>	<u>\$ 2,637,970</u>
Total expenditures .....	<u>\$ 5,830,236</u>	<u>\$ 6,405,021</u>	<u>\$ 6,518,232</u>	<u>\$ 6,163,442</u>	<u>\$ 6,033,552</u>	<u>\$ 6,473,500</u>
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%

## Statistical Section — Operating Information

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 %		

## Statistical Section — Operating Information

### 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
<b>Revenues:</b>					
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)
<b>Other Financing Sources (Uses):</b>					
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 .....	<u>\$1,859,032</u>	<u>\$1,722,789</u>	<u>\$ 831,614</u>	<u>\$ 449,923</u>	<u>\$1,094,522</u>
Revenues as a percent of expenditures .....	92.4%	85.0%	83.4%	85.5%	96.6%
<b>Composition of fund balance:</b>					
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 .....	<u>\$1,859,032</u>	<u>\$1,029,484</u>	<u>\$ 831,614</u>	<u>\$ 449,923</u>	<u>\$1,094,522</u>
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 %

## Statistical Section — Operating Information

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
<u>\$6,511,722</u>	<u>\$6,643,154</u>	<u>\$6,933,320</u>	<u>\$7,454,463</u>	<u>\$8,444,700</u>	<u>\$7,821,605</u>
6,473,500	7,101,473	7,400,844	7,735,095	8,736,740	9,407,560
<u>\$ 38,222</u>	<u>\$(458,319)</u>	<u>\$(467,524)</u>	<u>\$(280,632)</u>	<u>\$(292,040)</u>	<u>\$(1,585,955)</u>
\$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)
<u>(1,321,865)</u>	<u>(457,035)</u>	<u>(401,956)</u>	<u>(132,560)</u>	<u>(406,753)</u>	<u>—</u>
<u>\$ 871,648</u>	<u>\$ 416,482</u>	<u>\$ (2,320)</u>	<u>\$ 564,077</u>	<u>\$ 578,280</u>	<u>\$ 480,847</u>
<u>\$ 909,870</u>	<u>\$ (41,837)</u>	<u>\$(469,844)</u>	<u>\$ 283,445</u>	<u>\$ 286,240</u>	
1,094,522	2,004,392	1,962,555	1,542,734	1,826,179	
<u>\$2,004,392</u>	<u>\$1,962,555</u>	<u>\$1,492,711</u>	<u>\$1,826,179</u>	<u>\$2,112,419</u>	
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	
<u>\$2,004,392</u>	<u>\$1,962,555</u>	<u>\$1,492,711</u>	<u>\$1,826,179</u>	<u>\$2,112,419</u>	
3.7 %	5.2 %	5.5 %	8.1 %	10.7 %	
30.8 %	29.5 %	21.5 %	24.5 %	25.0 %	

## Statistical Section — Operating Information

### 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 .....	<u>\$ 2,420,913</u>	<u>\$ 2,444,401</u>	<u>\$ 2,562,712</u>	<u>\$ 2,702,636</u>	<u>\$ 3,050,589</u>
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 .....	<u>\$ 1,599,424</u>	<u>\$ 1,629,892</u>	<u>\$ 1,579,324</u>	<u>\$ 1,398,854</u>	<u>\$ 1,287,702</u>
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 .....	<u>\$ 805,983</u>	<u>\$ 867,512</u>	<u>\$ 767,548</u>	<u>\$ 776,277</u>	<u>\$ 752,295</u>
Total revenue .....	<u>\$ 4,826,320</u>	<u>\$ 4,941,805</u>	<u>\$ 4,909,584</u>	<u>\$ 4,877,767</u>	<u>\$ 5,090,586</u>
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 %



## Statistical Section — Operating Information

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%
<u>\$3,243,032</u>	<u>\$3,439,594</u>	<u>\$3,629,509</u>	<u>\$3,810,915</u>	<u>\$4,334,740</u>	<u>\$4,273,100</u>	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%
<u>\$1,859,582</u>	<u>\$1,886,770</u>	<u>\$1,846,012</u>	<u>\$1,817,275</u>	<u>\$1,850,534</u>	<u>\$1,920,500</u>	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%
<u>\$ 723,432</u>	<u>\$ 679,990</u>	<u>\$ 722,420</u>	<u>\$1,116,343</u>	<u>\$1,474,334</u>	<u>\$1,800,100</u>	8.4%	20.0%
<u>\$5,826,046</u>	<u>\$6,006,354</u>	<u>\$6,197,941</u>	<u>\$6,744,533</u>	<u>\$7,659,608</u>	<u>\$7,993,700</u>	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%		

## Statistical Section — Operating Information

### 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
<b>Compensation:</b>						
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 .....	<u>\$2,575,496</u>	<u>\$2,541,431</u>	<u>\$ 2,576,529</u>	<u>\$2,475,500</u>	<u>\$2,396,974</u>	<u>\$2,436,762</u>
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 .....	<u>\$ 866,206</u>	<u>\$1,263,635</u>	<u>\$ 1,356,061</u>	<u>\$1,326,495</u>	<u>\$1,321,002</u>	<u>\$1,398,768</u>
Total compensation .....	<u>\$3,441,702</u>	<u>\$3,805,066</u>	<u>\$ 3,932,590</u>	<u>\$3,801,995</u>	<u>\$3,717,976</u>	<u>\$3,835,530</u>
<b>Non-compensation:</b>						
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 .....	<u>\$1,504,668</u>	<u>\$1,645,065</u>	<u>\$ 1,687,776</u>	<u>\$1,612,851</u>	<u>\$1,579,781</u>	<u>\$1,678,350</u>
Total expenditures .....	<u>\$4,946,370</u>	<u>\$5,450,131</u>	<u>\$ 5,620,366</u>	<u>\$5,414,846</u>	<u>\$5,297,757</u>	<u>\$5,513,880</u>
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.

# Statistical Section — Operating Information

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%		

## Statistical Section — Operating Information

### 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 .....	<u>\$4,826,320</u>	<u>\$4,941,805</u>	<u>\$4,909,584</u>	<u>\$4,877,767</u>	<u>\$5,090,586</u>
Total expenditures .....	4,946,370	5,450,131	5,620,366	5,414,846	5,297,758
Revenues less expenditures .....	<u>\$ (120,050)</u>	<u>\$ (508,326)</u>	<u>\$ (710,782)</u>	<u>\$ (537,079)</u>	<u>\$ (207,172)</u>
Other financing sources (uses) less transfers .....	439	161	(12,915)	50,162	58,574
Change in fund balance .....	<u>\$ (119,611)</u>	<u>\$ (508,165)</u>	<u>\$ (723,697)</u>	<u>\$ (486,917)</u>	<u>\$ (148,598)</u>
Fund balance - beginning of period .....	1,068,754	1,592,147	1,083,982	360,285	(126,632)
Fund balance - end of period .....	<u>\$ 949,143</u>	<u>\$1,083,982</u>	<u>\$ 360,285</u>	<u>\$ (126,632)</u>	<u>\$ (275,230)</u>
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 .....	<u>\$ 949,143</u>	<u>\$ 436,008</u>	<u>\$ 360,285</u>	<u>\$ (126,632)</u>	<u>\$ (275,230)</u>
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.

## Statistical Section — Operating Information

	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%	—

## Statistical Section — Operating Information

### 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 .....	\$	<u>114,622,297</u>

## Statistical Section — Operating Information

### 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
	<u>\$ 48,229,960</u>	<u>\$ 21,401,959</u>	<u>\$ 17,979,987</u>	<u>\$ 51,651,932</u>

##### Investments:

Elementary Schools.....	\$ 34,561
High Schools.....	9,170
Total Cash and Investments Held for Student Activities.....	<u>\$ 51,695,663</u>

##### 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.....	<u>\$ 7.08</u>	<u>\$ 14.62</u>	<u>\$ 21.69</u>
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.....	<u>\$ 10.93</u>	<u>\$ 121.80</u>	<u>\$ 132.73</u>

##### 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.

## Statistical Section — Operating Information

### 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
<b>BROKER SERVICES</b>	Mesirow Insurance Services, Inc. an Alliant-owned company	\$ 120,000	Insurance placement and consultation.	
<b>PROPERTY INSURANCE</b>				
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	
		<u>\$ 4,703,214</u>		

NOTES:

(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.



## Statistical Section — Operating Information

### 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		<u>\$ 4,828,214</u>	Total Property, Boiler & Machinery for year end 06/30/21
<b>LIABILITY INSURANCE</b>			
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 Insurance 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
		<u>\$ 5,159,200</u>	
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
		<u>\$ 91,626</u>	
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
		<u>\$ 158,600</u>	
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.

## Statistical Section — Operating Information

### 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)
		<u>\$ 645,533</u>	
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		<u>\$ 11,091,675</u>	
<b>SELF INSURANCE PROGRAMS</b>			
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		<u>6,677,729</u>	
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		<u>\$ 19,284,830</u>	
Total Self Insured Program		<u>\$ 25,962,559</u>	
<b>HEALTH INSURANCE HMO/PPO</b>			
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.

## Statistical Section — Operating Information

### 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		<u>\$ 63,648,354</u>	
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		<u>\$259,395,344</u>	
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		<u>\$ 80,369,049</u>	
Medical Claims Total		<u>\$339,764,393</u>	
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		<u>\$406,346,857</u>	
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		<u>\$524,798,036</u>	

NOTES:

(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.

## Statistical Section — Operating Information

**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
<b>OTHER INSURANCE</b>			
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		<u>\$ 13,505,784</u>	
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
		<u>\$ 507,830</u>	
Total Dental/Vision/Life		<u>\$ 17,276,081</u>	
Total Health/Life Benefit Expenses		<u>\$542,074,117</u>	

NOTES:

(A) Unless otherwise noted, the policies listed were active between July 1, 2021 and June 30, 2022.



## Statistical Section — Operating Information

### 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.....	<u>\$ 707.4</u>	<u>\$ 390.3</u>	<u>\$ 202.3</u>
Expenditures.....	493.4	482.2	359.4
Operating transfers in (out).....	(41.6)	—	—
Unexpended.....	<u>\$ 172.4</u>	<u>\$ (91.9)</u>	<u>\$ (157.1)</u>
Encumbrances.....	172.4	(91.9)	(157.1)
Available balance.....	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

#### 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.

## Statistical Section — Operating Information

	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
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

## Statistical Section — Operating Information

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### SCHOOL FOOD SERVICE PROGRAM Last Five Fiscal Years (Thousands of dollars)

	2018	2019	2020	2021	2022
<b>PUPIL LUNCHES SERVED:</b>					
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
<b>TOTAL PUPIL LUNCHES SERVED</b>	<b>38,964,270</b>	<b>37,029,133</b>	<b>31,804,348</b>	<b>12,158,970</b>	<b>26,946,137</b>
Change from Previous Year	(1,463,995)	(1,935,137)	(5,224,785)	(19,645,378)	14,787,167
<b>PUPIL BREAKFASTS SERVED:</b>					
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
<b>TOTAL PUPIL BREAKFASTS SERVED</b>	<b>22,494,278</b>	<b>22,563,785</b>	<b>22,461,509</b>	<b>11,643,441</b>	<b>15,423,208</b>
Change from Previous Year	(1,023,154)	69,507	(102,276)	(10,818,068)	3,779,767
<b>PUPIL SNACKS SERVED:</b>					
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
<b>TOTAL PUPIL SNACKS SERVED</b>	<b>3,598,036</b>	<b>4,046,106</b>	<b>2,378,172</b>	<b>232,936</b>	<b>2,192,005</b>
Change from Previous Year	562,819	448,070	(1,667,934)	(2,145,236)	1,959,069
<b>PUPIL AFTERSCHOOL MEALS:</b>					
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
<b>TOTAL PUPIL AFTERSCHOOL MEALS SERVED</b>	<b>2,185,614</b>	<b>2,250,816</b>	<b>1,542,440</b>	<b>5,082,608</b>	<b>2,062,137</b>
Change from Previous Year	131,604	65,202	(708,376)	3,540,168	(3,020,471)
<b>NUMBER OF ADULT MEALS:</b>					
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
<b>TOTAL NUMBER OF ADULT MEALS SERVED</b>	<b>755,366</b>	<b>681,055</b>	<b>256,444</b>	<b>119,317</b>	<b>135,696</b>
Change from Previous Year	(18,991)	(74,311)	(424,611)	(137,127)	16,379
<b>TOTAL MEALS SERVED:</b>	<b>67,997,564</b>	<b>66,570,895</b>	<b>58,442,913</b>	<b>29,237,272</b>	<b>46,759,183</b>
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.



## Statistical Section — Operating Information

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### SCHOOL FOOD SERVICE PROGRAM (continued) Last Five Fiscal Years (Thousands of dollars)

	2018	2019	2020	2021	2022
<b>REVENUE:</b>					
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
<b>EXPENDITURES:</b>					
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)
<b>PERCENTAGE CHANGE:</b>					
Revenues .....	(0.2)%	9.3 %	(11.5)%	(48.1)%	85.4 %
Expenditures .....	1.7 %	3.0 %	7.3 %	(74.8)%	239.0 %

## Statistical Section — Operating Information

### 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
<u>Electricity</u>			
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 .....	<u>\$ 0.08825</u>	<u>\$ 0.12782</u>	<u>\$ 0.08834</u>
<u>Gas</u>			
Total Gas Charges .....	\$ 26,575,464	\$ —	\$ 26,575,464
Therms .....	33,115,919	—	33,115,919
Charge per Therm .....	<u>\$ 0.80250</u>	<u>\$ —</u>	<u>\$ 0.80250</u>

	2021 Schools	2021 Administrative Center	Total
<u>Electricity</u>			
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 .....	<u>\$ 0.08479</u>	<u>\$ 0.11334</u>	<u>\$ 0.08485</u>
<u>Gas</u>			
Total Gas Charges .....	\$ 21,017,863	\$ —	\$ 21,017,863
Therms .....	30,982,863	—	30,982,863
Charge per Therm .....	<u>\$ 0.67837</u>	<u>\$ —</u>	<u>\$ 0.67837</u>

## Statistical Section — Operating Information

### 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
		<u>\$ 260,000</u>	<u>\$ 10,002</u>	<u>\$ 249,001</u>

##### 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
			<u>\$ 7,931,102</u>

## Statistical Section — Operating Information

### 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.

## Statistical Section — Operating Information

### 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.

## Statistical Section — Operating Information

### 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.



## Statistical Section — Operating Information

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### TOTAL STUDENT MEMBERSHIP Last Ten Fiscal Years

	2013	2014	2015	2016	2017
<b>Elementary</b>					
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
<b>Total Elementary .....</b>	<b>291,062</b>	<b>288,516</b>	<b>284,676</b>	<b>281,118</b>	<b>272,296</b>
<b>Secondary</b>					
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
<b>Total Secondary .....</b>	<b>112,399</b>	<b>112,029</b>	<b>112,007</b>	<b>111,167</b>	<b>109,053</b>
<b>Grand Total .....</b>	<b>403,461</b>	<b>400,545</b>	<b>396,683</b>	<b>392,285</b>	<b>381,349</b>

Source: CPS Performance Website (<https://www.cps.edu/about/district-data/demographics/>)



## Statistical Section — Operating Information

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
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
<u>264,030</u>	<u>255,447</u>	<u>250,423</u>	<u>235,461</u>	<u>225,708</u>
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
<u>107,352</u>	<u>105,867</u>	<u>104,733</u>	<u>105,197</u>	<u>104,703</u>
<u><u>371,382</u></u>	<u><u>361,314</u></u>	<u><u>355,156</u></u>	<u><u>340,658</u></u>	<u><u>330,411</u></u>

## Statistical Section — Operating Information

### 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.

## Statistical Section — Operating Information

### CHICAGO PUBLIC SCHOOLS Chicago Board of Education

#### SCHEDULE OF GOVERNMENT EMPLOYEES BY FUNCTION Last Five Fiscal Years As of June 30, 2022

<b>Functions</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
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 .....	<u>35,848</u>	<u>36,454</u>	<u>37,246</u>	<u>38,433</u>	<u>43,828</u>

## Statistical Section — Operating Information

### 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
<b>Number of Schools</b>					
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	—	—	—
<b>Total Schools</b> .....	<b>681</b>	<b>667</b>	<b>678</b>	<b>676</b>	<b>664</b>
<b>School Enrollment (B)</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	—	—	—
<b>Total School Enrollment</b> .....	<b>403,461</b>	<b>400,545</b>	<b>396,683</b>	<b>392,285</b>	<b>381,349</b>
<b>Number of High School Graduates</b> .....	<b>22,447</b>	<b>22,817</b>	<b>22,825</b>	<b>22,839</b>	<b>22,805</b>

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.

## Statistical Section — Operating Information

<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
424	424	423	423	423
—	—	—	—	—
115	113	102	101	100
—	—	—	—	—
121	120	117	114	113
—	—	—	—	—
<u>660</u>	<u>657</u>	<u>642</u>	<u>638</u>	<u>636</u>
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
—	—	—	—	—
<u>371,382</u>	<u>361,314</u>	<u>355,156</u>	<u>340,658</u>	<u>330,411</u>
23,230	23,107	22,500	22,605	23,137

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## APPENDIX C

### 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 Bonds. The 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 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 whollyowned 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](http://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 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 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 Bonds is discontinued. See “**THE 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 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 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 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 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 the 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 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 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 A SERIES OF 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 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 BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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## APPENDIX D

### 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.

Equalization. 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.**”

Exemptions. 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).

Collection. 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 2013 through 2022. 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**

<b>Tax Levy Year</b>	<b>Penalty Date</b>
2022	December 1, 2023
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

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 E**

**FORM OF DEPOSIT DIRECTION TO  
COUNTY COLLECTORS REGARDING PLEDGED TAXES**

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Prior to the receipt of the first distribution of collections of property taxes in each year for which the Series 2023A Pledged Taxes are to be extended, commencing with the taxes levied for the year 2024 (collectible in 2025), the Board shall file in your office (i) evidence of the abatement in full of such Series 2023A Pledged 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 to be received during such year which is attributable to the Series 2023A Pledged 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 respective 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 2023A Pledged Taxes subject to such Segregation Order.

If in any year for which any of the Series 2023A Pledged Taxes have been levied (as set out in *Exhibit A* attached hereto), you do not receive either of the filings 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 respective account identified below from each distribution beginning with the first distribution paid to the Board in such year the total amount of the Series 2023A Pledged Taxes received for the Board during such year on a pro rata basis based upon the percentage that the amount of the Series 2023A Pledged Taxes levied for such year bears to the total tax extension of the Board 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 2023A Pledged 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 2023A Pledged Taxes to be paid directly to the Trustee shall be paid to:

Zions Bancorporation, National Association  
ABA#  
Account Number:  
Account Name:  
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 2023A 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 2023A Bonds have the right to specifically enforce this Direction.

*[Signature Page follows]*

Respectfully submitted this 9th day of November, 2023.

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Miroslava Mejia Krug  
Chief Financial Officer  
Board of Education of the City of Chicago

[SIGNATURE PAGE TO 2023A DEPOSIT DIRECTIONS]

**EXHIBIT A**

**SERIES 2023A PLEDGED TAXES**

<u>LEVY YEAR</u>	<u>TAX LEVY</u>
2024	\$32,723,275
2025	32,723,275
2026	32,723,275
2027	32,723,275
2028	32,723,275
2029	42,723,275
2030	66,538,275
2031	45,335,950
2032	52,595,950
2033	58,320,450
2034	54,086,200
2035	54,486,088
2036	45,595,163
2037	52,817,163
2038	21,156,613
2039	21,156,613
2040	21,156,613
2041	21,156,613
2042	21,156,613
2043	21,156,613
2044	21,156,613
2045	21,156,613
2046	138,986,613
2047	133,164,100
2048	125,403,300

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, Chicago, Illinois, as trustee under that certain Trust Indenture, dated as of November 1, 2023 (the “*Series 2023A Indenture*”), with the Board of Education of the City of Chicago (the “*Board*”), providing for the issuance of \$575,000,000 Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A, of the Board (the “*Series 2023A Bonds*”), does hereby acknowledge receipt of the Direction Regarding the Direct Deposit of Taxes with respect to the Series 2023A Bonds described in said Direction and will apply all collections of the Series 2023A Pledged Taxes as provided in the Direction and the Series 2023A Indenture.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,  
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 November, 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 Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A, 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 2024 to 2048, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature, this \_\_\_\_ day of November, 2023.

\_\_\_\_\_  
County Collector,  
The County of Cook, Illinois

[SIGNATURE PAGE TO COOK COUNTY COLLECTOR]



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 November, 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 Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A, 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 2048, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature, this \_\_\_\_ day of November, 2023.

---

County Collector,  
The County of DuPage, Illinois

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**APPENDIX F**

**STATE AID REVENUES ESCROW AGREEMENT**

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## STATE AID REVENUES ESCROW AGREEMENT

This State Aid Revenues Escrow Agreement, dated as of July 13, 2017 (the or this “*Agreement*”), by and between the Board of Education of the City of Chicago (the “*Board*”) and Amalgamated Bank of Chicago, as escrow agent (the “*Escrow Agent*”), in consideration of the mutual promises and agreements herein set forth:

### WITNESSETH:

## ARTICLE I

### DEFINITIONS

The following words and terms used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning:

“*Act*” means the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350.

“*Additional Bonds*” means any Bond issued by the Board in the future (but prior to the Termination Date) in accordance with the provisions of the Act.

“*Aggregate Annual Debt Service Requirement*” means, with respect to a Bond Year, the sum of the Series Debt Service for all Series for that Bond Year.

“*Agreement*” means this State Aid Revenues Escrow Agreement.

“*Authorized Officer*” means (i) the Chief Financial Officer of the Board or (ii) the Senior Vice President of Finance of the Board.

“*Bankruptcy Event*” means the adoption by the Chicago Board of Education of a resolution authorizing the filing by the Board, in a manner authorized by State law, of a petition under Chapter 9 of Title 11 of the United States Code (or any other applicable

federal bankruptcy law) seeking a composition of indebtedness or any other debt relief or protection from creditors.

“*Board*” means the Board of Education of the City of Chicago governed by the Chicago Board of Education.

“*Bondholder*” means any holder or owner of Bonds.

“*Bond Indenture*” means any indenture securing Bonds.

“*Bond Payment Default Event*” means the failure to fully pay when due the principal (including mandatory sinking fund installments) of or interest on any General Obligation Debt when due on any required payment date when such failure is not fully remedied by the tenth day next following such required payment date.

“*Bonds*” means any bonds issued by the Board pursuant to Section 15 of the Act and secured by a pledge of State Aid Revenues.

“*Bond Trustee*” means any trustee appointed under any Bond Indenture.

“*Bond Year*” means the annual period beginning on March 2 of a Year and ending on March 1 of the following Year.

“*Business Day*” means any day other than a Saturday, a Sunday or any day on which banking institutions located in the city in which the designated office of the Escrow Agent is located are authorized by law or executive order to close, and the Escrow Agent is in fact closed.

“*Debt Service*” means, with respect to any Series of the Bonds, the interest on and principal (including mandatory sinking fund installments) of the then outstanding Bonds of such Series.

“*District*” means the school district administered by the Board.

*“Escrow Agent”* means Amalgamated Bank of Chicago, Chicago, Illinois, as escrow agent, and any successor thereto as Escrow Agent.

*“Escrow Fund”* means the special fund created by Section 2.01 for the purpose of holding and disbursing the State Aid Revenues.

*“General Account”* means the account so named within the Escrow Fund.

*“General Obligation Debt”* means any bond, note or other evidence of indebtedness of the Board (including the Bonds) for the payment of which the Board is empowered to levy ad valorem property taxes upon all taxable property in the District without limitation as to rate or amount, exclusive of Short Term Debt.

*“Government Obligations”* means (i) any noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

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

“*Permitted Investments*” 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:

- 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 Escrow Agent 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” or “A-1+” by Standard & Poor's and “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" or "A-1+" or above by Standard & Poor's and "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 Standard & Poor's, including those for which the Escrow Agent or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise; and

(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.

*"Regular Period"* means any period of time that is not a Required Funding Period.

*"Required Funding Period"* means any period of time commencing on the Business Day next following a Bankruptcy Event or a Bond Payment Default Event and ending on the earlier to occur of (A) the first date that the Bonds are rated (i) "Baa3" or higher by Moody's or (ii) "BBB-" or higher by Standard & Poor's or (iii) "BBB-" or higher by Fitch or (B) the first date that the Board sells a Series of Additional Bonds pursuant to a public offering (including a limited public offering).

*"Security Account"* means the account so named within the Escrow Fund.

*“Security Account Requirement”* means (A) at all times during any Required Funding Period, an amount equal to the greater of (1) the unpaid amount of the Aggregate Annual Debt Service Requirement for the then current Bond Year and (2) the Aggregate Annual Debt Service Requirement for the Bond Year next following the then current Bond Year, and (B) at all times during any Regular Period, zero.

*“Series”* means Bonds issued and secured under a Bond Indenture and designated in such Bond Indenture as a separate series of Bonds.

*“Series Debt Service”* means, with respect to a Bond Year, the Debt Service payable on a Series in the Bond Year, exclusive of Debt Service paid or with respect to which provision for payment has been made by the deposit of funds in trust for that purpose in accordance with the Bond Indenture securing such Series including, but not limited to, funds held in debt service funds, capitalized interest accounts and escrow defeasance accounts.

*“Short Term Debt”* means any bond, note or other evidence of indebtedness of the Board (A) issued in anticipation of certain taxes, grants or other revenue and (B) having a term from date of issuance to maturity of two years or less.

*“State”* means the State of Illinois.

*“State Aid Revenues”* means those State aid payments to be made to the Board after August 1, 2017, pursuant to Article 18 of the School Code, 105 Illinois Compiled Statutes 5/18, or such other successor or replacement fund or act as may be enacted in the future, excluding the \$261,000,000 of Supplemental General State Aid required to be distributed for specific purposes pursuant to Section 18-8.05(H)(4) of the School Code.

*“Termination Date”* means the earlier to occur of (A) the first date that no Bond remains outstanding under a Bond Indenture or (B) the first date that the Bonds are rated (i) “A3” or better by Moody’s or (ii) “A-“ or better by Standard & Poor’s or (iii) “A-“ or better by Fitch.

*“Year”* means a calendar year.

## ARTICLE II

### ESTABLISHMENT OF THE ESCROW FUND AND ACCOUNTS

2.01. *Establishment of the Escrow Fund.* The Escrow Fund is hereby established with the Escrow Agent pursuant to Section 13 of the Act and this Agreement. The Escrow Fund is an “Escrow Account” within the meaning of Section 13 of the Act and a special fund of the Board, separate and segregated from all other funds and accounts of the Board. There are hereby established within the Escrow Fund two special Accounts, the “General Account” and the “Security Account”

2.02. *State Aid Revenues.* For the purpose of securing the punctual payment of Debt Service and for the equal benefit and protection of each Bondholder without preference of any Bondholder over any other Bondholder except as expressly provided for in Section 3.03 or Section 3.04 of this Agreement, the Board covenants and agrees that all State Aid Revenues paid to the Board shall be paid to the Escrow Agent for deposit into the Escrow Fund. The Board shall do all acts and things necessary to cause the State Aid Revenues to be deposited in the Escrow Fund and not to any other account of the Board or any other person. During any Required Funding Period, if the Board fails to deposit State Aid Revenues with the Escrow Agent within 10 days of the receipt of such State Aid Revenues, then such failure shall constitute

an event of default by the Board under this Agreement with respect to which the Escrow Agent shall, and any Bond Trustee may, institute proceedings to compel such deposit.

Pursuant to Section 13 and Section 15 of the Act and the Bond Indentures, the portion of the State Aid Revenues required to be deposited into the Security Account and the moneys held in the Security Account (subject to application in accordance with this Agreement), are pledged as security for the payment of the principal of and interest on the Bonds. In accordance with Section 13 of the Act, such State Aid Revenues and the moneys held in the Security Account 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. Consistent with and pursuant to Section 13 and Section 15 of the Act and the grant under the applicable Bond Indenture pursuant to which each Series of the Bonds was issued, the Board grants to each Bond Trustee for the benefit of the Bondholders a first lien on and security interest in the State Aid Revenues required to be deposited into the Security Account and the moneys, securities and funds held from time to time in the Security Account.

*2.03. Deposit Direction.* When duly authorized by a resolution of the Chicago Board of Education, the Board, acting pursuant to Section 13 of the Act, shall file with the State Comptroller (and, if necessary, with the State Superintendent of Education and the State Treasurer) a written direction that the State Aid Revenues are to be paid directly to the Escrow Agent for deposit into the Escrow Fund. The Board shall file such written direction with the State Comptroller on or prior to the 60<sup>th</sup> day next following the adoption of the aforesaid authorizing resolution of the Chicago Board of Education and the failure to do so shall constitute an event of default by the Board under this Agreement with respect to which the Escrow Agent

shall, and any Bond Trustee may, institute proceedings to compel such filing. This direction shall remain in effect until the Termination Date and shall not be revoked and shall not be modified or amended except as may be required by changes in State law or administrative regulations. Pursuant to the terms of the direction, the Escrow Agent and each Bond Trustee shall have the right to enforce the terms of the direction.

*2.04. Debt Service Information.* Prior to August 1, 2017, the Board shall file with the Escrow Agent a schedule of Debt Service on each Series of Bonds then outstanding. The Debt Service schedule of each Series shall set forth for each Debt Service payment date the principal payable and the interest payable. Interest on variable rate Bonds shall be determined for each Bond Year at the greater of (A) the rate in effect on the first day of the Bond Year or (B) the rate used to determine the February 15 deposit requirement for that Series. No later than February 15<sup>th</sup> of each Bond Year the Board shall file with the Escrow Agent an updated Debt Service schedule. In addition, within 20 days next following the date of any change in Debt Service amounts the Board shall file with the Escrow Agent a revised Debt Service schedule, provided, however, that no such revision shall be required with respect to Debt Service paid on its required payment date. During any Regular Period, and absent contrary information, Debt Service shall be deemed to have been paid in full when due. During any Required Funding Period, the Escrow Agent may rely conclusively on information provided by each Bond Trustee in determining Debt Service and the amount required to cure a Debt Service payment default or deficiency.

Prior to August 1, 2017, the Board shall file with the Escrow Agent a list of the Bonds secured by State Aid Revenues and their current Bond Trustee. Thereafter the Board will

provide an updated list whenever there are issued Additional Bonds or there is a change in the Bond Trustee for any of the Bonds.

Annually, prior to each February 15<sup>th</sup>, the Board shall file with the Escrow Agent and each Bond Trustee the Series Debt Service for each Series for the next Bond Year and the Aggregate Annual Debt Service Requirement for the next Bond Year.

2.05. *Bankruptcy Event Notice.* The Board shall immediately file with the Escrow Agent notice of the adoption by the Chicago Board of Education of a resolution authorizing the Board to file a petition under Chapter 9 of Title 11 of the United States Code (or any other applicable federal bankruptcy law) seeking a composition of indebtedness or any other debt relief or protection from creditors. In addition, any Bond Trustee may file with the Escrow Agent notice of the commencement of a Bankruptcy Event.

2.06. *Bond Payment Default Event Notice.* The Board shall immediately file with the Escrow Agent notice of the failure of the Board to fully pay when due the principal (including mandatory sinking fund installments) of or interest on any General Obligation Debt when due on any required payment date and shall immediately file notice that such failure was not fully remedied by the tenth day next following such required payment date. In addition, any Bond Trustee may file with the Board and the Escrow Agent a written statement supporting the fact that a Bond Payment Default Event has occurred.

2.07. *End of Required Funding Period.* In determining the end date of any Required Funding Period, the Escrow Agent may rely on a written certificate of an Authorized Officer setting forth that one of the conditions required to end the Required Funding Period has been satisfied and each such certificate shall include supporting documentation satisfactory to the Escrow Agent.

## ARTICLE III

### OPERATION OF THE ESCROW FUND

3.01. *Deposit of State Aid Revenues.* Any State Aid Revenues received by the Escrow Agent (A) during any Regular Period, shall be deposited into the General Account and (B) during any Required Funding Period, shall be deposited in the following order of priority:

First, to the Security Account to the extent required to increase the amount then held in the Security Account to the Security Account Requirement.

Second, to the General Account, any remaining amount.

3.02. *Application of General Account.* During any Regular Period, funds in the General Account may be withdrawn by the Board, at any time and from time to time, without limitation and free from the obligations of this Agreement but subject to the liens of the Bond Indentures.

On the first Business Day of each Required Funding Period, and thereafter on each Business Day until the end of such Required Funding Period, all funds in the General Account shall be withdrawn therefrom and deposited into the Security Account to the extent required to increase the amount then held in the Security Account to the Security Account Requirement.

If on any date the amount then held in the Security Account equals or exceeds the then current Security Account Requirement, then any funds then held in the General Account may be withdrawn by the Board free from the obligations of this Agreement but subject to the liens of the Bond Indentures.

3.03. *Application of Security Account.* During any Regular Period, funds in the Security Account may be withdrawn by the Board, at any time and from time to time, without limitation and free from the obligations of this Agreement but subject to the liens of the Bond Indentures.

During any Required Funding Period, funds in the Security Account shall be allocated and applied by payments to the applicable Bond Trustees in the following order of priority:

First, to cure any payment default with respect to the payment of Debt Service, with an allocation among the various Series of Bonds as provided in Section 3.04(A).

Second, to cure any deficiency with respect to the amounts held by Bond Trustees for the payment of Debt Service due and payable in the then current Bond Year, with an allocation among the various Series of Bonds as provided in Section 3.04(B).

Third, to fund the annual deposit requirements for the next February 15 deposit date, as required by the Bond Indentures, with allocation among the various Series of Bonds as provided in Section 3.04(C).

Fourth, at the direction of the Board, to pay Debt Service, to purchase Bonds, to redeem Bonds or to defease Bonds.

If on any date, (A) the amount then held in the Security Account equals or exceeds the then current Security Account Requirement and (B) all of the disbursements then required by Clause First and Clause Second of this Section 3.03 have been made or provision has been made for such disbursements, then all or any portion of such excess, at the direction of the Board, shall be withdrawn from the Security Account and paid to the Board free from the obligations of this Agreement but subject to the lien of the Bond Indentures.

*3.04. Series Allocations.* (A) If, at any time, a Debt Service payment default exists with respect to more than one Series of Bonds, then each such Series shall be entitled to its allocable share of the funds in the Security Account. With respect to such distribution from the Security Account pursuant to Clause First of Section 3.03, the allocable share of each such Series shall be an amount equal to the lesser of (A) the amount required to cure the Debt Service payment



default for the Series and (B) the amount then held in the Security Account multiplied by a fraction, the numerator of which is the amount required to cure the Debt Service payment default of that Series and the denominator of which is the aggregate amount required to cure the Debt Service payment defaults of all such Series. The Escrow Agent shall provide the Board and each Bond Trustee with the proposed allocation and the Board shall confirm the proposed allocation within two business days of receipt.

(B) If, at any time, a Debt Service funding deficiency as described in Clause Second of Section 3.03 exists with respect to more than one Series of Bonds, then each such Series shall be entitled to its allocable share of the funds in the Security Account. With respect to such distribution from the Security Account pursuant to Clause Second of Section 3.03, the allocable share of each Series shall be an amount equal to the lesser of (A) the amount of the deficiency for such Series and (B) the amount then held in the Security Account multiplied by a fraction, the numerator of which is the amount of the deficiency for that Series and the denominator of which is the aggregate amount of the deficiency of all such Series. The Escrow Agent shall provide the Board and each Bond Trustee with the proposed allocation and the Board shall confirm the proposed allocation within five business days of receipt.

(C) With respect to each distribution from the Security Account pursuant to Clause Third of Section 3.03, each Series of Bonds shall be entitled to its allocable share, which shall be an amount equal to the amount in the Security Account and then available for distribution pursuant to Clause Third of Section 3.03 multiplied by a fraction the numerator of which is the Series Debt Service for such Series for the applicable Bond Year to be funded from the February 15 deposit, and the denominator of which is the Aggregate Annual Debt Service Requirement for the applicable Bond Year. The Escrow Agent shall provide the Board and each Bond Trustee

with the proposed allocation and the Board shall confirm the proposed allocation within five business days of receipt.

3.05. *Investment of Moneys in the Escrow Fund.* Pending the allocation of moneys in the Escrow Fund as provided in this Article III, such moneys may be invested by the Escrow Agent in Permitted Investments only in accordance with the written directions of an Authorized Officer. All investment earnings derived from the investment of moneys in (A) the General Account shall be credited to the General Account and (B) the Security Account shall be credited to the Security Account.

3.06. *Monthly Reports.* The Escrow Agent will submit to the Chief Financial Officer of the Board and to the Bond Trustees, on or before the 10<sup>th</sup> day of each calendar month, commencing in the month of September, 2017, a statement, as of the last day of the prior calendar month, itemizing (i) all moneys received by it and all payments made by it under the provisions of this Agreement during such prior calendar month and (ii) the balances in the General Account and in the Security Account as of the end of such prior calendar month, and also listing the Permitted Investments on deposit therewith on the date of said report, including all moneys held by it received as interest on the Permitted Investments. The Escrow Agent shall, with reasonable promptness, provide such additional information regarding the State Aid Revenues and the Escrow Fund as the Board may request.

3.07. *Daily Reports on Receipts and Distributions.* On each Business Day that State Aid Revenues are received by the Escrow Agent, the Escrow Agent shall provide to the Chief Financial Officer of the Board a report setting forth the amount of State Aid Revenues received by the Escrow Agent. On each Business Day that State Aid Revenues are required to be allocated and distributed pursuant to Article III, the Escrow Agent shall provide to the Chief

Financial Officer of the Board a report detailing the amounts allocated and distributed to each Bond Trustee with respect to each Series then outstanding. The reporting requirements of this Section 3.07 may be satisfied by providing to the Board electronic access to the Escrow Agent's trust accounting system.

3.08. *Board Records.* The Board will maintain records of all withdrawals of State Aid Revenues from the Escrow Fund.

3.09. *Bond Indenture Deposit Requirements.* The Board will comply with all deposit requirements contained in the Bond Indentures, including, but not limited to, the February 15 deposit date funding requirements.

3.10. *Payment of Fees.* The fees of the Escrow Agent shall be paid by the Board upon receipt of appropriate statements therefor. From and after any Bankruptcy Event the Escrow Agent shall be entitled to a lien on the Security Account for the payment of its fees and its costs of administration of the Escrow Fund, which lien shall be in all respects junior and subordinate to the lien on State Aid Revenues granted by the Bond Indentures in favor of the Bondholders and the Bond Trustees.

#### ARTICLE IV

##### COVENANTS

4.01. *Escrow Covenants.* The Board and the Escrow Agent covenant and agree as follows:

The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals herein (except those relating to its own organization); (b) the performance of or compliance with any covenant, condition, term or provision of the Bonds, or any Bond Indenture; (c) any undertaking or statement of the Board hereunder or under the Bonds, or any

Bond Indenture or (d) actions taken on the basis of facts that are not within the direct knowledge of the Escrow Agent.

The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful misconduct, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be a defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall it be deemed to have failed to take any such action, unless and until it shall have been indemnified by the Board, the Bond Trustees or the Bondholders to its satisfaction against any and all costs and expenses, outlays, reasonable counsel fees and other disbursements, including its own reasonable fees (provided notice is given to the Board of such costs and outlays within a reasonable time after they are incurred), and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

The Escrow Agent, in its separate capacity as a banking institution, may, at the direction of an Authorized Officer, as provided in Section 3.05, invest for the Escrow Fund in Permitted Investments purchased from itself.

All payments to be made by, and all acts, and things required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the Board except as expressly provided herein.

The Escrow Agent shall not be liable for any act taken or omitted hereunder if taken or omitted by it in good faith and in the exercise of its own best judgment. The Escrow Agent shall

also be fully protected in relying upon any written notice, demand, certificate or document which it in good faith believes to be genuine.

The Escrow Agent shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of any securities now or hereafter deposited hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall it be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement or this Escrow Agreement. The Escrow Agent shall not be liable for any depreciation or change in the value of such investments.

If the Escrow Agent reasonably believes it to be necessary to consult with counsel concerning any of its duties in connection with this Agreement, or in case it becomes involved in litigation on account of being Escrow Agent hereunder or on account of having received property subject hereto, then in either case, its costs, expenses, and reasonable attorneys' fees shall be paid by the Board, and upon timely notice thereof having been given.

*4.02. Administration and Enforcement.* This Agreement shall be construed, enforced, and administered in accordance with the laws of the State, and shall inure to, and be binding upon, the respective successors and assigns of the parties hereto. If the Board provides a direction to the Escrow Agent contrary to the provisions of this Agreement or takes any action to prevent or interfere with the Escrow Agent performing its duties under this Agreement, then such direction or action taken shall constitute any event of default by the Board under this Agreement with respect to which the Escrow Agent shall, and any Bond Trustee may, institute proceedings to annul any such direction and to enjoin any such action, or for such other remedy at law or in equity as the Escrow Agent or any such Bond Trustee shall deem appropriate. In addition, the

Escrow Agent will not follow any direction from the Board that is contrary to the provisions of this Agreement and shall be fully protected from so doing.

*4.03. Rights of Bondholders and Bond Trustees.* The Bondholders and each of the Bond Trustees are explicitly recognized as being third-party beneficiaries of this Agreement and may enforce the provisions of this Agreement, including by instituting an action for specific performance of the covenants and agreements of the Board under this Agreement. This Agreement shall not constitute a limitation of any of the rights granted to Bondholders and Bond Trustees under the Bond Indentures including any lien on State Aid Revenues created by any Trust Indenture.

*4.04. Bankruptcy Event Expense Account.* The Board hereby establishes the Bankruptcy Event Expense Account to be held by the Escrow Agent under this Agreement separate and apart from the Escrow Fund. On or prior to September 1, 2017 the Board shall deposit the sum of \$75,000 into the Bankruptcy Event Expense Account. Following a Bankruptcy Event the moneys held in the Bankruptcy Event Expense Account may be withdrawn by the Escrow Agent to pay the Escrow Agent's costs and expenses of administration and enforcement of this Agreement. On or prior to the 10<sup>th</sup> day of each month, commencing with the first month next following a Bankruptcy Event, the Escrow Agent shall file with the Board a report setting forth all costs and expenses paid from the Bankruptcy Event Expense Account in the prior month. Moneys in the Bankruptcy Event Expense Account may be invested by the Escrow Agent in Permitted Investments only in accordance with the written directions of an Authorized Officer. Any investment earnings derived from the investment of moneys in the Bankruptcy Event Expense Account shall be credited to the Bankruptcy Event Expense Account. Prior to a Bankruptcy Event, if on March 2<sup>nd</sup> of any Year the amount then held in the Bankruptcy

Event Expense Account is in excess of \$75,000, then the amount of such excess shall be paid to the Board.

## ARTICLE V

### RESIGNATION OR REMOVAL OF THE ESCROW AGENT

The Escrow Agent may at any time resign as escrow agent under this Agreement by giving thirty days written notice to the Board and the Bond Trustees and such resignation shall take effect upon the appointment of a successor Escrow Agent by the Board. The Board may select as successor Escrow Agent any financial institution located within the State which is authorized to maintain trust accounts under Federal or State law with capital stock and surplus aggregating at least \$20,000,000.

If at any time the Escrow Agent is no longer legally authorized or qualified (by reason of any Federal or State law or any other law or regulation) to act as escrow agent hereunder, then the Board may remove the Escrow Agent and may select as successor Escrow Agent any financial institution which is authorized to maintain trust accounts under Federal or State law with capital stock and surplus aggregating at least \$20,000,000.

Bond Trustees serving as Bond Trustee for a majority in aggregate principal amount of the then outstanding Bonds may remove the Escrow Agent at any time and appoint as a successor Escrow Agent any financial institution located within the State which is authorized to maintain trust accounts under Federal or State law with capital stock and surplus aggregating at least \$20,000,000, by filing with the Board and the Escrow Agent written statements directing such removal and appointment executed by trust officers of such Bond Trustees.

## ARTICLE VI

### ALTERATION AND TERMINATION OF AGREEMENT

#### 6.01. *Modification or Amendment.*

(A) All of the rights, powers, duties and obligations of the Board and the Escrow Agent hereunder shall not, except as specifically provided in this Article VI, be subject to modification or amendment by the Board or the Escrow Agent.

(B) The Board and the Escrow Agent may modify or amend the terms of this Agreement without the consent of any Bondholder or Bond Trustee for the following purposes:

(1) to correct errors, clarify ambiguities or insert inadvertently omitted material; or

(2) to alter the provisions of this Agreement and to confirm this Agreement to changes in State law and procedures with respect to the allocation and distribution of the State Aid Revenues; or

(3) to confirm, as further assurance, any pledge of or lien on the State Aid Revenues pledged under this Agreement;

provided, however, that each such modification or amendment shall not adversely affect the protections provided by this Agreement to the Bondholders and the Bond Trustees.

(C) In addition to the amendments and modifications permitted by paragraph (B) of this Section 6.01, this Agreement may be modified or amended by the Board and the Escrow Agent, provided, however, that no such amendment or modification shall take effect until there shall have been filed with the Escrow Agent and the Board the written consent of each Bond Trustee to such modification or amendment.



6.02. *Termination.* This Agreement shall terminate on the Termination Date. On the Termination Date, the Escrow Agent shall transfer any balances remaining in the Escrow Fund and in the Bankruptcy Event Expense Account to the Board.

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Agreement to be executed by the Senior Vice President of Finance of the Board as of the date first set forth above.

BOARD OF EDUCATION OF THE CITY OF CHICAGO


By: 

Senior Vice President of Finance

*[Signature Page to  
State Aid Revenues Escrow Agreement]*

IN WITNESS WHEREOF, Amalgamated Bank of Chicago, as Escrow Agent, has caused this Agreement to be signed in its corporate name by one of its officers and all as of date first set forth above.

AMALGAMATED BANK OF CHICAGO, as Escrow Agent

By:   
Its Senior Vice President

[Signature Page to  
State Aid Revenues Escrow Agreement]

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## APPENDIX G

### OVERVIEW OF HISTORICAL STATE AID REVENUES TO THE BOARD

The following is a description of the Historical State Aid Formula and the Historical State Aid Revenues paid to the Board under the School Code prior to adoption of Public Act 100-465.

Overview. Article 18A of the School Code provided formulas for determining the amount of Historical State Aid Revenues that each school district was entitled to claim based on numerous factors as described below. In addition the State's payment of Historical State Aid Revenues to school districts was subject to the appropriation of sufficient moneys to fund the statutory claims of all school districts, and in the absence of full funding each school district's Historical State Aid Revenue, payments to school districts were reduced on a pro rata basis. Another factor that impacted the Historical State Aid Revenues received by the Board was the diversion of funds to State-Approved Charter Schools (as defined herein). For Fiscal Year 2017, the Illinois General Assembly appropriated funding for Historical State Aid Revenues that augmented the historical formula funding under the School Code rather than applying the Board's demographics to the traditional funding formula.

Historical State Aid Revenues Calculation under the School Code. The School Code provided for the distribution of Historical State Aid Revenues through two grants to school districts. One was a Foundation Formula Grant (the "Foundation Formula Grant") that was calculated based on the combination of State funding and "available local resources" to meet the statutory Foundation Level (as defined herein) per pupil. As the local resources of a school district increased, the Foundation Formula Grant per pupil that a school district could claim decreased. The second grant was the grant for low-income students (the "Poverty Grant"). This grant was not offset by "available local resources" of a school district and was based on the number and proportion of low-income students in a school district. The amount of the Poverty Grant per pupil increased as the number and/or proportion of low-income students in such school district increased.

The calculation of the Foundation Formula Grant was based upon a foundation level which was established by the School Code for all school districts in the State (the "Foundation Level") and had been set at \$6,119 per pupil since Fiscal Year 2010. The Foundation Formula Grant provided this amount per pupil less a school district's "available local resources" per pupil, which was calculated pursuant to a complex statutory formula that takes into account numerous locally-based factors. These factors included the equalized assessed valuation of property within a school district, an assumed property tax extension, and corporate personal property replacement tax ("PPRT") revenues. For a discussion of the sources of revenues of the Board see "FINANCIAL INFORMATION" in the Official Statement.

In addition, the "per pupil count" used in calculating the Foundation Formula Grant was the greater of a school district's best three months' average daily attendance in the previous year or an average of the best three months' average daily attendance in the previous three years (the "Per Pupil Count"). Since the Foundation Formula Grant portion of Historical State Aid Revenues paid to the Board was based on a Per Pupil Count, the level of enrollment and attendance in the school district could impact the amount of Historical State Aid Revenues received by the Board.

The Poverty Grant was calculated under the School Code for each school district within the State to provide additional funding for the impact of at-risk pupils in a school district and was calculated based on a school district's number and proportion of low-income students. This grant was not offset by the Board's "available local resources." A formula was used to calculate the Poverty Grant with payments that ranged from \$355 to \$2,994 per low-income student.

The total amount calculated by ISBE pursuant to the School Code for each school district was the sum of the Foundation Formula Grant and the Poverty Grant and was referred to as the “Statutory Claim.” The portion of the Statutory Claim attributable to the Foundation Formula Grant was referred to as the “Foundation Formula Grant Statutory Claim” and the portion of the Statutory Claim attributable to the Poverty Grant was referred to as the “Poverty Grant Statutory Claim.”

Historical State Aid Revenues could be increased or decreased annually from the prior year’s Statutory Claims based on factors including adjustments to prior-year equalized assessed valuations or State Board of Education staff audits. Typically, there was a net increase to the yearly aggregate Historical State Aid Revenues entitlement as a result of these prior-year adjustments. Applicable State law imposed an annual cap on these adjustments of \$25 million and proration of these payments across all school districts, resulting in an average annual adjustment to the Board of approximately \$16.3 million.

Historical State Aid Revenues Received by the Board. Although the Board’s Statutory Claim was calculated according to the formulas described above, the amount of Historical State Aid Revenues received by the Board in each Fiscal Year was impacted by several factors including the appropriation of funds by the Illinois General Assembly and the allocation of funds to State-Approved Charter Schools within the boundaries of the School District.

*State-Approved Charter Schools.* “State-Approved Charter Schools,” which are separate from Board-sponsored charter schools that are funded as a part of the Board’s annual budget, received Historical State Aid Revenues calculated on the same basis as the formulas used to determine the Board’s Statutory Claim, and since Fiscal Year 2014 have been provided their share of Historical State Aid Revenues from the Board’s allocation of Historical State Aid Revenues prior to the Board receiving such funds.

*Fiscal Year 2010-2016 State Appropriation Proration.* From Fiscal Year 2010 through Fiscal Year 2016, the General Assembly did not appropriate sufficient funds to fully fund the Statutory Claim for each school district in Illinois. In the event of an appropriation of less than the full amount of the Statutory Claims of Illinois school districts, ISBE equally prorated payments to school districts based on the amount of the appropriation as a percentage of the total aggregate amount of Statutory Claims for all school districts in the State. The resulting share of the Statutory Claim allocated to each school district is referred to as its “State Appropriation Proration.” Because receipt of payments of Historical State Aid Revenues is subject to appropriation by the Illinois General Assembly, such payments are consequently subject to the availability of sufficient revenues of the State and competing obligations and spending priorities of the State.

*Fiscal Year 2017 State Appropriation.* For Fiscal Year 2017, rather than applying the Board’s demographics to the traditional funding formula, the State’s appropriation “held harmless” Historical State Aid Revenues funding to all school districts to the funding levels provided in Fiscal Year 2016 and provided \$250 million in additional funding to be shared by school districts with a high concentration of low-income students providing approximately \$102 million in additional funding to the Board.

Replacement of the Historical State Aid Formula. 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 Evidence Based Funding Formula for allocating State Aid to school districts, beginning with the 2017-2018 school year, and replaced the Historical State Aid Formula.

## APPENDIX H

### 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 “Board’s CAFRs”), 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, 2023 (the “2023 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, 2022 (the “Pension Fund 2022 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 2022 ACFR are referred to herein as the “Pension Fund Source Information.”

Information in the 2023 Actuarial Valuation Report provides information regarding results in the Pension Fund’s fiscal year ended June 30, 2023 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 2023 Actuarial Valuation Report will be audited and included as part of the Pension Fund’s 2023 ACFR. What follows in this paragraph is selected information from the 2023 Actuarial Valuation Report. Reference should be made to the full 2023 Valuation Report for complete information. In the Pension Fund’s fiscal year ending June 30, 2023, the Pension Fund reported an investment return of approximately 6.84%. Since 6.84% is more than the assumed rate of return of 6.50% for FY23, there was a gain on the actuarial value of the assets. Accordingly, the Funded Ratio of the Pension Fund for the fiscal year ended June 30, 2023 based on the actuarial value of assets is reported to be 47.2%, versus 46.8% in

the Pension Fund fiscal year ended June 30, 2022. As a result, the Board's Fiscal Year 2025 Pension Fund contribution is projected to decrease by \$38.2 million and the State's contribution is projected to increase by \$31.2 million. The Board's Fiscal Year 2024 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 2022 ACFR and the 2023 Actuarial Valuation are the most recent audit and actuarial valuations pertaining to the Pension Fund available to the Board. Copies of the Pension Fund 2022 ACFR and the 2023 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 Report of the Annuity Fund for its Fiscal Year ending December 31, 2022 (the "Annuity Fund 2022 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, 2022 (the "2022 Annuity Fund Actuarial Valuation" and, together with the Annuity Fund 2022 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 2022 ACFR and the 2022 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 2022 ACFR and the 2022 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 2022 ACFR, as well as the 2023 Actuarial Valuation Report and, together with relevant information in the Pension Fund 2022 ACFR, the "Health Insurance Plan Source Information"). At the time of the preparation of this Official Statement, the Pension Fund 2022 ACFR and the 2023 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, 2022, according to the most recently available information, the Pension Fund had 48 participating employers consisting of the primary employer, Chicago Public Schools, 44 charter schools, the Illinois Federation of Teachers, the Chicago Teacher’s Union and the Pension Fund itself. As of June 30, 2023 the Pension Fund included 66,245 members consisting of 27,474 retirees and beneficiaries currently receiving benefits, 6,947 vested terminated members entitled to benefits but not yet receiving them, 16,375 total active vested current members and 15,449 nonvested current members. An additional 27,834 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 2011-2022.”

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 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 20224 are \$15,528,000 for the State and \$14,564,000, for the Board. The required contributions made based on payroll for Fiscal Year 2025 are expected to be \$16,201,000 for the State and \$15,195,000 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 2013-2022.

**Table 1**

**Historical Contributions**  
(All dollar amounts are in millions)

<b>Fiscal Year</b>	<b>Employee Contributions</b>	<b>Employer Contributions</b>			<b>Actuarially Determined Contribution (ARC)<sup>(3)</sup></b>
		<b>State Appropriations and Payroll Contributions<sup>(1)</sup></b>	<b>BOE Contributions<sup>(2)</sup></b>	<b>Total Employer Contributions</b>	
<b>2013</b>	165.9	10.9	234.5	245.4	585.5
<b>2014</b>	163.8	11.9	601.6	613.0	719.8
<b>2015</b>	168.1	62.2	634.4	696.5	728.5
<b>2016</b>	158.2	12.1	675.9	688.0	749.8
<b>2017</b>	153.3	12.2	733.2	745.4	754.8
<b>2018</b>	149.6	233.0	551.4	784.4	855.8
<b>2019</b>	148.7	238.9	569.7	808.6	1,032.2
<b>2020</b>	146.0	257.3	597.2	854.5	1,147.0
<b>2021</b>	151.8	266.9	619.0	885.9	1,219.9
<b>2022</b>	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, 2013-2022.

- <sup>(1)</sup> FY 2018 includes amounts contributed by the State pursuant to P.A. 100-465 which are in addition to discretionary and payroll contributions.
- <sup>(2)</sup> **“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.
- <sup>(3)</sup> **“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 2023, the Pension Fund had liabilities of \$26,170,995,292 and assets (excluding any amounts dedicated to retiree health insurance subsidies) of: (i) \$ 12,363,785,813 if valued on an actuarial basis (using the “Asset Smoothing Method” (as described below), or (ii) \$12,118,493,196 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 \$14.05 billion on a market value basis and Funded Percentages of 47.2% on an actuarial basis (using the Asset Smoothing Method) and 46.3% on a market value basis. The Fiscal Year 2023 Actuarial Liability of \$26,170,995,292 represents a net increase of \$216 million compared to the Actuarial Liability as of June 30, 2022. Additional information regarding the financial condition of the Pension Fund, including the actuarial value of assets and actuarial liability can be found in the 2023 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 2012-2023 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 2014-2023**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
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%
06/30/2023	12,363,785,813	26,170,995,292	13,807,209,479	47.24%	2,793,198,579	494.3%

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2014-2023.

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 2014-2022 <sup>(1)</sup>**

<b>Actuarial Valuation Date</b>	<b>Fiduciary Net Position (FNP) (a)</b>	<b>Pension Total Liability (TPL) (b)</b>	<b>Net Pension Liability (NPL) (b) - (a)</b>	<b>GASB 67 Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>NPL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
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%
06/30/2022	11,764,941,881	27,776,741,810	16,011,799,929	42.36%	2,522,166,316	634.84%

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Annual Comprehensive Financial Report for Fiscal Years ended June 30, 2014-2022.

<sup>(1)</sup> 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 2024 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<sup>(1)</sup>**

(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.)

<u>Fiscal Year</u>	<u>Employee Contribution</u>	<u>Required Statutory Employer Contribution</u>	<u>State Normal Cost Contribution</u>	<u>Additional State Contribution</u>	<u>Additional Board Contribution</u>	<u>Required Board of Education Contribution<sup>(2)</sup></u>	<u>Total Actuarial Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Percentage</u>
2024	\$243.3	\$1,022.5	\$308.1	\$14.6	\$15.5	\$684.3	\$26,659.3	\$12,772.3	\$13,887.0	47.91%
2025	251.4	1,015.5	338.7	15.2	16.2	645.4	27,157.8	12,616.3	14,541.5	46.46%
2026	258.6	1,044.8	342.2	15.6	16.7	670.3	27,666.7	12,921.7	14,745.0	46.70%
2027	265.8	1,073.8	344.8	16.1	17.1	695.7	28,185.8	13,203.2	14,982.6	46.84%
2028	272.9	1,102.5	346.3	16.5	17.6	722.2	28,712.2	13,509.1	15,203.1	47.05%
2029	279.9	1,130.8	346.8	16.9	18.0	749.1	29,245.1	13,841.5	15,403.6	47.33%
2030	286.9	1,159.0	346.6	17.3	18.5	776.6	29,782.9	14,193.8	15,589.1	47.66%
2031	293.8	1,187.0	345.8	17.8	18.9	804.5	30,324.7	14,567.2	15,757.5	48.04%
2032	300.7	1,214.6	344.4	18.2	19.4	832.7	30,870.4	14,962.8	15,907.6	48.47%
2033	307.4	1,242.0	342.5	18.6	19.8	861.1	31,414.3	15,376.3	16,038.0	48.95%
2034	314.1	1,269.0	339.7	19.0	20.2	890.0	31,980.7	15,833.6	16,147.1	49.51%
2035	320.5	1,294.7	336.4	19.4	20.7	918.3	32,543.7	16,309.8	16,233.9	50.12%
2036	326.7	1,319.7	332.4	19.7	21.1	946.5	33,100.8	16,803.5	16,297.3	50.76%
2037	332.6	1,343.7	327.8	20.1	21.4	974.4	33,648.9	17,312.7	16,336.2	51.45%
2038	338.4	1,367.2	322.6	20.5	21.8	1,002.3	34,185.2	17,836.4	16,348.8	52.18%
2039	344.2	1,390.4	313.1	20.8	22.2	1,034.3	34,706.5	18,377.2	16,329.3	52.95%
2040	350.0	1,413.8	303.2	21.2	22.6	1,067.0	35,210.1	18,935.0	16,275.1	53.78%
2041	355.9	1,437.7	292.3	21.5	22.9	1,101.0	35,691.3	19,508.9	16,182.4	54.66%
2042	361.7	1,461.2	281.0	21.9	23.3	1,135.1	36,146.5	20,097.7	16,048.8	55.60%
2043	367.8	1,485.7	270.4	22.2	23.7	1,169.3	36,575.7	20,704.4	15,871.3	56.61%

Source: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Year ended June 30, 2023.

<sup>(1)</sup> 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, 2023 actuarial valuation, including the 6.50% assumed rate of investment return, are exactly realized each year.

<sup>(2)</sup> 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.

**Table 4 (Continued)**

**Projection of Contributions, Liabilities and Assets<sup>(1)</sup>**

(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.)

<u>Fiscal Year</u>	<u>Employee Contribution</u>	<u>Required Statutory Employer Contribution</u>	<u>State Normal Cost Contribution</u>	<u>Additional State Contribution</u>	<u>Additional Board Contribution</u>	<u>Required Board of Education Contribution<sup>(2)</sup></u>	<u>Total Actuarial Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Percentage</u>
2044	\$374.2	\$1,511.6	\$260.8	\$22.6	\$24.1	\$1,204.1	\$36,978.9	\$21,332.4	\$15,646.5	57.69%
2045	380.9	1,538.9	252.9	23.0	24.5	1,238.4	37,359.0	21,987.1	15,371.9	58.85%
2046	388.3	1,568.4	247.2	23.5	25.0	1,272.7	37,720.2	22,676.1	15,044.1	60.12%
2047	396.0	1,599.6	243.9	23.9	25.5	1,306.2	38,066.5	23,406.2	14,660.3	61.49%
2048	404.2	1,632.8	242.7	24.4	26.0	1,339.7	38,403.3	24,186.5	14,216.8	62.98%
2049	412.8	1,667.6	243.1	25.0	26.6	1,372.9	38,734.0	25,024.0	13,710.0	64.60%
2050	421.7	1,703.3	244.5	25.5	27.2	1,406.2	39,060.2	25,924.5	13,135.7	66.37%
2051	430.6	1,739.3	246.5	26.0	27.7	1,439.1	39,381.0	26,891.1	12,489.9	68.28%
2052	439.5	1,775.3	248.9	26.6	28.3	1,471.6	39,695.2	27,926.9	11,768.3	70.35%
2053	448.4	1,811.4	251.6	27.1	28.9	1,503.9	40,000.5	29,034.2	10,966.3	72.58%
2054	457.4	1,847.6	254.9	27.6	29.5	1,535.6	40,295.6	30,216.6	10,079.0	74.99%
2055	466.5	1,884.3	258.6	28.2	30.1	1,567.5	40,577.2	31,476.4	9,100.8	77.57%
2056	475.7	1,921.5	262.6	28.8	30.7	1,599.4	40,842.1	32,816.4	8,025.7	80.35%
2057	484.9	1,958.9	267.0	29.3	31.3	1,631.3	41,088.8	34,241.4	6,847.4	83.34%
2058	494.2	1,996.5	271.6	29.9	31.9	1,663.2	41,317.6	35,758.3	5,559.3	86.55%
2059	503.6	2,034.4	276.5	30.4	32.5	1,659.0	41,531.4	37,377.1	4,154.3	90.00%

Source: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Year ended June 30, 2023.

<sup>(1)</sup> 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, 2023 actuarial valuation, including the 6.50% assumed rate of investment return, are exactly realized each year.

<sup>(2)</sup> 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 2024), 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 2022 ACFR. 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 2023 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, 2023, was 6.84%. Since the 6.84% actual return on an actuarial basis was greater than the 6.50% assumed return that was assumed for the year ending June 30, 2023, the Pension Fund experienced an actuarial gain 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 2012-2023.

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Table 5

## Investment Returns for Past 10 Years

<u>Fiscal Year</u>	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed Rate of Return</u>
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%
2023	8.2%	6.8%	6.50%
<b>Average Returns</b>			
<b>Last 10 years:</b>	7.4%	8.0%	

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Sources: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2023

*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 2023 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 nonemployer 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 nonemployer 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 20,838 active members as of December 31, 2022) contribute 8.5% of their salary. Under P.A. 100-0023 effective July 7, 2017, Tier 3 active members whose contributions for age and service annuities are governed by 40 ILCS 5/8-174(a-10) 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 \$60 million for FY20, \$100 million for FY21, \$175 million for FY22, and \$175 million for FY23. The amounts contributed by the Board were intended to cover the current liability portion of employees of the Board which participate in the Annuity Fund. No contribution for FY24 has been budgeted by the Board.

*Members.* As of December 31, 2022, the Annuity Fund had 83,849 total members including 25,894 retirees and beneficiaries, 22,586 inactive members entitled to benefits and 35,369 active members (of which 12,929 were vested and 22,440 were non-vested). As of December 31, 2022, the most recently available information, CPS employees comprised about 62% 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, 2017 through December 31, 2021. 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, 2022 the Annuity Fund adopted recommendations in the demographic assumptions and economic assumptions, and in regards to investment rate of return, the Annuity Fund adopted a change of investment rate of return from 7.0% to 6.75% per year (collectively, the “New Assumptions”).

*Funded Status of Annuity Fund.* As of the end of its’ Fiscal Year 2022, based on the New Assumptions, the Annuity Fund had actuarial accrued liabilities of \$18,759,634,094, compared to \$18,418,022,892 as of the end of Fiscal Year 2021, and assets of: (i) \$4,274,969,404 as of the end of Fiscal Year 2022, compared to \$4,041,929,111 as of the end of Fiscal Year 2021, if valued on an actuarial basis

(using the Asset Smoothing Method as required by the Pension Code, or (ii) \$3,951,788,039 as of the end of Fiscal Year 2022, compared to \$4,308,269,024 as of the end of Fiscal Year 2021, if valued based on market value. This results in an aggregate Unfunded Actuarial Liability of the Annuity Fund of approximately \$14,484,664,690 as of the end of Fiscal Year 2022, compared to \$14,376,093,781 as of the end of Fiscal Year 2021, on an actuarial basis (using the Asset Smoothing Method), and \$14,807,846,055 as of the end of Fiscal Year 2022, compared to \$14,109,753,868 as of the end of Fiscal Year 2021, on a market value basis; and Funded Percentages of 22.79% as of the end of Fiscal Year 2022 compared to 21.95% as of the end of Fiscal Year 2021, on an actuarial basis (using the Asset Smoothing Method) and 21.07% as of the end of Fiscal Year 2022 compared to 23.39% as of the end of Fiscal Year 2021, 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 has paid 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 Annuity Fund to offer a Tier 3 benefit defined benefit plan relied 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 is now part of the Tier 3 benefit structure. As of December 31, 2022, the Annuity Fund had 14,531 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 \$557 million in Fiscal Year 2024. 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 \$309 million in Fiscal Year 2023 and will be \$323 million in Fiscal year 2024. 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 I

### 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.<sup>3,4</sup> Chicago’s large and diverse economy contributed to a gross regional product of more than \$760 billion in 2021.<sup>5</sup>

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 2.2 million tons of freight, mail, and goods annually.<sup>6</sup>

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 60,000.<sup>7</sup>

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.<sup>8</sup>

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<sup>3</sup> U.S. Census Bureau (2021). 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/>

<sup>4</sup> U.S. Bureau of Labor Statistics, “Chicago Area Employment – July 2023”

[https://www.bls.gov/regions/midwest/news-release/areaemployment\\_chicago.htm](https://www.bls.gov/regions/midwest/news-release/areaemployment_chicago.htm)

<sup>5</sup> 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>

<sup>6</sup> Chicago Department of Aviation, “Monthly Operations, Passengers, Cargo Summary by Class, December

2020,” <http://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>

<sup>7</sup> City Colleges of Chicago, “Fiscal Year 2022 Statistical Digest,” <https://www.ccc.edu/menu/pages/facts-and-statistics.aspx>

<sup>8</sup> U.S. Bureau of Labor Statistics, “Chicago Area Economic Summary, September 27, 2023,”

[https://www.bls.gov/regions/midwest/summary/blssummary\\_chicago.pdf](https://www.bls.gov/regions/midwest/summary/blssummary_chicago.pdf)

## Transportation

According to statistics compiled by the U.S Department of Transportation in 2022, O’Hare ranked fourth in the United States in terms of total passengers while Midway ranked 30<sup>th</sup> in the United States.<sup>9</sup> According to the Chicago Department of Aviation, O’Hare and Midway had 41.8 and 12.7 million in total passenger volume in 2023 as of July 2023, respectively. O’Hare supports substantial international service with international passengers constituting approximately 18% of total enplaned passengers in 2020.<sup>10</sup>

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).<sup>11</sup>

## Population

Chicago is home to over 2.7 million people that live in more than one million households.<sup>12</sup> The City’s population increased 1.9% since the 2010 Census.<sup>13</sup>

The population of the United States, the State of Illinois, Cook County and the City for the census years from 1980 to 2020 is set forth below.

### Population<sup>14</sup> 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

<sup>9</sup> U.S Department of Transportation, Bureau of Transportation Statistics <https://www.bts.gov/content/passengers-boarded-top-50-us-airports>

<sup>10</sup> Chicago Department of Aviation, “Facts and Figures, Air Traffic Data, July 2023,” <http://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>

<sup>11</sup> Chicago Transit Authority, “CTA Facts at a Glance” <http://www.transitchicago.com/about/facts.aspx>

<sup>12</sup> 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).

<sup>13</sup> U.S. Census Bureau, “State and County QuickFacts—Chicago (city), Illinois,” <https://www.census.gov/quickfacts/table/PST045215/1714000.00> (accessed January 13, 2022)

<sup>14</sup> 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)

39.5% of Chicago’s residents (age 25 or older) have bachelor’s degrees, which is higher than the national average of 32.1%<sup>15</sup>

### 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.

<b>Per Capita Income<sup>16</sup> 2012—2021</b>				
<b><u>Year</u></b>	<b><u>United States</u></b>	<b><u>State of Illinois</u></b>	<b><u>Cook County</u></b>	<b><u>Chicago MSA</u></b>
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	55,547	57,721	63,971	63,024
2020	59,153	61,587	67,558	66,474
2021	64,430	67,278	73,667	71,992

Chicago’s 2019 median household income is \$65,781, compared to \$72,563 in Illinois and \$69,021 in the United States.<sup>17</sup>

<sup>15</sup> U.S. Census Bureau, “State and County QuickFacts—Chicago (city), Illinois,” <https://www.census.gov/quickfacts/table/PST045215/1714000.00> (accessed January 13, 2022)

<sup>16</sup> U.S. Bureau of Economic Analysis, “Interactive Data,” <https://www.bea.gov/data/income-saving> (accessed October 16, 2023)

<sup>17</sup> U.S. Census Bureau, “QuickFacts, interactive table” , <https://www.census.gov/quickfacts/> (accessed October 16, 2023)

## Employment

Total employment for the State of Illinois, Cook County, the Chicago MSA, and the City for the years 2014 through 2023 is set forth below.

<u>Year</u>	<b>Employment (in thousands)<sup>18</sup></b>			
	<b>2014—2023</b>			
	<u>State of Illinois</u>	<u>Cook County</u>	<u>Chicago MSA</u>	<u>Chicago</u>
2014	6,049	2,456	4,541	1,257
2015	6,120	2,481	4,597	1,271
2016	6,172	2,500	4,649	1,282
2017	6,238	2,551	4,730	1,311
2018	6,271	2,550	4,752	1,314
2019	6,289	2,560	4,769	1,321
2020	5,759	2,326	4,356	1,203
2021	5,980	2,436	4,547	1,260
2022	6,176	2,552	4,735	1,320
2023*	6,146	2,507	4,688	1,297

\*August 2023 data.

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<sup>18</sup> Illinois Department of Employment Security, Labor Market Information, Local Area Unemployment Statistics, “Illinois Labor Force Estimates” <https://ides.illinois.gov/resources/labor-market-information/laus.html> (accessed October 16, 2023)



The percentage of total (nonfarm) employment by sector for the Chicago MSA, State of Illinois and the United States for August 2023 is shown in the following table.

**Percentage of Total Non-Farm Employment by Major Industry Sector  
August 2023\*<sup>19</sup>**

<u>Sector</u>	<u>United States</u>	<u>State of Illinois</u>	<u>Chicago MSA</u>
Trade, transportation, and utilities	18.70%	20.30%	19.97%
Professional and business services	14.40%	15.40%	18.05%
Education and health services	16.37%	15.61%	15.76%
Government	15.28%	13.81%	10.71%
Leisure and hospitality	9.31%	8.60%	10.42%
Manufacturing	8.52%	9.71%	8.50%
Financial activities	6.08%	7.03%	6.78%
Other services	3.84%	4.20%	4.09%
Construction	5.23%	3.72%	4.05%
Information	1.83%	1.51%	1.64%
Mining and logging	0.44%	0.11%	0.03%
Total .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

\*not seasonally adjusted

<sup>19</sup> U.S. Bureau of Labor Statistics, Midwest Information Office News Release 23-2061-CHI  
[https://www.bls.gov/regions/midwest/news-release/areaemployment\\_chicago.htm](https://www.bls.gov/regions/midwest/news-release/areaemployment_chicago.htm) (accessed October 16, 2023)

The City’s average annual unemployment rate decreased from 11.3% in 2010 to 4.1% in 2019, while statewide, Illinois’ unemployment rate dropped from 10.5% in 2010 to 4.0% in 2019.<sup>20</sup> As of August 2023, the Chicago MSA’s annual unemployment rate was 5.1% and Illinois’ annual unemployment rate was 5.3%.

The annual unemployment rates (percent of population, not seasonally adjusted) for the United States, the State of Illinois, Cook County, the Chicago MSA and the City is set forth below for the years 2014 through 2023.

**Annual Unemployment Rates <sup>21</sup>  
2010—2023**

<u>Year</u>	<u>United States</u>	<u>State of Illinois</u>	<u>Cook County</u>	<u>Chicago MSA</u>	<u>Chicago</u>
2014	6.2	7.2	7.6	7.2	7.9
2015	5.3	6.0	6.3	6.0	6.6
2016	4.9	5.9	6.2	5.8	6.5
2017	4.4	4.9	5.1	4.9	5.4
2018	3.9	4.4	4.2	4.1	4.4
2019	3.7	4.0	3.9	3.9	4.1
2020	8.1	9.3	10.6	9.7	11.5
2021	5.3	6.1	6.9	6.2	7.5
2022	3.6	4.6	5.0	4.6	5.3
2023*	3.8	5.3	5.2	5.1	5.5

\*August 2023 data.

<sup>20</sup> Illinois Department of Employment Security, Labor Market Information, Local Area Unemployment Statistics, “Illinois Labor Force Estimates” <https://ides.illinois.gov/resources/labor-market-information/laus.html> (accessed October 16, 2023)

<sup>21</sup> Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, <https://www.bls.gov/cps/> (accessed October 16, 2023)

## Employers

The principal non-governmental employers in the Chicago MSA for 2020 are set forth below.

### Principal Chicago MSA Non-Governmental Employers<sup>22</sup>

2021

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Amazon.com Inc.	27,050	2.17%
Advocate Health Care	25,906	2.08
Northwestern Memorial Healthcare	24,053	1.93
University of Chicago	20,781	1.67
Walmart Inc.	18,500	1.48
Walgreens Boots Alliance Inc.	16,817	1.35
J.P. Morgan & Co.	14,583	1.17
United Continental Holdings Inc.	13,071	1.06
Amita Health	13,051	1.05
Jewel-Osco, Inc.	10,892	0.87

<sup>22</sup> 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 2021 based on 2021 EAV are shown in the following table.

### Top Ten Property Taxpayers 2021<sup>23</sup> (\$ in thousands)

<b>Rank</b>	<b>Property</b>	<b>2021 EAV</b>	<b>% of Total EAV</b>
1	Wanxiang Sterling LLC	\$ 405,889	0.42%
2	601 W Companies LLC	362,135	0.37
3	CBRE Suite 2530	347,671	0.36
4	HCSC Blue Cross J Kaye	311,235	0.32
5	300 Lasalle LLC	273,340	0.28
6	Merchandise Mart – 222 Mer Mart Plaza	265,728	0.27
7	Merchandise Mart – 320 N Wells	264,188	0.27
8	227 Monroe Street LLC	263,986	0.27
9	River Point LLC	260,819	0.27
10	110 North Wacker Title	236,476	0.24
	<b>Total</b>	<b>\$2,991,468</b>	<b>3.07%</b>

As shown in the table, the top ten taxpayers account for less than 3.50% of the City's total tax base.

<sup>23</sup> Chicago Public Schools Annual Financial Report for the year ended June 30, 2022, <https://www.cps.edu/globalassets/cps-pages/about-cps/finance/annual-financial-report/fy22-cps-acfr.pdf>

**APPENDIX J**

**FORM OF OPINION OF BOND COUNSEL**

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November 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 \$575,000,000 principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2023A (the “Bonds”) of the Board of Education of the City of Chicago (the “Board”). The Bonds are authorized and issued pursuant to the School Code, 105 Illinois Compiled Statutes 5, the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, Resolution No. 22-1026-RS6, adopted by the Chicago Board of Education on October 26, 2022 (the “2022 Authorizing Resolution”), Resolution No. 23-0125-RS2, adopted by the Chicago Board of Education on January 25, 2023 (the “Bond Resolution”) and a Trust Indenture dated as of November 1, 2023 securing the Bonds (the “Indenture”) by and between the Board and Zions Bancorporation, National Association, as trustee (the “Trustee”). Terms used herein, which are defined in the Indenture, shall have the meanings set forth in the Indenture unless otherwise defined herein.

The Bonds are issuable in the form of fully registered bonds in the denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000. The Bonds delivered on original issuance are dated November 9, 2023. The Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and bear interest from their date, payable on June 1, 2024 and semiannually thereafter on June 1 and December 1 of each year at the respective rate of interest per annum set forth opposite such principal amount:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2030	\$ 10,000,000	5.000%
2031	34,315,000	5.500
2032	15,000,000	5.000
2033	23,010,000	5.000
2034	29,885,000	5.000
2035	27,145,000	5.250
2036	28,970,000	5.250
2037	21,600,000	5.500
2038	30,010,000	5.500
2047	117,830,000	5.875
2049	237,235,000	6.000

The Bonds maturing on December 1, 2049 are subject to mandatory redemption prior to maturity, in part and by lot, at a redemption price equal to the principal amount thereof, on December 1, 2048 in the principal amount of \$118,930,000, constituting a sinking fund installment for the retirement of such Bonds.

The Bonds maturing on and after December 1, 2034 are subject to redemption prior to maturity at the option of the Board, from such maturities and in such principal amounts as the Board shall determine, as a whole and for Bonds of the same maturity, in part by lot, on December 1, 2033 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

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 Bonds.

The Bonds are issued as “alternate bonds” under Section 15 of the Local Government Debt Reform Act for the purpose of raising moneys to finance capital improvements in and for the school district governed by the Board (the “School District”).

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

We are of the opinion that:

1. The Board had and has the right and power to adopt the 2022 Authorizing Resolution and the Bond Resolution, to enter into the Indenture and to authorize the Bonds.

2. The 2022 Authorizing Resolution and the Bond Resolution have been duly adopted, are presently in full force and effect, are valid and binding upon the Board and are enforceable in accordance with their terms.

3. The Indenture has been duly authorized, executed and delivered by the Board, is presently in full force and effect, is valid and binding upon the Board and is enforceable in accordance with its terms.

4. The Bonds have been duly authorized and issued, are valid and legally binding general obligations of the Board, are entitled to the benefits and security of the Indenture and are enforceable in accordance with their terms.

5. The full faith and credit of the Board are irrevocably pledged to the punctual payment of the Bonds and the Board has power and is obligated to levy ad valorem taxes upon all the taxable property within the School District for the punctual payment of the Bonds and the interest thereon without limitation as to rate or amount.

6. The Indenture creates the valid pledge which it purports to create of the Trust Estate, consisting of the Pledged State Aid Revenues, the Pledged Taxes and the other moneys, securities and funds held thereunder, subject to the application thereof to the purposes permitted by the Indenture.

7. The Board has taken all necessary action to cause the County Collectors of the Counties of Cook and DuPage to deposit the Pledged Taxes directly with the Trustee for application pursuant to the Indenture.



8. Under existing law, interest on the 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 Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Interest on the 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 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 Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The Board has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise that the enforceability (but not the validity or binding effect) of the Bonds, the 2022 Authorizing Resolution, the Bond Resolution and the 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.

Very truly yours,

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