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

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

$872,170,000
BOARD OF EDUCATION OF THE CITY OF CHICAGO

$500,000,000 UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2022A

$372,170,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (DEDICATED REVENUES), SERIES 2022B

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

The following series of bonds will be issued by the Board of Education of the City of Chicago (the "Board"): the $500,000,000 Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2022A (the "Series 2022A Bonds"); and the $372,170,000 Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2022B (the "Series 2022B Bonds" and each a "Series" and collectively, the "Bonds"). Each Series of the Bonds will be issued under a separate Trust Indenture (each an "Indenture" and collectively, the "Indentures") by and between the Board and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee, registrar and paying agent for each Series (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 applicable 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 applicable Indenture by a pledge of and lien on the Pledged Revenues (as defined herein) securing such Series of 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 respective Series of 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 such Series of the Bonds under the applicable 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, Joseph T. Moriarty, 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, Mayer Brown LLP, Chicago, Illinois.

Delivery of the Bonds is expected to be made through the facilities of DTC, on or about February 1, 2022.

Goldman Sachs & Co. LLC **Siebert Williams Shank & Co., LLC**

BofA Securities **Cabrera Capital Markets** **Loop Capital Markets** **Morgan Stanley**

Academy Securities **Estrada Hinojosa** **J.P. Morgan** **Piper Sandler** **PNC Capital Markets LLC** **Ramirez & Co., Inc.** **RBC Capital Markets**

Dated: January 13, 2022

$872,170,000
BOARD OF EDUCATION OF THE CITY OF CHICAGO

$500,000,000 UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2022A

$372,170,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (DEDICATED REVENUES), SERIES 2022B

$500,000,000 UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2022A

Maturity December 1	Principal Amount	Rate (%)	Yield (%)	Price (%)	CUSIP[†]
2042	$36,075,000	4.00	2.88	109.528*	167505XY7
2043	37,475,000	4.00	2.91	109.259*	167505YA8
2043	37,480,000	5.00	2.71	119.647*	167505XZ4

$238,970,000 4.00% Term Bond due December 1, 2047; Yield 3.00%; Price 108.457*; CUSIP 167505YC4

$150,000,000 5.00% Term Bond due December 1, 2047; Yield 2.80%; Price 118.792*; CUSIP 167505YB6

*Price to the par call on December 1, 2031

$372,170,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (DEDICATED REVENUES), SERIES 2022B

Maturity December 1	Principal Amount	Rate (%)	Yield (%)	Price (%)	CUSIP[†]
2022	$8,720,000	4.00	0.70	102.736	167505YD2
2035	8,960,000	4.00	2.54	112.630*	167505YE0
2036	23,255,000	4.00	2.70	111.158*	167505YF7
2037	47,630,000	4.00	2.73	110.884*	167505YG5
2038	35,225,000	4.00	2.76	110.612*	167505YH3
2039	37,000,000	4.00	2.79	110.340*	167505YJ9
2040	55,000,000	4.00	2.82	110.068*	167505YK6

$156,380,000 4.00% Term Bond due December 1, 2041; Yield 2.85%; Price 109.798*; CUSIP 167505YL4

*Price to the par call on December 1, 2031

[†]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 S&P Global Market Intelligence. 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 applicable 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 applicable 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 applicable Indenture for such Series of the Bonds. Copies of the Indentures are available for inspection at the offices of the Board and the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER–ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

NO ACTION HAS BEEN TAKEN BY THE BOARD THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR POSSESSION OR DISTRIBUTION OF THE OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL IN ANY FOREIGN JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, EACH OF THE UNDERWRITERS HAS AGREED THAT ANY BONDS OFFERED OR SOLD OUTSIDE OF THE UNITED STATES OF AMERICA BY THE UNDERWRITERS WILL BE OFFERED AND SOLD IN COMPLIANCE WITH THE APPLICABLE LAWS, RULES AND REGULATIONS OF THE JURISDICTION IN WHICH THEY ARE OFFERED AND SOLD AND THE UNDERWRITERS WILL OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE OFFER OR SALE BY IT OF THE BONDS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY FOREIGN JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH OFFERS OR SALES, AND THE BOARD SHALL HAVE NO RESPONSIBILITY THEREFOR.

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

MEMBERS

Miguel del Valle
President

Sendhil Revuluri
Vice President

Luisiana Melendez
Lucino Sotelo
Elizabeth Todd-Breland
Dwayne Truss

MANAGEMENT

Pedro Martinez
Chief Executive Officer

Miroslava Mejia Krug
Chief Financial Officer

Walter M. Stock
Treasurer and Deputy Chief Financial Officer

Joseph Moriarty
General Counsel

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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$872,170,000
BOARD OF EDUCATION OF THE CITY OF CHICAGO

$500,000,000 UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2022A

$372,170,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (DEDICATED REVENUES), SERIES 2022B

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 $500,000,000 aggregate principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2022A (the "Series 2022A Bonds") and its $372,170,000 aggregate principal amount of Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2022B (the "Series 2022B Bonds" and each a "Series" and collectively, the "Bonds"). Each Series of the Bonds will be issued under a separate Trust Indenture (each an "Indenture" and collectively, the "Indentures"), by and between the Board and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee, registrar and paying agent for each Series of the Bonds (the "Trustee"). See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES."

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 Series 2022A 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." The proceeds of the Series 2022B Bonds will be used to refund certain outstanding bonds of the Board. See "PLAN OF FINANCE."

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 each Series of the Bonds is outstanding, in amounts sufficient to pay debt service on such Series of the Bonds when due (the "Pledged Taxes"). In addition, the Board has covenanted under each 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 applicable Series of the Bonds. The Bonds of a Series are also payable from all funds, accounts and sub–accounts established as security for such Bonds pursuant to the applicable Indenture. See "SECURITY FOR THE BONDS" for a more detailed description of the Pledged Revenues securing each Series of 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 Each 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."

COVID-19 Pandemic

The COVID-19 pandemic and resulting restrictions, discussed in this Official Statement under "IMPACT OF COVID-19 ON THE BOARD," have had certain economic impacts on governmental entities, including the Board, and are expected to continue to do so into the foreseeable future. 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 "IMPACT OF COVID-19 ON THE BOARD," "BONDHOLDERS' RISKS," and "CASH FLOW AND LIQUIDITY" in this Official Statement.

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 INDENTURES."

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.

PLAN OF FINANCE

Series 2022A Bonds

A portion of the proceeds of the Series 2022A 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 2022 Capital Budget (as defined herein) and Fiscal Year 2022 Capital Plan (as defined herein). For additional information regarding the Board's Capital Improvement Program, see "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

Series 2022B Bonds

A portion of the proceeds of the Series 2022B Bonds will be used to refund all of the Board's $402,410,000 outstanding principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2011A (the "Refunded Bonds"), which are shown in APPENDIX K.

Estimated Sources and Uses of Funds

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

SOURCES:	**SERIES 2022A**	**SERIES 2022B**	**TOTAL**
Principal Amount	$500,000,000.00	$372,170,000.00	$872,170,000.00
Premium	62,668,424.75	37,572,458.70	100,240,883.45
Total Sources of Funds	$562,668,424.75	$409,742,458.70	$972,410,883.45
USES:			
Project Fund Deposit	$540,423,706.50		$540,423,706.50
Refunding Escrow Deposit		$406,753,260.42	406,753,260.42
Capitalized Interest Deposit*	18,229,000.00		18,229,000.00
Costs of Issuance**	4,015,718.25	2,989,198.28	7,004,916.53
Total Uses of Funds	$562,668,424.75	$409,742,458.70	$972,410,883.45

* To fund capitalized interest on the Series 2022A Bonds through and including December 1, 2022.
** Includes Underwriters' discount, legal, administrative and miscellaneous fees and expenses.

Fiscal Year 2022 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 2022 Capital Plan or to refund outstanding bonds of the Board. See "CHICAGO PUBLIC SCHOOLS – Capital Improvement Program."

The Refunding Plan

To provide for the payment of the Refunded Bonds, certain proceeds of the Series 2022B Bonds will be deposited with the trustee for the Refunded Bonds (the "Escrow Funds") sufficient (i) to pay when due the interest on the Refunded Bonds to the redemption date of February 15, 2022, and (ii) to redeem such Refunded Bonds on the redemption date of February 15, 2022 at the redemption price of par. The Escrow Funds will not serve as security for or be available for the payment of the principal of or the interest on the Bonds.

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 INDENTURES."

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, 2022. 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

Series 2022A Bonds. The Series 2022A Bonds are subject to redemption prior to maturity at the option of the Board, in whole or in part and by lot for Series 2022A Bonds having the same maturity date and interest rate (and if in part, in an Authorized Denomination), from such maturities and in such principal amounts as the Board shall determine, on any date on or after December 1, 2031, at the Redemption Price of par plus accrued interest thereon to the date fixed for redemption.

Series 2022B Bonds. The Series 2022B Bonds maturing on or after December 1, 2035 are subject to redemption prior to maturity 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 within a maturity, on any date on or after December 1, 2031, at the Redemption Price of par plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2022A Bonds maturing on December 1, 2047 and bearing interest at the rate of 4.00% are Term Bonds 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:

Year	Principal Amount
2044	$61,980,000
2045	61,545,000
2046	75,445,000
2047*	40,000,000

* Final Maturity

The Series 2022A Bonds maturing on December 1, 2047 and bearing interest at the rate of 5.00% are Term Bonds 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:

Year	Principal Amount
2044	$37,410,000
2045	39,355,000
2046	48,235,000
2047*	25,000,000

*Final Maturity

The Series 2022B Bonds maturing on December 1, 2041 are Term Bonds 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:

Year	Principal Amount
2038	$14,730,000
2039	15,410,000
2041*	126,240,000

*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 applicable 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 of a Series at the option of the Board, the Board shall give written notice to the Trustee under the applicable 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 applicable 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 applicable 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 applicable Indenture.

Whenever the Trustee is required to redeem Term Bonds pursuant to the mandatory sinking fund provisions of the applicable 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 applicable 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 applicable Indenture as described herein under the heading " – Optional Redemption" or when the Trustee is required to redeem Bonds pursuant to the applicable 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 applicable 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 INDENTURES – 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 a Series of the Bonds cannot be accelerated in the event that the Board fails to pay any installment of interest on, or principal of, such Series of the 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, Authorizations and Bond Resolutions

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"). Each series of the Bonds is issued pursuant to a bond resolution adopted by the Chicago Board of Education.

The Series 2022A Bonds are authorized and will be issued pursuant to Resolution No. 19-0828-RS7, adopted by the Chicago Board of Education on August 28, 2019 (the "2019 Authorization") and Resolution No. 21-1027-RS3, adopted by the Chicago Board of Education on October 27, 2021 (the "Capital Improvement Bond Resolution"), which authorizes the issuance of bonds in the aggregate principal amount not to exceed $500,000,000 for the purpose of paying costs associated with the funding of the Board's Capital Improvement Program.

The Series 2022B Bonds are authorized and will be issued pursuant to Resolution No. 21-1027-RS2, adopted by the Chicago Board of Education on October 27, 2021 (together with the Capital Improvement Bond Resolution, the "Bond Resolutions"), which authorizes the issuance of bonds in the aggregate principal amount not to exceed $985,000,000 for the purpose of paying costs associated with the refunding of certain bonds of the Board, including the Refunded Bonds. The Refunded Bonds were issued pursuant to Resolution No. 09-0722-RS11, adopted by the Chicago Board of Education on July 22, 2009 and Resolution No. 11-0928-RS7, adopted by the Chicago Board of Education on September 28, 2011 (together, the "2009 Authorization") and the Series 2022B Bonds constitute a series of additional bonds under the 2009 Authorization.

Sources of Payment for the Bonds

Each Series of the Bonds is payable from and secured under the applicable Indenture by a pledge of and lien on (i) the applicable Pledged Revenues pledged pursuant to the applicable Authorization under the applicable Indenture to secure such Series of the Bonds, and (ii) the Pledged Taxes. Each Series of Bonds is also payable from all Funds, Accounts and Sub–Accounts pledged as security for the payment of such Series of the Bonds under the applicable 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 the applicable Pledged Revenues and the applicable 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 each Indenture, the Board has granted to the Trustee for the benefit of the holders of the applicable Series of Bonds a lien on the applicable 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 applicable Indenture securing a Series of the Bonds.

Pledged Revenues

Overview. The Pledged Revenues securing the Bonds consist of Pledged State Aid Revenues (as defined herein), in maximum annual amounts specified in the applicable Authorization. The Board has determined that the Pledged Revenues securing each series of 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 applicable 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 and the refunding and defeasance of the Refunded 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 2019 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 Series 2022A Bonds and all other Alternate Revenue Bonds payable from the pledge under the 2019 Authorization. The outstanding Alternate Revenue Bonds secured by the Pledged State Aid Revenues pledged under the 2019 Authorization are the Series 2021A Bonds and the Series 2021B Bonds.

Under the 2009 Authorization, $300,000,000 is the maximum annual amount of State Aid Revenues that may be pledged in any year for the payment of the Series 2022B Bonds and all other Alternate Revenue Bonds payable from the pledge under the 2009 Authorization. The outstanding Alternate Revenue Bonds of the Board secured by the Pledged State Aid Revenues pledged under the 2009 Authorization are described in more detail in Appendix A-2 in the definition of "2009 Authorization Bonds."

Additional Bonds Payable from Pledged Revenues

Pursuant to each Indenture, the Board reserves the right to issue Additional Bonds, from time to time, payable on a parity basis with the applicable Series of 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 each Indenture regarding the issuance of Additional Bonds see APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES."

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 due on the first business day in March and the second 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 each Series of the Bonds is outstanding, in amounts sufficient to pay debt service on each Series of 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 applicable 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 each Series of the Bonds.

The Board intends to make each payment on each Series of the Bonds from the applicable Pledged Revenues securing such Series of the Bonds, 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 each series of the Bonds and to directly deposit the amount so segregated with the Trustee under the applicable 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 applicable Indenture and (ii) applied to the payment of the interest on and principal of the applicable Series of the Bonds due during the calendar year in which such Pledged Taxes are extended and collected. The forms of Deposit Directions executed by the Board and delivered to the County Collectors are attached hereto as APPENDIX E.

Pursuant to each Indenture, the Board covenants that as long as any of the applicable Series of the Bonds remains 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 each Indenture, for which there is no cure period. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES - Events of Default and Remedies."

Annual Determination of Abatement or Extension of Pledged Taxes. The Pledged Taxes securing each Series of the Bonds can be abated or extended by the Board each year in accordance with the provisions of the applicable Indenture securing such Bonds. See APPENDIX A – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES - 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 applicable Indenture by the Deposit Date (as defined in the applicable 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 applicable 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 applicable Series of the Bonds that will become due and payable during such year.

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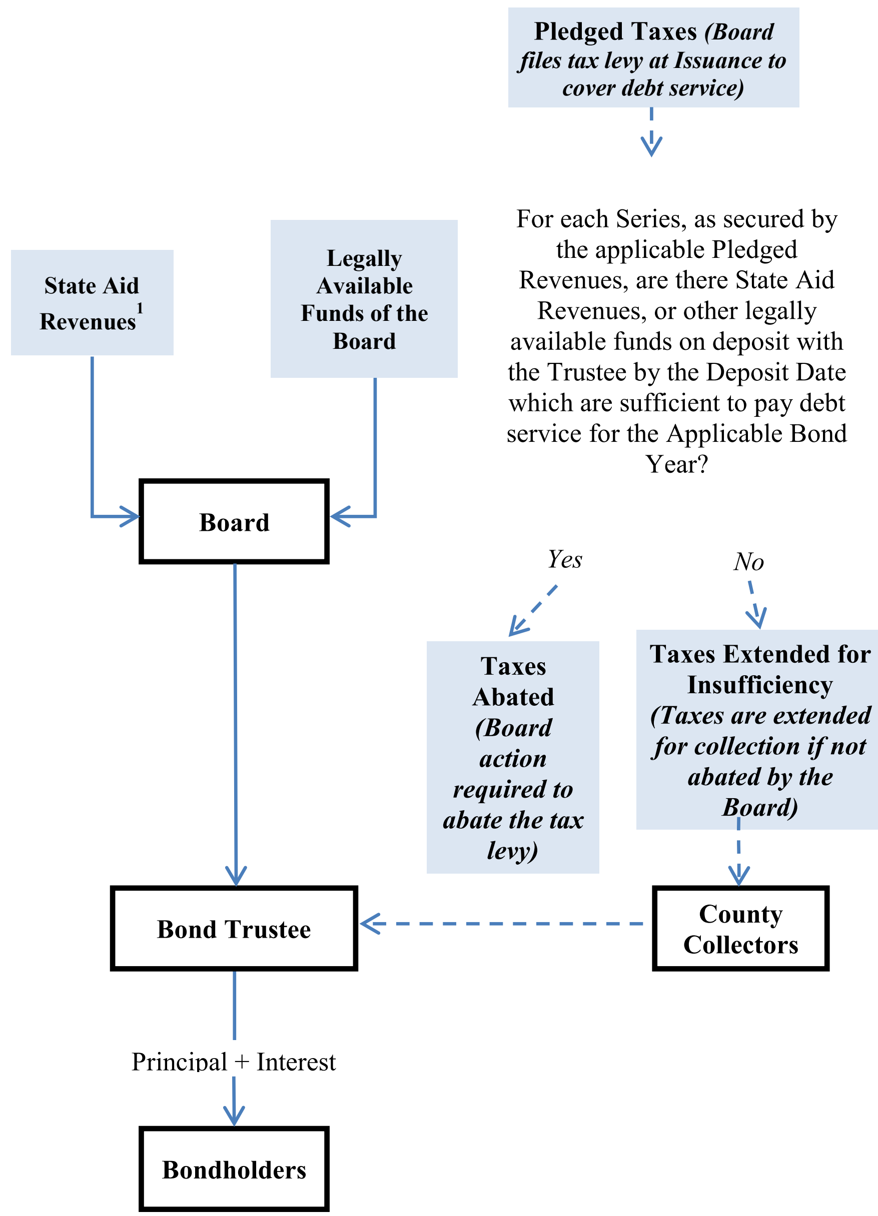
Flow of Pledged Revenues and Pledged Taxes Under the Indentures

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



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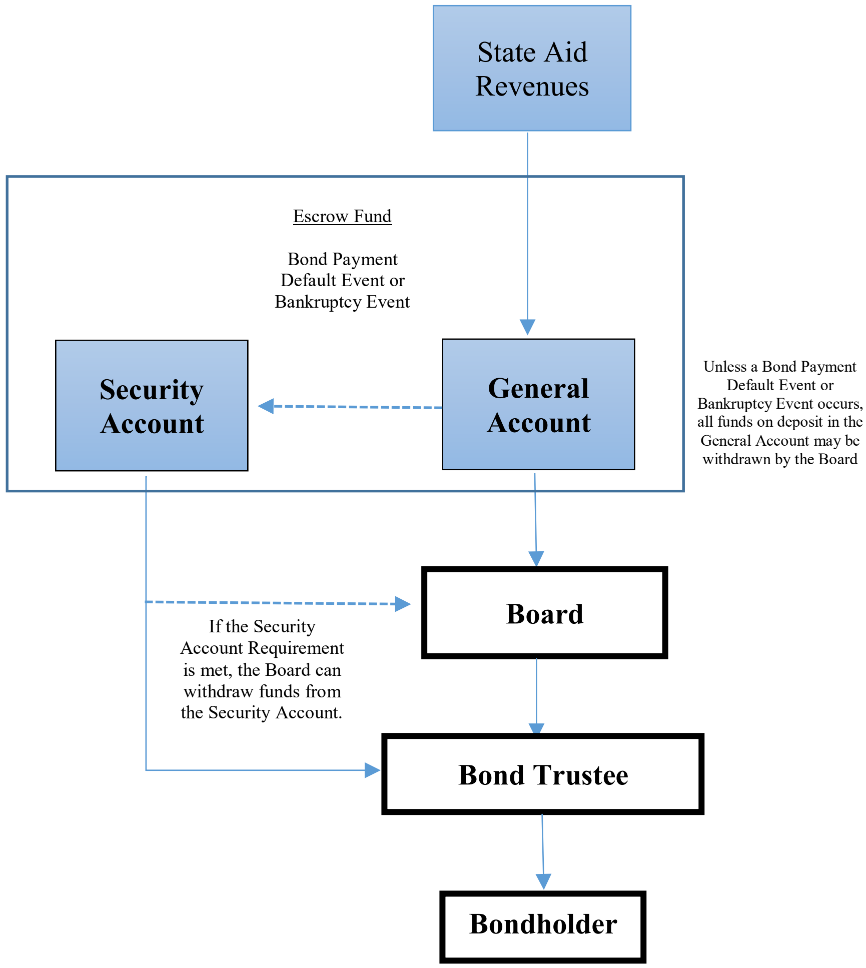
The diagram below describes the flow of State Aid Revenues pursuant to the State Aid Revenues Escrow Agreement:



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 new "Evidence-Based Funding" formula (the "EBF" or "EBF Formula") replaced the prior school funding formula (the "Historical State Aid Formula") that provided State Aid to school districts using a "Foundation Formula Grant" and "Poverty Grant" funding formula that had resulted in historically flat or declining operating funds and State Aid Revenues for the Board. The new EBF Formula ties school district funding to 27 evidence-based best practices shown to enhance student achievement in the classroom and sets a target funding level ("Adequacy Target") based on a school district's demographics and Local Capacity (as defined herein) to fund schools.

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)

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

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. See "IMPACT OF COVID-19 ON THE BOARD."

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 Model and has finalized EBF calculations, including verifying the necessary data elements with school districts that go into the calculation of EBF. P.A. 100-465 provides that each school district will be allocated at least as much in State Aid in future years as it received in 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 State Grant funding.

Under the EBF Formula, for each school year all State funds appropriated for State Aid in excess of the amount needed to fund the Base Funding Minimum for all school districts ("New State Funds") will be distributed to school districts based on "Tier" placement. "Tier 1" and "Tier 2" are those school districts that are the furthest away from their Adequacy Targets and "Tier 3" and "Tier 4" are those school districts that are the closest to (or above) their Adequacy Targets. The Board is currently a Tier 1 school district. Of any New State Funds available, Tier 1 receives 50%, Tier 2 receives 49%, Tier 3 receives 0.9%, and Tier 4 receives 0.1%. Tier 2 includes all Tier 1 school districts for the purpose of the allocation percentages for New State Funds. In Fiscal Year 2021, due to anticipated fiscal constraints resulting from 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. For Fiscal Year 2022, of the 922 school districts assigned to a tier, 320 fell within the Tier 1 adequacy level threshold of 68.5% or less. At an adequacy level of 65.6%, the Board was 212th of the 320 districts within Tier 1.

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. 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, PPRT Revenues from the prior calendar year, and the Base Funding Minimum. 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[1] 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.

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[1] 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.

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.[2] Tier 1 districts are the least adequately funded while Tier 4 districts are the most adequately funded; ISBE has determined that the Board is a Tier 1 school district for Fiscal Years 2018 through 2022. 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.

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.

[2] Existing State and local resources are the sum of Local Capacity, PPRT, and Base Funding Minimum.

State Aid Revenues for the Board for Fiscal Year 2021 totaled approximately $1,658.3 million and for Fiscal Year 2022 are budgeted to be approximately $1,705.8 million.

Historical State Aid Revenues for Fiscal Years 2018 – 2021 Under the EBF Formula

(Dollars in Millions)

	(A) State Allocation to the Board	**(B) State–Approved Charter Schools Allocation**	**(C) Prior Year Adjustment**	**(D) 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

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 State Aid Revenues available for general operating purposes, including to be pledged as the source of Pledged State Aid Revenues

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 and the refunding and defeasance of the Refunded Bonds, there are outstanding approximately $6.9 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).

Year of Deposit Date (1)	Debt Service on Outstanding Pledged State Aid Revenue Bonds (2)(3)	(Less) Debt Service on the Refunded Bonds Secured by Pledged State Aid Revenues (3)	Debt Service on Series 2022A and Series 2022B Bonds (3)	Total Debt Service Secured by Pledged State Aid Revenues (3)	State Aid Revenues Pledged
2022	$480,412,442	$(21,129,375)	$21,125,667	$480,408,733	$535,969,527
2023	486,779,565	(21,129,375)	36,412,800	502,062,990	561,455,709
2024	487,715,578	(21,129,375)	36,412,800	502,999,003	562,468,066
2025	539,487,650	(21,129,375)	36,412,800	554,771,075	619,149,694
2026	540,837,326	(21,129,375)	36,412,800	556,120,751	620,741,711
2027	507,235,144	(21,129,375)	36,412,800	522,518,569	583,873,541
2028	450,247,571	(21,129,375)	36,412,800	465,530,996	518,591,015
2029	447,315,658	(21,129,375)	36,412,800	462,599,083	516,534,339
2030	420,429,102	(21,129,375)	36,412,800	435,712,527	486,889,764
2031	434,398,714	(21,129,375)	36,412,800	449,682,139	506,198,376
2032	436,409,271	(21,129,375)	36,412,800	451,692,696	511,389,615
2033	436,640,055	(21,129,375)	36,412,800	451,923,480	511,659,415
2034	437,398,489	(21,129,375)	36,412,800	452,681,914	512,494,218
2035	437,148,432	(33,569,375)	45,372,800	448,951,857	507,791,193
2036	432,609,783	(47,510,175)	59,309,400	444,409,008	502,493,533
2037	436,981,847	(70,951,600)	82,754,200	448,784,447	503,582,654
2038	437,391,331	(71,371,875)	83,174,000	449,193,456	503,732,001
2039	436,906,126	(71,826,750)	83,630,800	448,710,176	502,900,431
2040	437,007,822	(72,323,250)	84,124,400	448,808,972	502,709,631
2041	433,955,070	(141,360,500)	153,164,400	445,758,970	498,687,280
2042	389,201,020	-	57,949,800	447,150,820	493,447,390
2043	320,561,148	-	95,386,800	415,947,948	468,450,480
2044	322,945,750	-	116,448,800	439,394,550	494,167,680
2045	338,170,455	-	113,609,100	451,779,555	503,725,510
2046	319,820,100	-	131,959,550	451,779,650	503,726,178
2047	-	-	67,850,000	67,850,000	74,635,000

Source: Chicago Public Schools.

(1) "Deposit Date" means February 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 applicable indentures relating to the Bonds and Outstanding Pledged State Aid Revenue Bonds.

(2) Calculated based on debt service on Outstanding Pledged State Aid Revenue Bonds after the issuance of the Bonds and refunding and defeasance of the Refunded 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 2022 reflects 180 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.

IMPACT OF COVID-19 ON THE BOARD

Background

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a global pandemic by the World Health Organization, and has led to emergency declarations by government authorities of the United States, the State and the City. The COVID-19 outbreak is ongoing, and the dynamic nature of the pandemic leads to uncertainties. Due to the evolving nature of the COVID-19 outbreak and the responses of governments, businesses, and individuals to this pandemic, the Board is unable to predict at this time among other things: (a) the scope, duration or extent of the COVID-19 outbreak: (i) the impact of future restrictions and warnings or any additional restrictions and warnings that may be imposed by local, state or federal governments, nor the timing of the lessening or lifting of such restrictions; and (ii) any additional short- or long-term impacts of the restrictions and warnings imposed by local, state or federal governments on the Board's operations, revenues or expenditures; (b) the scope, duration or extent of the COVID-19 outbreak on the City, State, national or global economy or the impact of such disruption on the Board's operations, revenues and expenditures; or (c) the extent to which any of the foregoing has a material adverse effect on the finances and operations of the Board or its bonds, notes or debt obligations. In addition, there may be unknown future consequences of the COVID-19 emergency, which the Board is unable to forecast.

Nonetheless, the COVID-19 public health emergency has had, and the Board expects it will have further, negative impacts on global and local economies, including those of the State and the City. In addition to matters described under the caption "BONDHOLDERS' RISKS," potential purchasers of the Bonds should bear in mind that any financial information, including projections, forecasts and budgets presented in this Official Statement may not fully account for the potential or wide-ranging effects of COVID-19 that cannot be known at this time.

COVID Relief

The U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. The CARES Act included $13.2 billion in direct funding for Elementary and Secondary School Emergency Relief ("ESSER I"). Of this amount, $569 million was appropriated to the State. Included in the appropriation to the State were amounts designated to be used for the purchase of laptops and tablets, the costs of internet connectivity, virtual coaching in support of an estimated 4,000 new teachers planning to enter the teaching profession during the fall of 2020, professional development for educators and costs of state administration. Within the State, school district distribution is based on the number and percentage of low-income students served by each district. Based on this formula, the Board was allocated and has received approximately $206 million of CARES Act or ESSER I funding.

To assist school boards in covering the added costs brought on by the COVID-19 pandemic, the Governor announced on July 14, 2020, that the State would dedicate $108.5 million in federal Governor's Emergency Education Relief ("GEER") funds to pre K-12 public schools and higher education institutions to help meet such challenges. This funding included $50 million for K-12 schools to purchase devices such as laptops and tablets and to ensure internet connectivity for continuity of online learning. It also included $10 million to support early childhood programs, with an emphasis on preschool programs in areas most impacted by COVID-19. The State awarded $20.3 million of GEER funds to the Board for the purchase of devices and the expansion of internet services for low-income families. The Board has received the entirety of GEER funding it was allocated. In November of 2021, the State awarded an additional $17.5 million Digital Equity Grant to the Board to allow for additional laptop, tablet and internet connectivity funding. To date, none of these new monies have been received.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the "Consolidated Act"), an omnibus Federal spending bill, became law. The Consolidated Act included, among other COVID-19 related provisions, $54.7 billion in funding for Elementary and Secondary School Emergency Relief ("ESSER II") for K-12 schools. The Board was allocated approximately $797 million of ESSER II additional COVID-19 federal relief funds. Approximately $339 million in ESSER II funding was utilized in FY 2021 and the FY 2022 budget includes the use of $458 million in ESSR II Funding. Approximately $718 of ESSER II funding has been received by the Board to date.

On March 11, 2021, the American Rescue Plan of 2021 ("ARP"), a $1.9 trillion COVID-19 relief package, was enacted. ARP provided for a third funding allocation of Elementary and Secondary School Emergency Relief ("ESSER III"). The Board estimates it will receive nearly $1.8 billion of ESSER III funding. This funding will be available through the summer of 2024, and similar to ESSERs I and II, will provide funding necessary to combat the effects of the pandemic on learning loss and social and emotional well-being of students, safely open schools, and replace lost revenues. The FY 2022 budget includes the use of $602 million in ESSER III Funding. The Board has received approximately $58 million of ESSER III monies as of January 4, 2022. Under the original guidelines of the relief package, all ESSER III funding must be used by September 2024.

On October 12, 2021, the Board was awarded approximately $83.5 million by the Emergency Connectivity Fund (ECF) of the Federal Communications Commission (FCC). The ECF is a $7.2 billion program that will help schools and libraries across the United States provide the tools and services to their communities need for remote learning during the COVID-19 emergency period. The ECF program will cover reasonable costs of laptops and tablet computers, Wi-Fi hotspots, modems, routers and broadband connectivity devices. To date none of these monies have been received.

Financial and Operational Impacts on the Board

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 adjusted mitigate the effects. The primary impact on the Board's operations to date has been the institution of remote learning necessitated by the imposition of State and City restrictions on gatherings.

On March 17, 2020, due to COVID-19, the Board moved from daily in-person learning to a remote online learning model following a mandate issued by the State of Illinois. The remote online learning remained in place for the remainder of the 2019-20 school year. On August 5, 2020, the Board announced that it would delay the physical reopening of schools in the fall of 2020 and start the school year with online remote learning for safety reasons. On September 8, 2020, CPS commenced its 2020-21 school year with all online remote learning. The Board commenced partial reopening from COVID lockdowns in January 2021.

On August 30, 2021, the Board commenced the start of the 2021-22 school year with full, in-person learning and the implementation of strict health and safety measures to ensure the safety of its staff and students. A virtual academy for the 2021-22 school year was also established with a fully remote learning option that serves a limited number of students who qualify as medically fragile with documented health conditions or medical needs in response to the COVID-19 pandemic. All Board of Education employees, including school-based teachers and staff, central office, regular vendors, network employees and all other Board employees have been required to receive the COVID-19 vaccine unless they qualify for a medical or religious exemption. As part of this policy, all employees must submit proof of vaccination unless they have an approved religious or medical exemption. Employees who have not previously reported to the district that they are fully vaccinated must be tested once a week at a minimum or until proof of vaccination is submitted. Testing will continue throughout the school year for staff with a documented exemption. According to most recent available data, 90.7 percent of all CPS employees are fully vaccinated. All students age 5 and older are now also eligible to get vaccinated against COVID-19. The Board has not mandated vaccinations for students, but students have been greatly encouraged to obtain the COVID-19 vaccination. The impact of the employee vaccination requirement on operations continues to evolve as data relating to employee compliance with the vaccination requirement is also evolving and requires ongoing review and analysis. Currently, the City of Chicago, including all Board physical locations, are subject to an indoor mask requirement with certain exceptions. The Board established and maintains a COVID-19 Resources website, which is available to the public and can be accessed within the Board's website.

On January 4, 2022, the Chicago Teachers Union (the "CTU") voted to have its members begin remote instruction commencing on January 5, 2022 and continuing until the current surge in COVID cases were to substantially subside or the Board were to execute an agreement establishing conditions for in-person instruction approved by the CTU (the "CTU Vote and Reopening Actions"), which CTU Vote and Reopening Actions resulted in an in-person work and instruction staffing shortage and the inability of the Board's schools to provide in-person instruction and supervise students until the resumption of in-person staffing and instruction. The CTU Vote and Reopening Actions will not have a material adverse effect on the ability of the Board to provide for the punctual payment of the Bonds by the deposit and application of Pledged State Aid Revenues and if needed, Pledged Taxes.

The Board is of the position that the CTU Vote and Reopening Actions is not consistent with the CTU's contractual rights, statutory rights or ISBE public school calendar guidelines and cannot predict the full scope or duration of any impact of the CTU Vote and Reopening Actions. In response to the CTU Vote and Reopening Actions, on January 4, 2022, the Board announced the cancellation of classes and other school activities across the Chicago Public School system commencing on January 5, 2022. The Board provided guidance to the public that the cancellation of classes and other school activities might continue to occur from time to time, as the Board continued negotiations with the CTU regarding the terms of the return to full in-person work, instruction and learning. On January 10, 2022, the Board announced an agreement with CTU for the return to full in-person work, instruction and learning, commencing January 12, 2022. Notwithstanding the CTU Vote and Reopening Actions, the Board remains committed to the framework and implementation of the Board's reopening plans which commenced in January 2021 (as described in the preceding paragraphs).

In response to the COVID-19 pandemic, the Board's FY22 budget includes $1.06 billion in funding from the federal ESSER II and ESSER III allocations to address students' needs. The Board's specific investments include: $288 million to support school-based programmatic investments, $267 million in funding to support year-one investments in its *Moving Forward Together* plan, $178 million to fund school-based instructional positions, $132 million to support student re-engagement and school opening costs, $100 million to support projects focused on improving air quality, and $95 million to support charter and contract schools.

The Board's FY22 budget assumes full in-person traditional classroom learning for the year; to date, any increased costs related to COVID have been covered with Federal and state relief dollars. One of the challenges facing the Board as a result of the COVID-19 pandemic involves impacts to the sources of revenue that the Board depends on in order to fund its operating budget. As discussed in this Official Statement under "CASH FLOW AND LIQUIDITY – Timing of Receipt of Revenues," the Board receives most of its revenues from State sources and local property taxes. To the extent the State experiences a decline in revenue as a consequence of the impacts of COVID-19, there could be a resulting decline in revenue available for funding school districts. In its Fiscal Year 2021 budget for instance, the State held flat the amount of its regular EBF to school districts throughout the State due to the pandemic, resulting in approximately $60 to $65 million less State funding available to the Board than it had otherwise expected to receive in Fiscal Year 2021. For its Fiscal Year 2022, however, the State increased EBF to school districts by $362 million, resulting in a projected $40 million new State funding for the Board.

The COVID-19 pandemic has also created uncertainty regarding the level and timing of collection of property taxes. From 2012 through 2019, the Cook County first installment property tax due date and tax penalty date has been on or about March 1 and the second installment property tax due date and tax penalty date has been on or about August 1 of each tax collection year. However, as a partial mitigation for the economic effects of COVID-19, in tax year 2019 (collections in Fiscal Year 2020), the County separated the tax penalty date from the due date on both the first and second installments of property taxes by approximately 60 days. In turn for tax year 2020 (collections in Fiscal Year 2021), the first installment due date was kept as March 1, but the corresponding tax penalty date was moved out again by approximately 60 days to May 3. And, for the second installment of the 2020 tax levy, both the due date and tax penalty date were moved out together to October 1. As a result of these changes in the tax penalty dates and due date, a portion of the property tax collections in tax year 2019 and in tax year 2020 were delayed, but the overall eventual level of collection was similar to historical trends. The County has not announced changes in property tax installment due dates or tax penalty dates for tax year 2021, however, future changes in property tax installment due dates or tax penalty dates that could affect tax year 2021 and Fiscal Year 2022 are unknown at this time. The Board has structured its annual tax anticipation note program to provide liquidity to the Board during its Fiscal Year 2022 anticipating delays in the property tax due dates and tax penalty dates which may have the potential to occur again in the near future. See "FINANCIAL INFORMATION - Board of Education of the City of Chicago Education Fund Property Tax Collections."

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 2021, the Board's annual salaries, wages and benefits totaled $4.5 billion and constituted approximately 70% of the Board's annual operating expenses. In Fiscal Year 2020, the Board entered into a five-year agreement with the CTU that increased the cost of salaries and benefits for approximately 66% of the Board's employees. See "CHICAGO PUBLIC SCHOOLS – Chicago Teachers Union and Other Employee Groups." The Board has also entered into labor agreements with other employee groups that have increased costs. Other agreements will expire in future Fiscal Years, and the Board cannot predict cost increases or savings associated with labor contracts that may be entered into in the future.

Debt service costs on the Board's outstanding long-term general obligation debt in Fiscal Year 2022 are estimated to total approximately $763.4 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 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 Fiscal Year 2021 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 Fiscal Year 2021 General Operating Fund expenses of approximately $6.51 billion represent an increase of $344.2 million or 5.6% from the prior year.

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

The Board 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 2021 for collection in calendar year 2022 approximately $2.62 billion of ad valorem property taxes for educational purposes (the "2021 Tax Levy") and has authorized the issuance of up to $1.25 billion of tax anticipation notes in anticipation of the collection of the 2021 Tax Levy (the "2021 TANs"). As of January 4, 2022, the Board has issued $950 million of 2021 TANs structured as drawdown notes, with an aggregate principal amount of draws outstanding totaling $121 million. The Board expects to make additional draws on the 2021 TANs in 2022 to fund its cash flow needs. 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 2021 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 PPRT 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 and resulting restrictions, discussed in this Official Statement under "IMPACT OF COVID-19 ON THE BOARD," have had certain economic impacts on governmental entities, including the Board, and are expected to continue to do so into the foreseeable future. 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 "IMPACT OF COVID-19 ON THE BOARD" and "CASH FLOW AND LIQUIDITY" in this Official Statement.

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 also approved a new agreement with SEIU Local 73 on November 20, 2019, retroactive to July 1, 2018 and expiring on June 30, 2023. 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."

Unfunded Pensions and Required Statutory Contributions

Pension payments have been and are expected to continue to be a significant budget pressure for the Board. As of June 30, 2021, the Funded Ratio of the Pension Fund was 47.5% and the Unfunded Actuarial Accrued Liability was approximately $13 billion. Although the funded ratio increased over the prior year, to the extent that the funded ratio of the Pension Fund declines in the future, this would contribute to increased required Statutory Contributions by the Board and put further pressure on the Board's annual operating budgets. The Board's required Statutory Contributions to the Pension Fund are projected to increase annually through 2059 (the actuarial projection period). In addition, the Pension Fund's actuaries, from time to time, may change the assumptions that are the basis of their actuarial valuations, including mortality rates and investment returns, and such changes may result in increased required Statutory Contributions of the Board. See "PENSION AND OTHER POST–EMPLOYMENT OBLIGATIONS." and APPENDIX H – "PENSION AND OTHER POST–EMPLOYMENT OBLIGATIONS."

Bankruptcy of the Board and Enforcement Remedies Under Each 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 a Series of the Bonds could be stayed during the proceeding, and that the terms of such Series of the Bonds, the applicable Bond Resolution, the applicable Authorization, or the applicable Indenture securing such Series of 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 each Indenture securing the respective Series of 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 each 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 each Indenture and to make payments on each Series of 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 – "FORMS OF OPINIONS OF BOND COUNSEL" and APPENDIX A — "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES — 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 six years from 381,349 students enrolled for the Fall of 2016 to 330,411 students enrolled for the Fall of 2021.

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.

As part of its process to address such ongoing structural budget deficits, the City adopted a substantial increase in property taxes that began in Tax Year 2015 and continued through Tax Year 2018. On October 27, 2021, the City adopted an increase of $76.5 million in property taxes for Tax Year 2022. In addition, 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.

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

The School District has boundaries coterminous with the boundaries of the City. The City has a population of approximately 2.7 million. The City, located on the shores of Lake Michigan in the Midwestern United States, has a large and diverse economy that contributed to a gross regional product of more than $700 billion in 2019. Trade, transportation and utilities, government, education and health service and professional and business services are among the Chicago region's largest industry sectors. The City's Chicago O'Hare International Airport has been consistently among the top-ranked airports in every metric, including total passengers, both internationally and domestically, since its opening. Chicago's transportation and distribution network offers access to air, rail, and water, with two ports capable of handling ocean-going ships and barges, and an airport system that moves 1.97 million tons of freight, mail, and goods annually. See APPENDIX 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 Lori Lightfoot took office on May 20, 2019 and subsequently appointed new members to the Board. Each current member of the Board was appointed by Mayor Lori Lightfoot and began serving on June 26, 2019. The current members of the Board and the dates on which their respective terms expire are as follows:

Member	Term Expires
Miguel del Valle, President	June 30, 2023
Sendhil Revuluri, Vice President	June 30, 2023
Luisiana Meléndez	June 30, 2022
Lucino Sotelo	June 30, 2022
Elizabeth Todd-Breland	June 30, 2023
Dwayne Truss	June 30, 2022

There is currently one vacancy on the Board, which is subject to being filled in accordance with the process described in the following paragraph.

Currently, at the expiration of the term of each member, the Mayor of the City will appoint a successor for a four-year term from July 1 of the year in which the term commences, and any vacancy will be filled by appointment of the Mayor of the City for the unexpired term. Currently, the Board elects annually from its members a president and vice-president in such manner as the Board determines. With respect to recent legislative changes regarding the appointment and election of members of the Board, see "BOARD OF EDUCATION OF THE CITY OF CHICAGO – Legislation Regarding Elected School Board."

Information on each member of the Board is set forth below:

Miguel del Valle was elected President of the Board on June 26, 2019. Mr. del Valle is a retired elected official who has served on an extensive list of several committees, boards, and commissions, including:

- Illinois Student Assistance Commission (ISAC) | Vice Chairman
- Advance Illinois | Founding Board member
- Illinois Federation for Community Schools | Board member
- Illinois Pathways Advisory Council | Council Member
- Illinois Complete Count Commission
- Judicial Candidate Screening Committee
- Illinois P-20 Council

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

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

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

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

Sendhil Revuluri was elected Vice President of the Board on June 26, 2019. Mr. Revuluri was a founding teacher at the Bronx Academy of Letters, a public secondary school in the South Bronx, where he was recognized as a Math for America Master Teacher. He subsequently worked in the CPS Office of High School Teaching and Learning and at the University of Illinois at Chicago as Associate Director of the Suburban Cook County Mathematics Initiative, a project for collaborative improvement in teaching and learning benefiting over 40,000 K–12 students in 40 public school districts.

Mr. Revuluri has served on a Local School Council, and on the board of the Illinois Council of Teachers of Mathematics, which recognized him with the Lee Yunker Mathematics Leadership Award. He currently serves on the boards of the Bright Promises Foundation and Math Circles of Chicago. He is a 2016 Fellow of Leadership Greater Chicago.

Mr. Revuluri is Managing Director of Strategic Development at PEAK6 Capital Management, an entrepreneurial investment firm that leverages technology to efficiently manage risk in the options market. He launched its internal Hackathon, leads other innovation projects, and supports the development of business strategy, as well as leading efforts for effective professional learning. Mr. Revuluri was previously an Executive Director of Equity Trading at UBS Warburg LLC in Chicago and Stamford, Connecticut, where he created instruments to manage risk and enable investment opportunities, developed and led new businesses, and collaborated to improve enterprise-level risk systems.

Mr. Revuluri was born in Chicago and attended the Illinois Mathematics and Science Academy, from which he received the Alumni Titan Award. He studied physics and mathematics at the University of Chicago and secondary mathematics teaching at Pace University.

Mr. Revuluri lives in Pilsen with his wife, Venu Gupta, and their two children, who are currently attending Chicago Public Schools.

Luisiana Meléndez is a Clinical Professor at Erikson Institute and director of the Institute's Bilingual/ESL Program. She received her BA in Psychology in her native Dominican Republic and a master's in early childhood education and doctorate in child development from Loyola University Chicago/Erikson Institute. Before joining the faculty at Erikson, Dr. Meléndez worked for close to two decades as an early childhood and elementary teacher in the Dominican Republic and in the U.S.

At Erikson, Dr. Meléndez teaches courses and participates in initiatives to prepare early childhood practitioners to meet the developmental and learning needs of the increasingly diverse children and families in U.S. educational settings. In the last years she has also collaborated with Gateways for Opportunity, the statewide professional development support system for individuals and programs serving children, youth, and families around issues of early bilingual and multilingual language development.

Dr. Meléndez frequently presents in national as well as local conferences and has several publications on her areas of professional interest. In addition to her work in early childhood teacher education and professional development, Dr. Meléndez has served on the Early Childhood Committee of the Illinois State Board of Education since 2012. She was a member of the Board of Directors of El Valor for several years. Dr. Meléndez regularly participates in workgroups and advisory boards convened around issues of bilingual and multilingual development and acted as co-chair of the Chicago Consortium for School Research Steering Committee.

She is a Chicago resident since 1996 and feels privileged by the opportunity to serve on the Chicago Board of Education, where she aspires to bring together her professional interests on bilingual and multilingual young children and her personal commitment to equity and social justice.

Lucino Sotelo currently serves as the Chief Digital Officer, Wealth Management at Northern Trust Corporation. He is an award-winning digital and marketing executive, consistently delivering transformational results. He has led teams at W.W. Grainger, BMO Harris, HSBC, Grant Thornton, Diamond Technology Partners and CSC Index.

Mr. Sotelo has committed himself to community and investing in organizations that help others achieve higher levels of success, with a passionate focus on educational equality in all communities:

- City Year Chicago | Executive Board Member & Committee Chair
- Association of Latino Professionals For America | Senior Leadership Council
- Leadership of Greater Chicago Fellow | Former Executive Board Member
- Chicago Planning Commission | Former Commissioner
- Peace and Education Coalition, Executive Service Corps Chicago, YMCA | Former Board Member

Mr. Sotelo has an MBA from Northwestern University's Kellogg School of Management and a Bachelor of Science degree from DePaul University in Accounting. He is a proud CPS alum of Wells Community Academy and proud parent of two current CPS students. Mr. Sotelo was recently recognized as one of the country's 2018 Top Latino Leaders by the National Diversity Council, 2015 Top Ten Lideres by Hispanic Executive Magazine, Chicago United Business Leader of Color, Diversity MBA's Top 100 Executives, Who's Who In Hispanic Chicago and Instituto Del Progreso Latino Spirit Award.

Mr. Sotelo lives in Chicago with his wife Maria, enjoys coaching his son's baseball team and playing golf with his daughter.

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

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

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

Dwayne Truss is a life-long resident of the City of Chicago. Mr. Truss was born and raised in West Garfield Park and is a proud graduate of Chicago Public Schools. After graduating from Westinghouse Area Career Vocational High School in 1981, he joined the United States Marine Corps Reserve. After a short tenure with the USMCR, he transferred to the Army National Guard. Mr. Truss was honorably discharged in 1986.

Mr. Truss graduated with Bachelor of Science in Accounting from Northeastern Illinois University in 1985.

Mr. Truss met his wife Cata while a student at Northeastern and they were married in 1986. Together they raised five sons: four are college graduates.

Mr. Truss has served his community in the following capacities: Executive Director/Coach of Austin Youth League/Austin Mandela Little League from 1990 to 2007, local school council member at Byford (now Brunson), Hitch and Ella Flagg Young schools, current member of the Columbus Park Advisory Council, former board member of Raise Your Hand for Illinois Public Education, former co-chair of the Austin Community Action Council, member of the Westside Parks Executive Advisory Council and the Westside Branch of the NAACP. Mr. Truss is also an occasional contributor to both the Austin Weekly News and AustinTalks.org community newspapers.

Mr. Truss's major accomplishments include being the catalyst for the construction and current academic focus of the new Westinghouse High School, the renovation of Austin High School, the renovation of the new ball fields at Columbus Park, the renovation of Rockne Stadium, the reconsolidation of Austin High School as the neighborhood high school and the recent Chicago Park District investment of $3 million in capital improvements for Austin Parks. He is currently employed by the State of Illinois.

Mr. Truss currently resides in the Austin community. He is a proud grandfather of nine grandchildren. In addition to his children, he and his wife helped raise two nieces, and two nephews.

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 (PA 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 2025 to a hybrid Board comprised of 10 mayoral-appointed and 10 elected members and a President appointed by the Mayor, and then in 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, 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 "STATE AID REVENUES" above. 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 2025.

In December 2021, Governor Pritzker signed "Trailer Bill" legislation (P.A. 102-0691) which requires 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." ISBE would be required to assess the financial review and make recommendations to the General Assembly on the Board's "ability to operate with the financial resources available to it as an independent unit of local government."

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	Joseph T. Moriarty

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 an 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 25 years of municipal finance experience and has structured and executed in excess of $12 billion of financings for the Board and municipal issuers across the Midwest. He holds a Bachelor's Degree in Economics from the University of Illinois at Chicago.

General Counsel. **Joseph T. Moriarty** is the General Counsel of the Board and was appointed as General Counsel on February 28, 2018. He has practiced law for over 35 years. Mr. Moriarty was in private practice from 1985 to 1997 during which time he specialized in labor and employment litigation. He left private practice in August 1997 and served in the Chicago Housing Authority's law department until December 2000. Mr. Moriarty was the CHA's Associate General Counsel for Labor Relations at the time of his departure. In January 2001, he joined City Colleges of Chicago's (Community College District 508's) law department and subsequently became its First Assistant General Counsel. Mr. Moriarty joined the Board of Education in May 2004 as Deputy General Counsel for Labor Relations, where he managed all labor-related litigation and was a member of the Board's collective bargaining team. He was appointed the Board's Labor Relations Officer on July 1, 2012 and he led collective bargaining with seven labor organizations that collectively represent approximately 35,000 Board employees. He served in that capacity until his appointment as General Counsel. He is licensed to practice law in Illinois state and federal courts. Mr. Moriarty is a 1982 graduate of the American University, where he received a Bachelor of Arts in Government and Public Administration. He graduated from the John Marshall Law School in 1985.

School System and Enrollment

The following table presents the number of schools and the enrollment for the Board for Fiscal Years 2017 through 2022. 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 2021 (occurring in Fiscal Year 2022) school enrollment was 330,411 students and reflects a 10,247 student decrease (approximately a 3% decline) from the Fall 2020 enrollment.

Chicago Board of Education
Number of Schools and School Enrollment

Number of Schools	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Elementary (1)	423	422	422	422	422	422
High School	113	108	107	106	106	106
Charter Schools	134	131	130	127	127	126
Total Schools	670	661	659	655	655	654
School Enrollment (2)						
Elementary (1)	238,793	230,718	222,955	220,539	206,314	197,429
High School	81,854	80,699	78,762	76,340	77,062	77,548
Charter Schools	60,702	59,965	59,597	58,277	57,282	55,434
Total School Enrollment	381,349	371,382	361,314	355,156	340,658	330,411

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

School Year 2017–2021 School Actions

A State–mandated process governs the annual timing for school action proposals, including co–locations, re–assignment 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 670 in Fiscal Year 2017 to 654 in Fiscal Year 2022. 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 2025.

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 2022 budget includes a capital budget (the "Fiscal Year 2022 Capital Budget") totaling $707 million that focuses on the funding of a capital plan (the "Fiscal Year 2022 Capital Plan") that includes priority facilities needs at neighborhood schools; mechanical systems which control the indoor environment and air-quality of our schools; full-day Pre-K expansions; ADA accessibility; restroom modernizations; student recreation and athletic improvements; site improvements and continued expansion of technology upgrades and other academic priorities. The Fiscal Year 2022 Capital Plan also includes, among other projects: (i) $329 million for facility needs, including critical maintenance projects and interior improvements; (ii) $20.5 million to increase Americans with Disabilities Act accessibility in 33 schools as part of a multi-year program to ensure all CPS buildings have first-floor accessibility; (iii) $80 million to complete the remaining expansions and classroom conversions to provide free full-day pre-K to all 4-year-olds; (iv) $20 million to renovate existing student recreation and athletic resources such as stadiums, athletic fields and natatoriums; (v) $10.5 million in building upgrades to support STEM, STEAM, IB, and world language programs at 7 schools; (vi) $37.6 million to design and build new playgrounds, playlots, and school yards at over 30 schools across the city so that students can benefit from a well-rounded education that promotes healthy and active development; (vii) $46.4 million to upgrade school network infrastructure to address equitable connectivity, replace aging hardware at schools, and upgrade our data warehouse and data backups. Funding of the Fiscal Year 2022 Capital Plan derives from the proceeds of future bond issuances, federal ESSER III funding, and other confirmed and potential outside resources as they become identified.

The Board released the 2018 Educational Facilities Master Plan (the "EFMP") as of October 1, 2018. The Board first adopted such plan in 2013 and it is required to be updated periodically pursuant to the requirements of State Law. The EFMP combines data and feedback from internal and external sources to provide a holistic picture of the Board's short and long-term facility needs. The planning process is part of a continuous effort to provide safe, healthy, and supportive learning environments. It also provides for sufficient space for the number of students in the building, equitable access to advanced technology, playgrounds, air-conditioned classrooms, programmatic upgrades, and ADA accessibility. The 2022 Capital Plan aligns with the priorities outlined in the EFMP. Additionally, the Board conducts biannual facility assessments for each facility owned, leased, or operated by the district. The latest facility condition assessments were completed at each Board-operated school building between June 2019 and December 2021.

ISBE Public Inquiry on the Board's Special Education Services

In December 2017, the ISBE launched a "Public Inquiry" to examine the special education budget allocation processes and procedures and the provision of special education services in Chicago Public Schools. The Public Inquiry process is established by State law and is designed to facilitate fair and transparent fact-finding on a matter of public concern. The Office of the General Counsel at ISBE leads the Public Inquiry team that includes a special education law expert and a representative from the special education advocacy community. The Public Inquiry team held a series of public hearings involving both written and oral testimony and has issued a report presented to the ISBE Board. The report noted problems in the 2016-17 and 2017-18 school years that delayed or hindered the provision of special education services to students and the ability of educators and families to advocate for the services students needed. In response to the ISBE report, in August 2021, the Board developed and released procedural changes to those items identified in the report. Additionally, the ISBE directed the Board to identify students who were impacted by the policies that led to the problematic provision of services, and provide these students with remedies to help them make up for any lost progress. After identifying a group of potentially impacted students, the Board offered these students either 1) a Universal Enrichment Remedy (UER), or 2) a Student Specific Corrective Action (SSCA) Meeting. The UER originally consisted mainly of a menu of service options that families could choose from in order to help their child make up for any lack of expected progress. However, one significant change to the UER is that it will now consist of a monetary remedy as opposed to service options. The SSCA Meeting involved meeting with the parents to discuss whether the student was impacted by these policies. Another significant change is that the District is now offering monetary UERs to students who were identified for SSCA Meetings. These changes are being made to streamline the SSCA so that families will have greater flexibility in accessing services for their students who may have been impacted. If a student has been identified for a UER and their parent/guardian completes certain requested documentation, a monetary remedy of up to $4,000 per school year may then also be available. As of the date of this Official Statement, the Board is continuing with the implementation of actions and anticipates completing the process within Fiscal Year 2022. Once the Board's planned response is fully implemented, no further actions or ISBE review are expected to be required by the ISBE. The Board is prepared, however, to respond to any further concerns of the ISBE on this matter should they arise.

Annual Regional Analysis

In Fiscal Year 2019, 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 150,000 more seats than students enrolled in the School District, including over 50,000 unfilled Level 1+ and 1 seats (which refers to the two highest levels within the CPS School Quality Rating Policy). 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 is conducting facilitated workshops in each of the 16 planning groups across the City.

Educational Highlights

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

Record-High Graduation Rate. The graduation rate for CPS students reached an all-time high with 83.9 percent earning a diploma in 2021, 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.

Lowest One-Year Dropout Rate. The 2020-2021 one-year dropout rate hit a low of 3.8 percent, nearly two percentage points lower than the 2019-2020 school year. 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 3.8 percent in the 2020-2021 school year.

Learn.Plan.Succeed. 97.5 percent of CPS seniors at district high schools submitted a concrete post-secondary plan as part of Learn.Plan.Succeed. (LPS), which ensures CPS students develop plans for life after graduation with the support of dedicated staff. Launched in 2017, the Class of 2020 was the first group of students who were required to submit a post-secondary plan in 12th grade as part of a graduation requirement. 81.9 percent of the CPS Class of 2021 graduated with plans to attend college.

College and Career Readiness. In 2020, a record-high 49.3 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 18 percent, in comparison to 2014. The district continues to increase access to college-level coursework in high schools, which helps prepare students for post-secondary opportunities and helps make college more accessible and affordable.

Scholarship Dollars Earned. The class of 2021 earned more than $1 billion in scholarship offers, nearly three times more than 2013 when CPS students earned $399 million in scholarship dollars. The increase is consistent with the Board's strategic expansion of post-secondary initiatives and college-level programming such as IB, STEM, AP, dual credit and dual enrollment in schools across the city. In 2020, more than 10,000 seniors accessed the CPS Academic Works Scholarship tool, which is a resource that pairs students with over 200 strategic scholarships that are promoted throughout the school year.

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 2021, out of more than 24,000 high schools nationally surveyed, six 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. Additionally,

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 – a finding that speaks to the strength of bilingual supports and programming throughout the district. Students who have been identified as an English Learner at some point encompass nearly 32 percent of the district's overall enrollment. According to the report's findings, nearly four out of every five CPS English Learners (80 percent) developed English proficiency by eighth grade, with the majority of these students reaching proficiency by fifth grade (77 percent).

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

Educational Initiatives

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

<u>Administrative Initiatives</u>

School Quality Rating Policy and Annual 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 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 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 the district's first Office of Equity in an effort to narrow the gaps in test scores and academic achievement between African-American and Latinx students and their White and Asian peers. Priorities for the Chief Equity Officer include diversifying the Board's workforce, ensuring resources are distributed equitably across the district, and supporting efforts to award more contracts to minority- and women-owned businesses.

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

Safe Passage. CPS continues to operate and add schools to its Safe Passage program to help ensure that more than 76,000 CPS students from 175 schools are able to travel safely to and from school every day. The City-wide Safe Passage program is delivered through 21 community-based vendors that will hire up to 1,350 safe passage workers each school year. The Chicago Police Department announced that crime along Safe Passage routes has fallen by nearly one third since the 2012-13 school year. The program provides students with the enhanced confidence in the ability to travel to and from school safely and has improved attendance at the schools served.

Supportive Schools Certification. Based on a study done in CPS schools, which was 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 the 2017-18 school year, 447 schools, or over 70 percent of CPS schools, have earned the supportive schools certification—an increase of more than 112 schools since the previous year. In addition, the Student Code of Conduct was revised to build on the Board's restorative approach to discipline, promote equitable practices, and ensure all students have access to safe and supportive learning environments.

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

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

Chicago Connected. Chicago Connected is a program that provides no-cost, high-speed internet service to CPS students in their households. According to Census data, an estimated 100,000 students lack access to high-speed internet in Chicago. In order to narrow the digital divide for CPS families, Chicago Connected offers up to four years of high-speed internet for CPS families who are most in need. Since its launch in June 2020, more than 50,000 students have enrolled in the program. Chicago Connected eligibility has expanded to more than 235,000 student households, creating the foundation for a permanent publicly supported system for families in the city.

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

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

<u>District Wide Education Initiatives</u>

Moving Forward Together. In 2021, CPS launched the Moving Forward Together initiative to address students' social and emotional needs, accelerate student learning, and prepare students for success beyond the pandemic through a holistic, equity-based approach. The framework provides over $525 million in FY2022-FY2023, through federal stimulus funding. The investment consists of flexible funding that schools can allocate to the programs and initiatives that meet the needs of their own students and research-based supports that will be administered at the district level.

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

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

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

Meeting Critical Needs During the COVID-19 Pandemic. During the pandemic, the Board provided more than 23 million meals to students at hundreds of sites across the city. Additionally, the Board was committed to ensuring every student who needed a technology device received one. In the 2019-2020 school year, the Board distributed more than 128,000 devices, and, as of September 21, 2020, the Board distributed more than 48,000 devices for the fall. In FY2020, $24.3 million was invested to purchase devices to provide to students most in need. During this process, the Board supported students who were unable to access online instruction through a $400,000 investment that allowed for the central creation, printing, and distribution of learning packets for every grade and content area. In addition, the Board also launched CPS TV, each weekday for six weeks with six hours of programming aired across three channels.

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 working towards offering enough seats for every four-year-old child in the city to attend full-day Pre-K at no charge by 2024.

Pre-K Application. The Office of Early Childhood Education (OECE), in collaboration with the City and Department of Family Support Services (DFSS), started a new universal online application process for preschool parents to apply for the 2016-2017 school year. During the first year of implementation, over 11,000 families applied and were placed through the universal application process across school and community-based programs. In 2018, CPS announced the desire to offer universal pre-K for all 4-year-olds, regardless of their family income, a goal to be reached by 2024.

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 for 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 43 schools (22 high schools and 21 elementary) currently serving over 22,000 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. In addition, CPS has four elementary schools and one high school that are in incubation, and are on track for future IB authorization.

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. As part of the High School Strategy, 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.

Department of Personalized Learning. CPS seeks to be a national leader and the largest adopter of personalized learning (PL) with 150 CPS schools practicing PL and 75 of those schools implementing wall-to-wall by the end of the 2020-21 school year. In December 2018, the Board launched the third cohort of its flagship program for PL, called Elevate, adding 14 additional schools. The Board received a $4 million investment from the Chan Zuckerberg Initiative and continues to seek additional support from local funders.

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 2020-21 school year, approximately 6 percent of students enrolled in selective enrollment high schools were diverse learners compared to 14.6 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 14.6 percent of district students who have special education needs. CPS has provided $2.5 million in additional funding for selective enrollment high schools in their FY22 school 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 District'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 identifies four keys areas of growth that the district is investing $5 million into over the next four years: 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 40,149 persons. Approximately 92% of the Board's employees are represented by five unions that engage in collective bargaining with the Board. As of November 23, 2021, approximately 64.5% of the Board's employees were represented by the CTU and approximately 27.5% were represented by other unions. The unions, number of employees represented and effective dates of the Board's most recent collective bargaining agreements are as follows:

Labor Organization	Number of Covered Employees	Agreement Start Date	Agreement End Date
CTU	25,880	July 1, 2019	June 30, 2024
SEIU Local 73	8,610	July 1, 2018	June 30, 2023
UNITE-HERE Local 1	1,961	July 1, 2021	June 30, 2025
SEIU Local 1	448	July 1, 2021	June 30, 2025
IB of T Local 700	24	July 1, 2017	June 30, 2022

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

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

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

IB of T Local 700. The Board's current collective bargaining agreement with IB of T Local 700 became effective July 1, 2017. The employees covered by this agreement are motor truck drivers and covered by prevailing wage statutes. The agreement incorporates the benefit structure previously agreed to by CTU, SEIU Local 73 and IUOE Local 143B.

Recent Legislative Actions. On January 11, 2021, the Illinois state legislature voted to approve HB2275 ("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. The Act repeals 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. The repeal of those provisions did not impact the Board's reopening plans which were implemented in the March and April 2021. 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 (including actions relating to on-going in-person work for CPS staff and in-person learning for CPS students), 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.

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 2021." 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, 2021, the Pension Fund included 65,483 members (the majority of which are Board employees) consisting of 27,610 retirees and beneficiaries currently receiving benefits, 6,658 vested terminated members entitled to benefits but not yet receiving them, 16,382 total active vested current members and 14,833 nonvested current members. An additional 24,997 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 $257 million in Fiscal Year 2020 and $267 million in Fiscal Year 2021. The required State Statutory Contribution to the Pension Fund is approximately $277 million in Fiscal Year 2022. 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.

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

The Annuity Fund

Employees of the Board that are not members of the Pension Fund participate in the Annuity Fund which is considered a cost-sharing defined benefit, multiple employer plan. See APPENDIX - B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2021" – Note 12. As of December 31, 2020, the Annuity Fund had 76,937 total members including 25,471 retirees and beneficiaries, 20,139 inactive members entitled to benefits and 31,327 active members (of which 13,707 were vested and 17,620 were non-vested). As of December 31, 2020, Board employees comprised approximately 56% 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, 2021, the Board had $236.7 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 2021" – 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 both tax anticipation notes payable respectively 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, including the Bonds. 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

After the issuance of the Bonds and refunding and defeasance of the Refunded Bonds, the Board will have approximately $7.8 billion aggregate principal amount of outstanding long–term general obligation debt. All of the Board's outstanding long–term general obligation debt is 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 following implementation of the Plan of Finance. See "PLAN OF FINANCE." Debt service is shown on a calendar year basis (rather than on the basis of the Board's Fiscal Year) to be consistent with the Tax Year used for the levy and collection of the taxes that secure the Board's general obligation bonds. The table does not include any obligations of the Board which are not general obligations and are not secured by the unlimited taxing power of the Board, including any outstanding tax anticipation notes and Dedicated Capital Improvement Tax Bonds.

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

Deposit Year	Outstanding Alternate Revenue Bonds Debt Service[1][2]	Series 2022A and Series 2022B Bonds Debt Service[2]	(Less) Refunded Bonds Debt Service	Total Annual Debt Service[2]
2022	$686,873	$21,126	$(21,129)	$686,869
2023	693,093	36,413	(21,129)	708,376
2024	694,907	36,413	(21,129)	710,190
2025	746,497	36,413	(21,129)	761,780
2026	717,163	36,413	(21,129)	732,446
2027	775,109	36,413	(21,129)	790,393
2028	710,687	36,413	(21,129)	725,970
2029	718,318	36,413	(21,129)	733,602
2030	677,849	36,413	(21,129)	693,132
2031	622,750	36,413	(21,129)	638,033
2032	481,881	36,413	(21,129)	497,164
2033	481,502	36,413	(21,129)	496,785
2034	462,795	36,413	(21,129)	478,078
2035	461,759	45,373	(33,569)	473,562
2036	449,905	59,309	(47,510)	461,704
2037	452,652	82,754	(70,952)	464,455
2038	451,919	83,174	(71,372)	463,721
2039	450,219	83,631	(71,827)	462,023
2040	449,051	84,124	(72,323)	460,852
2041	444,608	153,164	(141,361)	456,412
2042	393,832	57,950	-	451,782
2043	356,391	95,387	-	451,778
2044	335,331	116,449	-	451,780
2045	338,170	113,609	-	451,780
2046	319,820	131,960	-	451,780
2047	-	67,850		67,850

Source: Chicago Public Schools.
(1) Reflects debt service on outstanding Alternate Revenue Bonds after the issuance of the Bonds and the refunding and defeasance of the Refunded Bonds.
(2) Net of capitalized interest.

Additional Bonds

The Board may issue Alternate Revenue Bonds secured by Pledged Revenues made available by the Board under the 2019 Authorization and future Authorizations and pursuant to separate trust indentures, in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of such Alternate Revenue Bonds, including the Board's determination as to the availability of the required coverage of 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 – 2022 Capital Plan Financings and Future Financings." For a discussion of the risks associated with the Board's expected increased debt levels see "BONDHOLDERS' RISKS – Historical Structural Deficits" and "-Cash Flow, Liquidity and Future Borrowings."

The Board may also issue general obligation bonds secured by ad valorem property taxes under future bond authorizations and pursuant to separate trust indentures, in accordance with the provisions of the School Code and the Debt Reform Act as in existence on the date of issuance of such bonds. For a discussion of certain statutory restrictions on the issuance of general obligation bonds by the Board see "– Board's Borrowing Authority and Legal Debt Margin."

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

	2017	2018	2019	2020	2021
Equalized Assessed Value[1]	$74,020,998	$76,768,955	$86,335,882	$87,825,670	$89,524,130
Debt Limit (13.80% of EAV)	10,214,898	10,594,116	11,914,352	12,119,942	12,354,330
General Obligation Debt[2]	134,803	82,734	30,636	-	-
Less: Amount set aside for repayment of debt[2]	$ (32,761)	$ (35,452)	$ (23,173)	-	-
Total Net Applicable Debt[2]	$ 102,042	$ 47,282	$ 7,463	-	-
Legal Debt Margin	$10,112,856	$10,549,834	$11,906,889	12,119,942	12,354,330
Total Net Applicable Debt as a percentage of Debt Limit	1.00%	0.45%	0.06%	0.00%	0.00%

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

Bond Issue Notification Act

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

Overlapping Taxing Districts and Overlapping Debt

There are six major units of local government located in whole or in part within the boundaries of the School District, each of which (i) is separately incorporated under the laws of the State, (ii) has an independent tax levy, (iii) derives its power and authority under the laws of the State, (iv) maintains its own financial records and accounts, and (v) is authorized to issue debt obligations. Each of the Overlapping Taxing Districts levies taxes upon property located in the School District, and, in some cases, in other parts of Cook County. See APPENDIX 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 January 13, 2022), 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 Bonds			$872,170
Total Outstanding General Obligation Bonds			6,897,099
Dedicated Capital Improvement Tax Bonds			880,480
Total Direct Debt[1]			$8,649,749

Overlapping Debt[1][2]	**Debt Outstanding**	**Estimated Percentage Applicable**	**Estimated Share of Overlapping Debt**
City of Chicago	$5,874,455	100.00%	$ 5,874,455
Community College District[3]	303,393	100.00%	303,393
Chicago Park District[4]	823,540	100.00%	823,540
Cook County[5]	2,425,147	51.49%	1,248,678
Forest Preserve District	117,446	51.49%	60,471
MWRD	2,678,452	52.38%	1,402,994
Total Overlapping Debt			$9,713,531
Total Direct and Overlapping Debt			$18,363,279

Population (2020)	2,746,388[6]
Equalized Assessed Valuation (2020)	$89,524,130[7]
Estimated Fair Market Value (2018)	$323,128,275[8]

	Per Capita[9]	% EAV	% FMV
Direct Debt	$3,149.50	9.66%	2.68%
Total Direct and Overlapping Debt	6,686.34	20.51%	5.68%

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Source: Chicago Public Schools. As of January 13, 2022 and assuming the issuance of the Bonds and the refunding and defeasance of the Refunded 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 October 30, 2020.
(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 2022 Budget, the Capital Improvement Tax is estimated at $56.1 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 $880 million 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 2022 and early Fiscal Year 2023 are payable from collection of the real property taxes levied for tax levy year 2021). Real property taxes levied in one year become payable during the following year in two installments. The first installment, an estimated tax bill, is due on March 1 and is equal to 55% of the prior year's tax extension. The second installment is 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 due to COVID-19. See APPENDIX D – "THE REAL PROPERTY TAX SYSTEM."

The Board levied in Tax Year 2020 for collection in Collection Year 2021, approximately $2.62 billion of ad valorem property taxes for educational purposes. The Board is authorized under the School Code and the Debt Reform Act to issue tax anticipation notes in an amount equal to 85% of such tax levy and Resolution 21-0728-RS4 of the Board adopted on July 28, 2021 authorized the issuance of up to $1.25 billion of 2021 TANs in anticipation of the collection of the 2021 Tax Levy.

As of January 4, 2022, the Board has issued $950 million of 2021 TANs structured as drawdown notes, with an aggregate principal amount of draws totaling $121 million outstanding. See "CASH FLOW AND LIQUIDITY— Fiscal Years 2017 to 2022 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. In recent years, the initial issuance of tax anticipation notes occurred in October. Subsequently, the principal amount of tax anticipation notes outstanding increased with cash flow needs and has typically peaked initially in February due to the annual debt service deposit for the Board's Alternate Revenue Bonds required on February 15th. The collection of the first installment of property taxes historically has improved the Board's cash position and resulted in a repayment of a portion of the Board's outstanding tax anticipation notes. A second peak is typically experienced in July, due to additional cash needs and the Board's annual pension contribution required on June 30 and quarterly charter payments in mid-July, before the tax anticipation notes typically are repaid fully with the collections of the second installment of property taxes.

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, 2021, 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 2021, revenues from ad valorem property taxes were approximately \$3.1 billion and made up approximately 46% 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 2022 Budget, the Board increased its educational fund property tax levy to the maximum levy allowable under PTELL. The Fiscal Year 2022 Budget includes revenue from property taxes budgeted to be approximately \$3.3 billion and will be approximately 42% of Fiscal Year 2022 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 2022 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 2022 Budget, the Capital Improvement Tax is estimated at $56 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 2022, the Board budgeted approximately $464 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 2011–2020

(Dollars in Thousands)

Tax Year Levy [(1)]	Class 2[(2)]	Class 3[(3)]	Assessed Values Class 5[(4)]	Other [(5)]	Total	State Equalization Factor	Total Equalized Assessed Value[(6)]	Total Estimated Fair Cash Value [(7)]	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value %
2011	$17,976,208	$1,161,634	$10,411,363	$544,416	$30,093,621	2.9706	$75,122,914	$222,856,064	33.71
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	***	***
2020	17,874,896	2,657,697	13,139,430	660,097	34,332,120	3.2234	89,514,969	***	***

Source: Chicago Public Schools.

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

*** Information not available.

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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 2017 – 2021.

Board of Education of City of Chicago Education Fund Property Tax Collections
(As of December 21, 2021) (Dollars in Thousands)

			Amounts Collected within the Collection Year of Extension[1]				All Collections to Date[1]	
Tax Levy Year	**Collection Year**	**Education Fund Total Tax Extension**	**1/1 to 6/30 (A)**	**7/1 to 12/31 (B)**	**1/1 to 12/31 (A +B)**	**Percentage of Extension**	**Amount[2]**	**Percentage of Extension**
2016	2017	$2,305,534	$1,174,181	$1,090,446	$2,264,627	98%	$2,246,437	97%
2017	2018	2,426,902	1,214,851	1,154,054	2,368,095	98	2,378,322	98
2018	2019	2,455,702	1,279,858	1,121,472	2,401,330	98	2,420,192	99
2019	2020	2,540,880	1,281,903	1,182,997	2,464,900	97	2,483,350	98
2020	2021	2,621,866	1,320,780	1,204,482	2,525,262	96	2,525,262	96

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

(1) All collections shown are net of refunds, as calculated by the Board based on information available at the time that such collections were reported by the Board.
(2) Includes all amounts including those received during and after the calendar year of the extension.

Property tax collections may experience impacts during the current Fiscal Year 2022. 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 October 1, 2021, do not appear to have had a significant impact on the collection rate, although the extension has resulted in a delay in 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 2011–2019. 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
2011–2020 Tax Levy Year
(per $100 equalized assessed valuation)

Year of Levy (Taxes Extended for Collection in Following Calendar Year)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Tax Rates by Board Fund:										
Educational	$2.671	$3.309	$3.519	$3.409	$3.205	$3.115	$3.161	$2.845	$2.893	$2.929
Workers' and Unemployment Compensation Tort Immunity	0.133	0.031	0.067	0.169	0.111	0.107	0.038	0.093	0.090	0.094
PBC Lease Rentals	0.071	0.081	0.085	0.082	0.075	0.072	0.069	0.036	0.000	0.000
Capital Improvement Tax(1)	0.000	0.000	0.000	0.000	0.064	0.065	0.070	0.068	0.071	0.070
Teacher Pension(2)	0.000	0.000	0.000	0.000	0.000	0.367	0.551	0.511	0.565	0.561
Board Subtotal	$2.875	$3.421	$3.671	$3.660	$3.455	$3.726	$3.890	$3.552	$3.620	$3.656
Other Major Government Units:										
City of Chicago	$1.229	1.425	1.496	1.473	$1.806	$1.880	$1.894	$1.812	$1.893	$1.886
Community College District	0.165	0.190	0.199	0.193	0.177	0.169	0.164	0.147	0.149	0.151
Chicago Park District	0.346	0.395	0.420	0.415	0.382	0.362	0.352	0.330	0.326	0.329
Water Reclamation District	0.320	0.370	0.417	0.430	0.426	0.406	0.402	0.396	0.389	0.378
Cook County	0.462	0.531	0.560	0.568	0.552	0.533	0.496	0.489	0.454	0.453
Cook County Forest Preserve	0.058	0.063	0.069	0.069	0.069	0.063	0.062	0.060	0.059	0.058
Other Unit Subtotal	$2.580	$2.974	$3.161	$3.148	$3.412	$3.413	$3.37	$3.234	$3.270	$3.255
TOTAL	$5.455	$6.395	$6.832	$6.808	$6.867	$7.139	$7.20	$6.786	$6.890	$6.911

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.

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.

Certain Property Tax Increases of the City. The City's Fiscal Year 2016 budget called for a phased–in property tax increase starting in Tax Year 2015 through 2018 of $543 million to fund the City's Police and Fire pensions. In 2015, the City's property tax levy increased by $318 million to fund the City's increased contributions to the Policeman's Annuity & Benefit Fund and the Fireman's Annuity & Benefit Fund as required by P.A. 99-0506. From 2016 through 2018, the City's levy increased to fund required contributions to Police and Fire pensions by an additional $109 million in 2016, $53 million in 2017 and $63 million in 2018. The City's Fiscal Year 2021 budget included a $94 million increase in property taxes and indexed future property tax levies to inflation. The inflation index resulted in an increase of $23 million in the City's Fiscal Year 2022 budget, to which the City added $54 million in additional levy.

State Aid Revenues

State Aid Revenues for Fiscal Year 2022 are budgeted to be $1,705.8 million. For Fiscal Year 2021, State Aid Revenues were $1,658.3 million, which represents approximately 24% of the budgeted 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 2022, Board revenues from State Grants are budgeted to be approximately $340.5 million. For Fiscal Year 2021, State Grants were $364 million, which represents approximately 5% of the budgeted 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 $195.5 million for Fiscal Year 2022. For Fiscal Year 2021, PPRT Revenues were $242.6 million, which represents approximately 4% of the budgeted General Operating Fund Revenues.

Federal Revenues

Federal grants for Fiscal Year 2022 are budgeted to be $2,073.1 million and make up approximately 27% 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 2022, Title 1–A was budgeted at $257.2 million, the Individuals with Disabilities Education Act was budgeted at $108.8 million, the National School Lunch Program and Child and Adult Care Food Program was budgeted at $214.0 million, and Medicaid was budgeted at $35.4 million.

In response to the COVID-19 pandemic and its subsequent impact on school districts throughout the country, the federal government has provided funding relief for impacted revenues through three rounds of emergency funding. The first round of Elementary and Secondary School Emergency Relief funding (ESSER I) was allocated to school districts through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in March 2020. The Board received $206 million in ESSER I funding that was used to support costs in the FY2020 and FY2021 budgets.

Congress passed the second round of relief funding (ESSER II) in December 2020, through which the Board is slated to receive $797 million over the course of FY2021 and FY2022. The Board utilized $391 million of this funding in FY2021, leaving $406 million left to support investments in the FY2022 budget.

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 FY2022 budget includes $602 million of ESSER III funding. See "IMPACT OF COVID-19 ON THE BOARD."

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 2017–2021

The following table presents a summary of the General Operating Fund for Fiscal Years ending June 30, 2017 to June 30, 2021. The table depicts the amount of revenues versus expenditures, other financing resources, changes in fund balance and fund balance composition to prior years.

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

(Dollars in Thousands)

Fiscal Years	2017	2018	2019	Restated 2020[(3)]	2021
Revenue:					
Property Taxes	$ 2,613,889	$ 2,794,613	$ 2,896,823	$ 3,014,452	$ 3,097,307
Replacement Taxes (PPRT)	169,637	109,997	152,319	139,729	242,643
State Aid	1,287,702	1,859,582	1,886,770	1,846,012	1,817,275
Federal Aid	752,295	723,432	679,990	722,420	1,116,343
Interest and investment income	1,964	6,099	6,798	6,000	584
Other	265,099	332,323	383,654	469,328	470,381
Total Revenue	$ 5,090,586	$ 5,826,046	$ 6,006,354	$ 6,197,941	$ 6,744,533
Expenditures:					
Salaries:					
Teachers	$ 1,815,309	$ 1,841,295	$ 1,928,020	$ 1,990,348	$ 2,133,813
Career Services / Education Services Personnel	581,665	595,467	620,004	706,758	723,876
Commodities:					
Energy	69,067	60,813	75,408	70,935	63,294
Food	94,911	94,512	100,030	94,333	51,663
Other Commodities	87,516	97,280	155,110	117,917	175,802
Services:					
Professional Services	357,258	410,175	480,301	506,269	540,289
Charter schools	668,412	703,124	736,530	768,328	820,187
Transportation	95,974	106,021	107,373	103,693	67,948
Equipment and Other	120,447	135,932	161,236	154,536	175,905
Building and sites	19,336	14,507	9,075	45,598	36,234
Fixed Charges:					
Teachers' pension	853,474	900,791	924,209	968,083	1,003,935
Career Services / Education Services Personnel pension	99,428	113,882	143,486	188,977	221,022
Hospitalization and dental insurance	306,871	319,344	304,917	347,073	398,385
Other Benefits	61,229	64,751	64,413	66,756	59,906
Other Fixed Charges	66,861	55,986	48,748	34,043	35,599
Total Expenditures	$ 5,297,758	$ 5,513,880	$ 5,858,860	$ 6,163,647	$ 6,507,858
Revenue (less than) Expenditure	$ (207,172)	$ 312,166	$ 147,494	$ 34,294	$ 236,675
Transfers in (out)	58,574	286,828	508	11,010	-
Net Change in Fund Balance	(148,598)	598,994	148,002	45,304	236,675
Fund Balance, beginning of period	(126,632)	(275,230)	323,764	471,766	567,093
Adjustment to record student activity net position[(3)]				50,023	
Fund Balance, end of period	$ (275,230)	$ 323,764	$471,766	$ 567,093	$ 803,768
Composition of Fund Balance					
Non–Spendable	429	429	429	429	429
Restricted	79,202	61,620	30,308	77,865	64,590
Assigned for appropriated fund balance	-	-	-	-	-
Assigned for encumbrances	-	18,044	94,733	109,944	135,314
Unassigned	(354,861)	243,671	346,296	378,855	603,435
Total Ending Fund Balance	$ (275,230)	$ 323,764	$ 471,766	$ 567,093	$ 803,768

Source: Chicago Public Schools Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021. See APPENDIX B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2021."

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

(2) For Fiscal Year 2017 collections reflect a period of revenue recognition through August 29 of the succeeding Fiscal Year due to a change in accounting practice.

(3) 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 2017–2021)

Fiscal Year 2017. The Board reported General Operating Fund revenues of approximately $5.09 billion and expenses of approximately $5.3 billion, resulting in an operating deficit of approximately $207 million. The Board transferred into the General Operating Fund $58.4 million from debt service funds, primarily as a result of a termination of investment agreements and excess budgeted debt service, and decreased its General Operating Fund balance by $148.6 million to reconcile the deficit. This resulted in a decline in the General Operating Fund balance from negative $126.6 million at the beginning of Fiscal Year 2017 to negative $275.2 million at the end of the Fiscal Year. Operating revenues increased by approximately $212.8 million in Fiscal Year 2017. The increase was largely due to an increase in property tax revenues over the prior year in the amount of approximately $300 million. Operating expenses totaled approximately $5.3 billion, a decrease of $117.1 million versus Fiscal Year 2016 expenses.

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.

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. "Student–based budgeting" creates greater consistency in funding to schools across the School District, ensuring that funding is equitable. Additionally, schools are given more autonomy to decide where the dollars are applied within the school and how the school manages the total level of educational funding.

Since Fiscal Year 2019, the Board has introduced several modifications to SBB designed to enhance equity and schools' ability to plan. These modifications include shifting the basis for enrollment-based allocations to the prior year's 20th day enrollment, introducing a poverty metric into the formula, adding a small school supplement and equity grants, and returning allocations of special education teachers and paraprofessionals based on positions, rather than dollar allocations. Prior to the Fiscal Year 2021 Budget, the Board held a series of community hearings to increase transparency and gather feedback on the SBB process. A School Funding Working Group—consisting of Board of Education members, principals, LSC members and philanthropic leaders, among others—was assembled to evaluate feedback from the community meetings and develop a series of short- and long-term recommendations for the district. In response to this report, the Board increased equity grants to schools by \$44 million and special education funding by \$97 million in Fiscal Year 2021. In addition to input from the School Funding Working Group, the Board's Equity Office also created an Equity Index to inform where resources are most needed throughout the city. This index was used to develop the Board's Fiscal Year 2022 Capital Budget.

Board's Fiscal Year 2021 Budget and Results

The table below presents a summary of the General Operating Fund for the Fiscal Year ending June 30, 2021 showing the Fiscal Year 2021 Budget amounts, year-end Fiscal Year 2021 totals, and the variance between such budgeted and year-end totals and the Fiscal Year 2021 Budget.

Fiscal Year 2021 Budgeted and Year-end General Operating Fund Revenues, Expenditures, Other Financing Sources and Changes in Fund Balances of the Board

(Dollars in Millions)

	FY 2021 Budget	Actual Year-End 2021	Variance Actual vs. FY 2021 Budget
Revenue:			
Total Revenue	$ 6,894.0	$ 6,744.5	$ (149.4)
Expenditures:			
Total Expenditures	$(6,916.0)	$ (6,507.9)	$ (408.1)
Revenue less Expenditure (Operating Surplus / (Deficit))	$ (22.0)	$ 236.7	$ 258.7
Transfers in	0	0	0
Net Change in Fund Balance	(22.0)	236.7	258.7
Fund Balance, beginning of period*	523.6	567.1	43.5
Fund Balance, end of period	$ 501.6	$ 803.8	$ 302.2

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

Board's Fiscal Year 2022 Budget

On July 28, 2021, the Board approved its Fiscal Year 2022 budget, which includes approximately $7.82 billion in revenues and expenditures.

The Fiscal Year 2022 Budget reflects $906 million increase in revenues over Fiscal Year 2021, including a $114 million increase in the property tax revenues for the General Operating Fund, a $771 million increase in Federal Revenues related to the use of ESSER funds, a $40 million increase in TIF Surplus, a $40 million increase in PPRT Revenues and certain offsetting decreases in other local Revenues, and State Revenues.

The Fiscal Year 2022 Budget assumes a full year of normal in-person operations and full staffing. Up to $458 million of Federal (ESSER II) relief funding and up to $602 million of Federal (ESSER III) 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 2022 Budget, the funds would be claimed by the Board past the end of Fiscal Year 2022 and applied toward the Board's future budgets as allowable under reimbursement guidelines. Through the first quarter of the Fiscal Year 2022, with revenues performing as expected and expenditures running lower than budget, the Board currently anticipates that the Fiscal Year 2022 Budget could produce another surplus in its General Operating Fund.

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 and required pension payment are each made immediately prior to the receipt of an installment of property tax revenues, the largest revenue source 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 2021, the Board's liquidity position on June 30th was stronger by approximately $172 million compared to Fiscal Year 2020. This improvement was caused primarily by the improvement to fund balance in Fiscal Year 2021 versus Fiscal Year 2020. The Board increased its maximum amount of tax anticipation note borrowing by $120 million for Fiscal Year 2021 versus Fiscal Year 2020 due to a 60-day delay to the tax penalty date on the first installment property taxes. The aggregate maximum principal amount of tax anticipation notes borrowed was $830 million and $950 million in Fiscal Year 2020 and Fiscal Year 2021, respectively. The Board's aggregate principal amount of Tax Anticipation Notes borrowed in Fiscal Year 2022 against the second installment of property taxes was $850 million and these Tax Anticipation Notes were repaid on October 8, 2021. The aggregate maximum principal amount of tax anticipation notes borrowed against the first installment of property taxes for the 2020 tax levy totaled $950 million and was repaid in early March 2021.

For Fiscal Year 2022, the Board has issued $950 million of Tax Anticipation Notes, with $121 million drawn and outstanding as of January 4, 2022.

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 42% of Fiscal Year 2022 budgeted operating revenues and are predominantly received in two installments. The first installment is typically received in late February and March. In Fiscal Year 2021, the due date for the first installment property tax collections was March 1, 2021 and the County moved the tax penalty date to May 3, 2021 as partial mitigation for the economic effects of COVID-19. The County moved the second installment property tax due date from August 2 to October 1 due to COVID-19. As of January 4, 2022, the Board has received 96% of property taxes from the 2020 tax levy. 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 2022 are expected to be approximately 16% 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 2021, the amount of State Grants appropriated but unpaid by June 30 was approximately $68 million. Prior to Fiscal Year 2021, the unpaid but appropriated State Grants by June 30 was $50 million in Fiscal Year 2020, $36 million in Fiscal Year 2019 and $70 million in Fiscal Year 2018.

Federal Revenues. Federal revenues are approximately 27% of total Fiscal Year 2022 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 2022, the amount of ESSER II and III funds in the operating budget totaled $1.06 billion. As of January 4, 2022, the Board has received approximately $400 of ESSER II and III funds in Fiscal Year 2022. See "FINANCIAL INFORMATION – Board's Fiscal Year 2022 Budget" for a discussion of expected federal funding relating to the Fiscal Year 2022 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 FY2022, approximately 56% 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 35% of the Board's budgeted expenditures; the timing of such payments is relatively predictable and spread throughout the fiscal year. Approximately 9% of budgeted revenues, which flow through the operating account, are comprised of debt service, annual pension payments, and interest on short-term debt.

Debt Service Deposits. Debt service payments on the Board's alternate revenue bonds backed by State Aid Revenues are deposited into debt service funds once a year by February 15, prior to when the Board receives the first installment of property tax revenues. In Fiscal Year 2022, the projected debt service deposit in February 2022 relative to these alternate revenue bonds is approximately $480 million, an increase of $35 million from Fiscal Year 2021. Deposits for debt service for alternate revenue bonds backed by personal property replacement taxes in Fiscal Year 2022 total $39 million.

Pension Contributions. In Fiscal Year 2022, the Board expects total pension contributions to be approximately $945 million, as certified by the Pension Fund as the necessary contribution to achieve 90% funded status by 2059 as prescribed by statute. In Fiscal Year 2022, approximately $464 million of this pension contribution will be funded through the Pension Property Tax Levy and $277 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, $741 million or 78% 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 remaining contribution by the Board for Fiscal Year 2022 is projected to be $204 million, which is expected to be funded from the Board's operating revenues. While pension contributions remains an investment consideration, based on the Pension Fund's 2021 Actuarial Valuation Report, the Board has projected that following Fiscal Year 2022, the Board's funding of pension contributions from operating revenues will steadily decline with no funding from operating revenues by Fiscal Year 2041. In addition, the Board has in recent fiscal years made periodic pension contributions totaling approximately $14 million that coincide with the payroll for employees paid with federal funds. In Fiscal Year 2021, the Board contributed $100 million to the Municipal Employees' Annuity and Benefit Fund (the "**Annuity Fund**"). The Board also budgeted $100 million in pension costs to the Annuity Fund in Fiscal Year 2022 and going forward, the Board anticipates making payments to the Annuity Fund under the terms of an intergovernmental agreement with the City. There is no statutory requirement to make these payments and the amounts contributed could change in the future depending on discussions with the City.

The historical annual growth in equalized assessed valuation of property within the School District for the period 2012-2021 has averaged approximately 3.3% based upon records of the Cook County Clerk. The Board's required pension contribution is currently projected by the Pension Fund's actuaries to grow by an average of approximately 2% annually through 2059. The majority of the Board's required contributions to the Retirement Funds 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.

Short-Term Borrowing to Fund Liquidity

The Board relies on short-term borrowing to fund liquidity. In Fiscal Year 2018, the Board issued $1.09 billion principal amount of 2017 Tax Anticipation Notes in anticipation of the collection of the 2017 tax levy in the amount of $2.43 billion. The Board repaid in full the 2017 Tax Anticipation Notes on August 7, 2018. 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.

In Fiscal Year 2022, the Board authorized the issuance of Tax Anticipation Notes in a principal amount outstanding from time to time of up to $1.25 billion to be issued in tranches to fund its cash flow needs. As of January 4, 2022, the Board has issued $950 million of 2021 TANs structured as drawdown notes, with an aggregate principal amount of draws totaling $121 million outstanding.

Forecasted Liquidity

The table entitled "Projected Cash Flow Table" which follows at the end of this subheading reflects the Board's forecasted liquidity profile by month from July 2021 to August 2022. 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 2022 and early Fiscal Year 2023. 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 2022 and Fiscal Year 2023, and (ii) the issuance of the Tax Anticipation Notes providing net funding to the Board of a maximum of $850 million.

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

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

Projected Cash Flow Table

Chicago Public Schools

Cash Flow Forecast

FY 2022 - Current Forecast

$ in millions

		FY 2022												Total	FY 2023	
		Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	FY 2022	Jul-22	Aug-22
Beginning cash balance	**A**	$ 214.0	$ 137.3	$ 227.5	$ 160.1	$ 390.9	$ 185.5	$ 331.7	$ 262.3	$ 212.5	$ 498.7	$ 283.9	$ 242.3	$ 214.0	$ 100.7	$ 99.6
Operating receipts																
Property taxes		$ -	$ 0.0	$ 755.6	$ 503.2	$ 11.8	$ 23.0	$ 10.0	$ 164.6	$1,203.8	$ 28.3	$ -	$ 0.0	$ 2,700.4	$ 276.0	$1,068.1
TIF		2.7	-	-	-	-	-	24.0	-	47.9	-	-	-	74.6	-	47.9
Other local revenue		57.2	13.0	14.4	91.1	5.3	24.5	7.7	6.2	6.2	36.8	44.3	7.7	314.4	21.5	11.4
State block grants		22.2	15.1	57.4	37.9	14.6	26.2	32.6	0.0	28.5	28.4	41.5	39.2	343.5	18.9	55.5
Evidence Based Funding		-	156.0	156.0	156.1	156.2	156.0	156.0	172.6	156.0	156.0	156.0	162.7	1,739.5	-	156.0
Federal revenue		30.5	53.5	152.9	147.4	46.9	298.5	152.7	271.2	60.0	256.1	286.0	152.4	1,908.1	59.1	24.3
Total operating receipts		112.6	237.6	1,136.2	935.8	234.7	528.2	383.0	614.6	1,502.4	505.6	527.8	362.0	7,080.5	375.6	1,363.2
Operating expenditures																
Payroll		(201.9)	(96.5)	(217.0)	(270.9)	(278.0)	(266.7)	(321.8)	(282.7)	(283.9)	(279.3)	(320.2)	(387.5)	(3,206.3)	(103.5)	(61.5)
Health Insurance		(44.8)	(46.3)	(49.1)	(45.5)	(43.6)	(38.8)	(43.4)	(39.2)	(39.2)	(38.8)	(39.4)	(39.7)	(507.8)	(39.4)	(41.0)
Employer pension payment		(64.9)	-	(100.0)	(15.9)	-	0.1	(0.4)	(0.4)	(0.4)	(0.4)	(0.7)	(88.8)	(271.8)	-	-
Pension Pick-up		(10.4)	(1.9)	(11.9)	(14.7)	(14.7)	(12.9)	(12.4)	(14.0)	(14.0)	(14.1)	(21.1)	(14.0)	(156.1)	(6.1)	(2.1)
Charter School		(189.7)	(11.1)	(2.5)	(183.6)	(6.2)	(9.3)	(163.4)	(3.1)	(7.2)	(158.9)	(3.1)	(6.2)	(744.2)	(195.9)	(6.2)
AP disbursements		(102.6)	(107.5)	(114.3)	(100.5)	(94.5)	(136.3)	(182.6)	(187.4)	(182.0)	(197.2)	(194.4)	(217.1)	(1,816.3)	(220.1)	(226.8)
Total operating expenditures		(614.3)	(263.3)	(494.8)	(631.1)	(436.9)	(463.8)	(723.8)	(526.8)	(526.8)	(688.6)	(578.9)	(753.4)	(6,702.6)	(565.1)	(337.6)
Net operating cash flows		**(501.7)**	**(25.7)**	**641.4**	**304.7**	**(202.2)**	**64.3**	**(340.8)**	**87.9**	**975.6**	**(183.0)**	**(51.1)**	**(391.4)**	**377.9**	**(189.5)**	**1,025.6**
Financing cash flows																
FY21 TAN drawdown		414.0	142.0	-	-	-	-	-	-	-	-	-	-	556.0	-	-
FY21 TAN repayment		-	-	(707.0)	(93.0)	-	-	-	-	-	-	-	-	(800.0)	-	-
FY22 TAN drawdown		-	-	-	10.0	9.0	100.0	300.0	429.0	-	-	-	225.0	1,073.0	475.0	-
FY22 TAN repayment		-	-	-	-	-	-	-	(164.6)	(685.4)	-	-	-	(850.0)	(276.0)	(424.0)
Debt service and transfers		-	-	(2.0)	(0.2)	-	17.4	-	(483.4)	(3.0)	-	-	-	(471.2)	(2.9)	(2.9)
Financing cash flows		414.0	142.0	(709.0)	(83.2)	9.0	117.4	300.0	(219.1)	(688.4)	-	-	225.0	(492.2)	196.1	(426.9)
Capital cash flows																
Capital reimbursements		41.8	38.6	75.2	78.4	31.1	1.3	0.9	110.0	48.6	14.9	28.0	43.4	512.3	12.2	17.9
Capital expenditures		(30.8)	(64.8)	(74.9)	(69.1)	(43.2)	(36.8)	(29.6)	(28.6)	(49.6)	(46.6)	(18.6)	(18.6)	(511.2)	(19.9)	(19.9)
Net capital cash flows		11.1	(26.2)	0.3	9.2	(12.1)	(35.5)	(28.7)	81.5	(1.1)	(31.7)	9.5	24.8	1.0	(7.7)	(2.0)
Net cash flows	**B**	**$ (76.7)**	**$ 90.2**	**$ (67.3)**	**$ 230.8**	**$ (205.3)**	**$ 146.2**	**$ (69.5)**	**$ (49.7)**	**$ 286.2**	**$ (214.8)**	**$ (41.6)**	**$ (141.6)**	**$ (113.2)**	**$ (1.1)**	**$ 596.8**
Ending cash balance	**A+B=C**	**$ 137.3**	**$ 227.5**	**$ 160.1**	**$ 390.9**	**$ 185.5**	**$ 331.7**	**$ 262.3**	**$ 212.5**	**$ 498.7**	**$ 283.9**	**$ 242.3**	**$ 100.7**	**$ 100.7**	**$ 99.6**	**$ 696.4**
Minimum cash balance		*$ 137.3*	*$ 97.8*	*$ 160.1*	*$ 146.0*	*$ 140.0*	*$ 187.5*	*$ 112.2*	*$ 156.0*	*$ 95.5*	*$ 208.8*	*$ 99.8*	*$ 70.5*	*$ 70.5*	*$ 99.6*	*$ 140.7*
End of Month TANs Outstanding		$ (658.0)	$ (800.0)	$ (93.0)	$ (10.0)	$ (20.0)	$ (121.0)	$ (421.0)	$ (685.4)	$ -	$ -	$ -	$ (225.0)	$ (225.0)	$ (424.0)	$ -
Maximum TANs Outstanding		$ (658.0)	$ (800.0)	$ (800.0)	$ (93.0)	$ (20.0)	$ (121.0)	$ (421.0)	$ (850.0)	$ (685.4)	$ -	$ -	$ (225.0)	$ (225.0)	$ (700.0)	$ (424.0)

TAX MATTERS

Summary of Bond Counsel Opinions

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that 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"), 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. In addition, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Bonds 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. Among these specific requirements are the following:

(a) *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 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.

(b) *Rebate of Permissible Arbitrage Earnings*. 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.

(c) *Restrictions on Ownership and Use*. The Code includes restrictions on the ownership and use of the facilities financed with the proceeds of the Bonds. Such provisions may restrict future changes in the use of any property financed with the proceeds of the Bonds.

Covenants to Comply

The Board covenants in each Indenture to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Risk 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, each Indenture does not require acceleration of payment of principal of or interest on the Bonds or 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 includible 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 that 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.

(a) *Cost of Carry*. Owners of the Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by reference to their adjusted basis in the Bonds.

(b) *Corporate Owners*. Interest on the Bonds is taken into account in computing earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Bonds is 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.

(c) *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.

(d) *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.

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

(f) *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 properly allocable to the shareholder.

(g) *Information Reporting and Back-up Withholding*. Payments of interest on the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Change of Law

The opinions of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Bonds were issued. There can be no assurance that such law or the interpretation 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.

Bonds Purchased at a Premium or at a Discount

The difference (if any) between the "issue price" of the Bonds as determined for federal tax purposes (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 treated as an offset against interest paid on the Bonds and 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. A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bond).

Owners who purchase Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Bonds. In addition, owners of Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Bonds. Under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

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 opinions 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 forms of such opinions are 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, Joseph T. Moriarty, 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, Mayer Brown 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 2021 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, 2021. 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, 2021, 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, Inc. ("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 Goldman Sachs & Co. LLC. The Underwriters have agreed to purchase the Bonds as follows: (i) the Series 2022A Bonds at a purchase price of $559,567,092.46 (representing an aggregate principal amount of $500,000,000.00, plus $62,668,424.75 original issue premium and less $3,101,332.29 of Underwriters' discount), and (ii) the Series 2022B Bonds at a purchase price of $407,434,013.02 (representing an aggregate principal amount of $372,170,000.00, plus $37,572,458.70 original issue premium and less $2,308,445.68 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.

Academy Securities, Inc., one of the Underwriters of the Bonds, has entered into Third-Party Distribution Agreements with TD Ameritrade Inc., BNY Mellon Capital Markets LLC, Commonwealth Financial Network, R. Seelaus & Co., Intercoastal Capital Markets, Inc., Janney Montgomery Scott LLC, The GMS Group LLC, InspereX LLC, Mountainside Securities LLC, World Equity Group, Inc., and CINCaP Investment Group, Inc. for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these Third-Party Distribution Agreements, Academy Securities may share a portion of its underwriting compensation with these firms with respect to the Bonds.

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.

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 2017-2021," 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 a Series 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 such Series of the Bonds pursuant to the terms of the applicable Indenture at the time of the amendment; or

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

Termination of Undertaking

The Undertaking shall be terminated if the Board no longer has any legal liability 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. In addition to the foregoing, within the previous five years, the Board has, in certain instances, filed certain financial, budgetary and/or operating data on EMMA after the periods required under the related continuing disclosure undertakings.

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 INDENTURES

Each Series of the Bonds is secured under a separate and distinct Indenture. The security provided under one Indenture does not provide security for a different Series of Bonds. The following are summaries of certain provisions of the Series 2022A Indenture and the Series 2022B Indenture, respectively, and does not purport to be complete or definitive and is qualified in its entirety by the Series 2022A Indenture and the Series 2022B Indenture, respectively, 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 Series 2022A Indenture and the Series 2022B Indenture are on file with the Trustee.

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APPENDIX A-1

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2022A INDENTURE

The Series 2022A Bonds offered through the attached Official Statement are secured under the Series 2022A Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by the Series 2022A 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 Series 2022A Indenture are on file with the Trustee. A Summary of the Indenture in regard to the Series 2022B Bonds, is set forth in APPENDIX A-2.

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 2021A Bonds and the Series 2021B Bonds and Series 2022A Bonds, as authorized by the Series 2022A 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 2022A Bonds and for any Bond Year, the sum of the interest on and principal (including sinking fund installments) of the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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*" means February 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 2022A 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 2022A Bonds.

"*DTC Participant*" means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2022A 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 2022A 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, 2022.

"*Interest Sub-Account*" means the sub-account of that name in the Bond Payment Account established in the Series 2022A 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 2022A 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 2022A Bonds, as of any date, all such Bonds theretofore or thereupon being authenticated and delivered under the Series 2022A Indenture except:

(i) Any Series 2022A Bonds canceled by the Trustee at or prior to such date;

(ii) Series 2022A Bonds (or portions of Series 2022A 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 2022A Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), *provided* that if such Series 2022A Bonds (or portions of Series 2022A Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the 2022A Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Series 2022A Bonds in lieu of or in substitution for which other Series 2022A Bonds shall have been authenticated and delivered pursuant to the Series 2022A Indenture; and

(iv) Series 2022A Bonds deemed to have been paid as provided in the Series 2022A Indenture.

"*Owner*" means any Person who shall be the registered owner of any Series 2022A Bond or Series 2022A 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 2022A Bonds and any successor or successors appointed by a Designated Official under the Series 2022A 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 2022A Indenture.

"*Pledged State Aid Revenues*" means State Aid Revenues, in the maximum annual amount of $425,000,000 provided for under the 2019 Authorization, in amounts each year as shall provide payment of the Series 2021A Bonds, the Series 2021B Bonds, the Series 2022A Bonds and Additional Bonds and required coverage and pledged, in conjunction with the lien on the Pledged State Aid Revenues imposed by and arising under the Act and under the Series 2022A Indenture as security for the Series 2022A 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 2022A Indenture as security for the Series 2022A Bonds.

"*Pledged Taxes Account*" means the account of that name in the Debt Service Fund established in the Series 2022A 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

(A) which are rated at the time of purchase, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on 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 2022A 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 2022A 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 2022A Indenture.

"*Rating Services*" means the nationally recognized rating services, or any of them, that shall have assigned ratings to any Outstanding Series 2022A 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 2022A Bonds, the 15th 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 2022A 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 2022A Indenture and designated as registrar for the Series 2022A 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 2022A Bonds. When the term "Series" is used without any other description, it shall mean the Series 2022A Bonds.

"*Series 2021A Bonds*" means the Unlimited Tax General Obligation Bonds (Dedicated Revenues) Series 2021A, of the Board.

"*Series 2021B Bonds*" means the Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues) Series 2021B, of the Board.

"*Series 2022A Bonds*" means the $500,000,000 aggregate principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2022A, of the Board issued pursuant to the Series 2022A Indenture.

"*Series 2022A Indenture*" means the Indenture securing and under which the Series 2022A Bonds are issued, dated as of February 1, 2022 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 2022A Indenture.

"*Supplemental Indenture*" means any Supplemental Indenture between the Board and the Trustee authorized pursuant to the Series 2022A Indenture.

"*Tax Agreement*" means the Tax Exemption Certificate and Agreement of the Board relating to the Series 2022A Bonds.

"*Trustee*" means The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, and any successor or successors appointed under the Series 2022A Indenture. The "designated corporate trust office" of the Trustee means 2 North LaSalle Street, Suite 700, 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 2022A Indenture.

"*2019 Authorization*" means the authorization adopted by the Board pursuant to Resolution No. 19-0828-RS7 on August 28, 2019, authorizing the issuance of alternate bonds pursuant to the Act in an amount not to exceed $1,900,000,000.

"*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 2022A Bonds issued under the Series 2022A Indenture, according to the import thereof, and the performance and observance of each and every covenant and condition in such Series 2022A Indenture and in the Series 2022A Bonds contained, the Board pledges and grants in the Series 2022A 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 2022A 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 2022A Bonds is on a parity with the pledge of such revenues to the payment of the Series 2021A Bonds, the Series 2021B Bonds and 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 2022A 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 2022A Indenture.

Pursuant to Section 13 of the Act, the moneys, securities and funds pledged under the Series 2022A 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 2022A Indenture, each and all of the Series 2022A 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 2022A Bonds are General Obligations

The Series 2022A 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 2022A Indenture. The Series 2022A 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 2022A 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

2022A 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 2022A 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 2022A Indenture, and shall not, except as expressly authorized in the Series 2022A 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 2021A Bonds, the Series 2021B Bonds, and the Series 2022A 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 2022A 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 2022A 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 2022A Bonds under the Series 2022A Indenture. Each Series 2022A 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 2022A Bond, the Board shall issue in the name of the transferee a new Series 2022A Bond or Series 2022A 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 2022A Bond shall be registered upon the registration books of the Board as the absolute owner of such Series 2022A Bond, whether such Series 2022A 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 2022A 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 2022A 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 2022A Bonds is exercised, the Board shall execute and the Trustee shall authenticate and deliver Series 2022A Bonds in accordance with the provisions of the Series 2022A Indenture. All Series 2022A Bonds surrendered in any such exchanges shall forthwith be canceled by the Trustee. For any exchange or transfer of Series 2022A 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 2022A Bond after such Series 2022A 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 2022A 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 2022A Bonds on such Interest Payment Date as described in the Series 2022A 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 2022A 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 2022A 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 2022A Indenture, shall be withdrawn from such Sub-Account and paid to the Board free and clear of the lien of the Series 2022A 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 2022A Indenture.

Pledged Taxes Account. As described in the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds, if any, which mature on that December 1 and (B) the amount required for the payment of the Redemption Price of Outstanding Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Indenture, the specified amount set forth in the Series 2022A Indenture.

Any amount remaining in the Capitalized Interest Sub-Account on December 2, 2022, 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds, to provide for, collect and apply Pledged State Aid Revenues to the payment of the Series 2021A Bonds, the Series 2021B Bonds, the Series 2022A 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 2021A Bonds, the Series 2022B Bonds, the Series 2022A 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 2022A 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 2022A Indenture (the "Deposit Direction"). As long as any of the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Indenture.

In the event that in any year the Trustee delivers to the Board pursuant to the Series 2022A Indenture a "Notice Regarding Deposit of Pledged State Aid Revenues" described in the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2022A Bond is subject on the date of original issuance thereof.

The Board shall not permit any of the proceeds of the Series 2022A 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 2022A 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 2022A Indenture:

(1) If a default shall occur in the due and punctual payment of interest on any Series 2022A 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 2022A 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 2022A Indenture or in the Series 2022A 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 2022A 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 2022A BONDS IF AN EVENT OF DEFAULT OCCURS UNDER THE SERIES 2022A INDENTURE.

If an Event of Default shall happen under the Series 2022A 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 2022A 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 2022A Bonds or the Series 2022A 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 2022A Bonds under such Series 2022A Bonds or the Series 2022A Indenture.

All rights of action under the Series 2022A Indenture may be enforced by the Trustee without the possession of any of the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds then due, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest then due on the Series 2022A Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on such Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all such Series 2022A 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 2022A Indenture or the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Indenture conferred upon or reserved to the Trustee or the Owners of the Series 2022A 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 2022A Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the Owners of all of the Series 2022A Bonds, waive any past default under the Series 2022A Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of such Series 2022A 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 2022A Indenture by giving not less than 60 days written notice to the Board, all Owners of the Series 2022A 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 2022A 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 2022A Bonds then Outstanding (excluding any Series 2022A 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 2022A Bonds then Outstanding, excluding any such Series 2022A 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 2022A Bonds then Outstanding, excluding any Series 2022A 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 2022A 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 2022A 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 2022A Bonds, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Series 2022A 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 2022A 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 2022A Bonds then Outstanding shall have the right, from time to time, anything contained in the Series 2022A 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 2022A 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 2022A Bond, without the consent of the Owner of such Series 2022A 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 2022A Indenture, without the consent of the Owners of all the Series 2022A Bonds at the time Outstanding, (c) a reduction in the aforesaid aggregate principal amount of Series 2022A 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 2022A 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 2022A Bonds, the loss of the exclusion from federal gross income of the Owners of the interest paid on such Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds giving such consent and upon any subsequent Owner of such Series 2022A Bonds and of any Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Indenture and the rights and obligations of the Board and of the Owners of the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A Indenture, then the pledge of the Trust Estate under such Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds and to the Trustee shall thereupon be discharged and satisfied.

Series 2022A 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 2022A 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 2022A Bonds, and (e) if any of said Series 2022A Bonds are not to be paid or redeemed within the next succeeding 45 days, irrevocable instructions to mail to all Owners of said Series 2022A Bonds a notice that such deposit has been made with the Trustee and that said Series 2022A Bonds are deemed to have been paid in accordance with the Series 2022A 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 2022A 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 2022A 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 2022A 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 2022A 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 2022A Bonds as described in the preceding paragraph may not be sold, redeemed, invested, reinvested or removed from the lien of the Series 2022A 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 2022A 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 2022A 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 2022A Bonds to which such Series 2022A Bonds are otherwise entitled; and (iv) such other documents and showings as the Trustee may reasonably require.

APPENDIX A-2

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2022B INDENTURE

The Series 2022B Bonds offered through the attached Official Statement are secured under the Series 2022B Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by the Series 2022B 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 Series 2022B Indenture are on file with the Trustee. A Summary of the Indenture in regard to the Series 2022A Bonds, is set forth in APPENDIX A-1.

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 2022B Bonds and the 2009 Authorization Bonds, as authorized by the Series 2022B 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 2022B Bonds and for any Bond Year, the sum of the interest on and principal of the Series 2022B 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 2022B 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 2022B 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 2022B 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.

"*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 2022B 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 2022B 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*" means February 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 2022B 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 2022B Bonds.

"*DTC Participant*" means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2022B 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 2022B 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, 2022.

"*Interest Sub-Account*" means the sub-account of that name in the Bond Payment Account established in the Series 2022B 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 2022B Bonds that will become due and payable during such Bond Year, less 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 2022B Bonds, as of any date, all such Bonds theretofore or thereupon being authenticated and delivered under the Series 2022B Indenture except:

(i) Any Series 2022B Bonds canceled by the Trustee at or prior to such date;

(ii) Series 2022B Bonds (or portions of Series 2022B 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 2022B Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), *provided* that if such Series 2022B Bonds (or portions of Series 2022B Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the 2022B Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Series 2022B Bonds in lieu of or in substitution for which other Series 2022B Bonds shall have been authenticated and delivered pursuant to the Series 2022B Indenture; and

(iv) Series 2022B Bonds deemed to have been paid as provided in the Series 2022B Indenture.

"*Owner*" means any Person who shall be the registered owner of any Series 2022B Bond or Series 2022B 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 2022B Bonds and any successor or successors appointed by a Designated Official under the Series 2022B 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 2022B Indenture.

"*Pledged State Aid Revenues*" means State Aid Revenues, in the maximum annual amount of $300,000,000 provided for under the 2009 Authorization, in amounts each year as shall provide payment of the Series 2022B Bonds, the 2009 Authorization Bonds and Additional Bonds and required coverage and pledged, in conjunction with the lien on the Pledged State Aid Revenues imposed by and arising under the Act and under the Series 2012B Indenture as security for the Series 2022B 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 2022B Indenture as security for the Series 2022B Bonds.

"*Pledged Taxes Account*" means the account of that name in the Debt Service Fund established in the Series 2022B 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

(A) which are rated at the time of purchase, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on 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 2022B Indenture.

"*Rating Services*" means the nationally recognized rating services, or any of them, that shall have assigned ratings to any Outstanding Series 2022B 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 2022B Bonds, the 15th 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 2022B Bond, the amount payable upon the date fixed for redemption.

"*Refunded Bonds*" means the Series 2011A Bonds.

"*Registrar*" means the Trustee and any other bank, national banking association or trust company appointed by a Designated Official under the Series 2022B Indenture and designated as registrar for the Series 2022B 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 2022B Bonds. When the term "Series" is used without any other description, it shall mean the Series 2022B Bonds.

"*Series 2011A Bonds*" means the $402,410,000 aggregate principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2011A, of the Board.

"*Series 2022B Bonds*" or "*Bonds*" means the $372,170,000 aggregate principal amount of Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues) Series 2022B, of the Board.

"*Series 2022B Indenture*" means the Indenture securing and under which the Series 2022B Bonds are issued, dated as of February 1, 2022 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 2022B Indenture.

"*Supplemental Indenture*" means any Supplemental Indenture between the Board and the Trustee authorized pursuant to the Series 2022B Indenture.

"*Tax Agreement*" means the Tax Exemption Certificate and Agreement of the Board relating to the Series 2022B Bonds.

"*Trustee*" means The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, and any successor or successors appointed under the Series 2022B Indenture. The "designated corporate trust office" of the Trustee means 2 North LaSalle Street, Suite 700, 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 2022B Indenture.

"*2009 Authorization*" means the authorization adopted by the Board pursuant to Resolution No. 09-0722-RS11 adopted on July 22, 2009.

"*2009 Authorization Bonds*" means outstanding Alternate Bonds of the Board secured by the Pledged State Aid Revenues pledged under the 2009 Authorization, including the following series: (i) the outstanding Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2010C; (ii) the outstanding Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2010D; (iii) the outstanding Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2012A; (iv) the outstanding Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2017C and (v) the outstanding Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues) Series 2018A.

"*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 2022B Bonds issued under the Series 2022B Indenture, according to the import thereof, and the performance and observance of each and every covenant and condition in such Series 2022B Indenture and in the Series 2022B Bonds contained, the Board pledges and grants in the Series

2022B 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 2022B Indenture:

(a) The Pledged State Aid Revenues and the Pledged Taxes, *provided* that (i) that the pledge of the Pledged State Aid Revenues to the payment of the Series 2022B Bonds is on a parity with the pledge of such revenues to the payment of the 2009 Authorization Bonds and 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 2022B 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 2022B Indenture.

Pursuant to Section 13 of the Act, the moneys, securities and funds pledged under the Series 2022B 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 2022B Indenture, each and all of the Series 2022B 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 2022B Bonds are General Obligations

The Series 2022B 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 2022B Indenture. The Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B Indenture, and shall not, except as expressly authorized in the Series 2022B 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 2022B Bonds, and the 2009 Authorization 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 2022B Bonds. Such subordinate obligations will be paid from 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 2022B 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 2022B Bonds under the Series 2022B Indenture. Each Series 2022B 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 2022B Bond, the Board shall issue in the name of the transferee a new Series 2022B Bond or Series 2022B 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 2022B Bond shall be registered upon the registration books of the Board as the absolute owner of such Series 2022B Bond, whether such Series 2022B 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 2022B 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 2022B 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 2022B Bonds is exercised, the Board shall execute and the Trustee shall authenticate and deliver Series 2022B Bonds in accordance with the provisions of the Series 2022B Indenture. All Series 2022B Bonds surrendered in any such exchanges shall forthwith be canceled by the Trustee. For any exchange or transfer of Series 2022B 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 2022B Bond after such Series 2022B 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 2022B Indenture: (i) Pledged Revenues Account consisting of the (1) the Deposit Sub-Account and (2) the State Aid Revenues Sub-Account; (ii) Pledged Taxes Account; and (iii) 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 2022B Bonds on such Interest Payment Date as described in the Series 2022B 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 and the Deposit 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 2022B 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 such Net Annual Debt Service Requirement the Board shall, pursuant to the provisions of the Series 2022B 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 satisfy the 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 2022B Indenture, shall be withdrawn from such Sub-Account and paid to the Board free and clear of the lien of the Series 2022B 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 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 2022B Indenture.

Pledged Taxes Account. As described in the Series 2022B 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 2022B 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 2022B 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 moneys 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 2022B Bonds, 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 one-half of the principal amount of the Outstanding Series 2022BBonds, if any, which mature on the next December 1; 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 principal amount of the Outstanding Series 2022B Bonds, if any, which mature on that December 1. 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 2022B 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 2022B 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 2022B 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 2022B 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 State Aid 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 2022B 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.

Investment of Funds

Moneys held in 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 2022B 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 2022B 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 2022B 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 Series 2022B 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 2022B 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 2022B 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 2022B 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 hereby covenants, so long as there are any Outstanding Series 2022B Bonds, to provide for, collect and apply the Pledged State Aid Revenues to the payment of the 2009 Authorization Bonds, the Series 2022B 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 2022A Bonds, the Series 2022B Bonds and any Additional Bonds. 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 herein provided.

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 2022B Indenture (the "Deposit Direction"). As long as any of the Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Indenture.

In the event that in any year the Trustee delivers to the Board pursuant to the Series 2022B Indenture a "Notice Regarding Deposit of Pledged State Aid Revenues" described in the Series

2022B Indenture evidencing that the amount on deposit to the credit of the State Aid Revenues Sub-Account is insufficient to meet the Net Annual Debt Service Requirement for the Series 2022B 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-2, 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 2022B Indenture. See "*Events of Default and Remedies*" in this APPENDIX A-.2

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 2022B 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 2022B 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 2022B Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2022B Bond is subject on the date of original issuance thereof.

The Board shall not permit any of the proceeds of the Series 2022B 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 2022B 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 2022B Indenture:

(1) If a default shall occur in the due and punctual payment of interest on any Series 2022B 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 2022B 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 2022B Indenture or in the Series 2022B 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 2022B 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-2; 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 2022B BONDS IF AN EVENT OF DEFAULT OCCURS UNDER THE SERIES 2022B INDENTURE.

If an Event of Default shall happen under the Series 2022B 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 2022B 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 2022B Bonds or the Series 2022B 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 2022B Bonds under such Series 2022B Bonds or the Series 2022B Indenture.

All rights of action under the Series 2022B Indenture may be enforced by the Trustee without the possession of any of the Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Bonds then due, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest then due on the Series 2022B Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on such Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all such Series 2022B 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 2022B Indenture or the Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Indenture conferred upon or reserved to the Trustee or the Owners of the Series 2022B 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 2022B Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the Owners of all of the Series 2022B Bonds, waive any past default under the Series 2022B Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of such Series 2022B 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 2022B Indenture by giving not less than 60 days written notice to the Board, all Owners of the Series 2022B 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 2022B 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 2022B Bonds then Outstanding (excluding any Series 2022B 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 2022B Bonds then Outstanding, excluding any such Series 2022B 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 2022B Bonds then Outstanding, excluding any Series 2022B 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 2022B 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 2022B 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 2022B Bonds, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Series 2022B 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 2022B 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 2022B Bonds then Outstanding shall have the right, from time to time, anything contained in the Series 2022B 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 2022B 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 2022B Bond, without the consent of the Owner of such Series 2022B 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 2022B Indenture, without the consent of the Owners of all the Series 2022B Bonds at the time Outstanding, (c) a reduction in the aforesaid aggregate principal amount of Series 2022B 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 2022B 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 2022B Bonds, the loss of the exclusion from federal gross income of the Owners of the interest paid on such Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B Bonds giving such consent and upon any subsequent Owner of such Series 2022B Bonds and of any Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Indenture and the rights and obligations of the Board and of the Owners of the Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B Indenture, then the pledge of the Trust Estate under such Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B Bonds and to the Trustee shall thereupon be discharged and satisfied.

Series 2022B 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 2022B 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 2022B Bonds, and (e) if any of said Series 2022B Bonds are not to be paid or redeemed within the next succeeding 45 days, irrevocable instructions to mail to all Owners of said Series 2022B Bonds a notice that such deposit has been made with the Trustee and that said Series 2022B Bonds are deemed to have been paid in accordance with the Series 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Bonds as described in the preceding paragraph may not be sold, redeemed, invested, reinvested or removed from the lien of the Series 2022B 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 2022B 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 2022B 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 2022B Bonds to which such Series 2022B Bonds are otherwise entitled; and (iv) such other documents and showings as the Trustee may reasonably require.

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APPENDIX B

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2021

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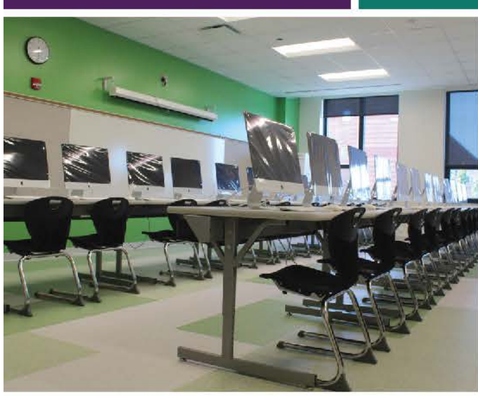
Chicago Public Schools

Annual Comprehensive Financial Report

Office of Finance

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



Lori Lightfoot
Mayor, City of Chicago

Miguel del Valle
Board President

Pedro Martinez
Chief Executive Officer

Miroslava Mejia Krug
Chief Financial Officer

David Paul, CPA
Interim Controller

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

Chicago, Illinois

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2021

Prepared by the
Office of Finance

Lori Lightfoot, Mayor, City of Chicago
Miguel del Valle, Board President
Pedro Martinez, Chief Executive Officer
Miroslava Mejia Krug, Chief Financial Officer
David Paul, CPA, Interim 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

Dear Friends and Colleagues,

It is our privilege to present you with the Chicago Public Schools (CPS) fiscal year 2021 (FY21) financial results, which demonstrate the district's continued commitment to financial stability.

Despite unprecedented, ongoing challenges created by the COVID-19 pandemic, disruptions in the labor market, and an unpredictable global supply chain, CPS 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 slightly exceeding expenditures.

During FY21, CPS remained committed to our Five-Year Vision, promoting equity and prioritizing resources for schools and students who need them most and investing $566 million to priority facilities needed at neighborhood schools, full-day pre-k expansions, ADA accessibility, and continued expansion of technology upgrades and modern science labs.

Despite the pandemic's educational disruptions, our schools went above and beyond to support our students, leading to several record-breaking achievements. For example, CPS' one-year dropout rate is the lowest-ever at 3.8% with improvements by all children, and the five-year graduation rate is at an all-time high of 83.8%.

To address the academic and social-emotional impacts of COVID-19 in FY22, the district dedicated federal stimulus funds to launch *Moving Forward Together*, a new multi-year initiative that will invest $525 million to provide the resources and supports our students and school communities need to accelerate their learning and gain the social emotional skills needed to heal from the pandemic.

Our FY22 operating budget totals $7.8 billion and invests $4.4 billion in school-level funding (an increase of more than $266 million from last year). Our capital budget invests $706.6 million in projects that will help ensure students across the city have access to modern, safe school buildings for years to come. School budgets for FY2022 will provide CPS schools with a comprehensive set of supports to advance equity, expand access to free pre-k, meet the needs of diverse learners, increase nurse, social worker, and case manager staffing to record-high levels, and address unique student needs arising from the pandemic.

We remain committed to working with the Chicago Board of Education and the Honorable Mayor Lori E. Lightfoot to continue our district's historic progress. Our focus moving forward will be on maintaining the district's financial stability and on improving the equity and transparency that is needed if every child from every community in Chicago is to receive the education they need for success in college, career, and civic life.

Respectfully submitted,

Miguel del Valle
President
Chicago Board of Education

Pedro Martinez
Chief Executive Officer
Chicago Public Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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III. STATISTICAL SECTION (Unaudited)

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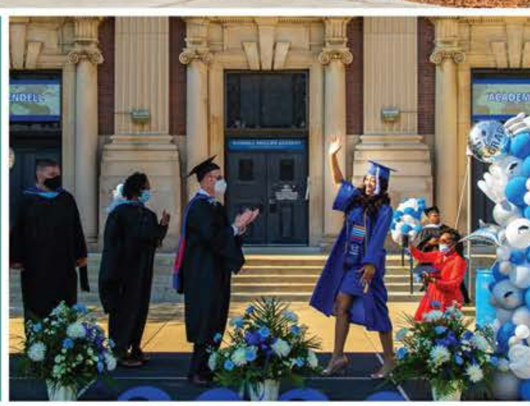
Chicago Public Schools

Introductory Section

Dore Elementary School



CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BOARD OFFICIALS AS OF DECEMBER 15, 2021

Chicago Board of Education

Miguel del Valle, President
Sendhil Revuluri, Vice President

Members

Luisiana Meléndez
Lucino Sotelo
Elizabeth Todd-Breland
Dwayne Truss

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago Public Schools
Illinois

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Chicago Public Schools

for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.

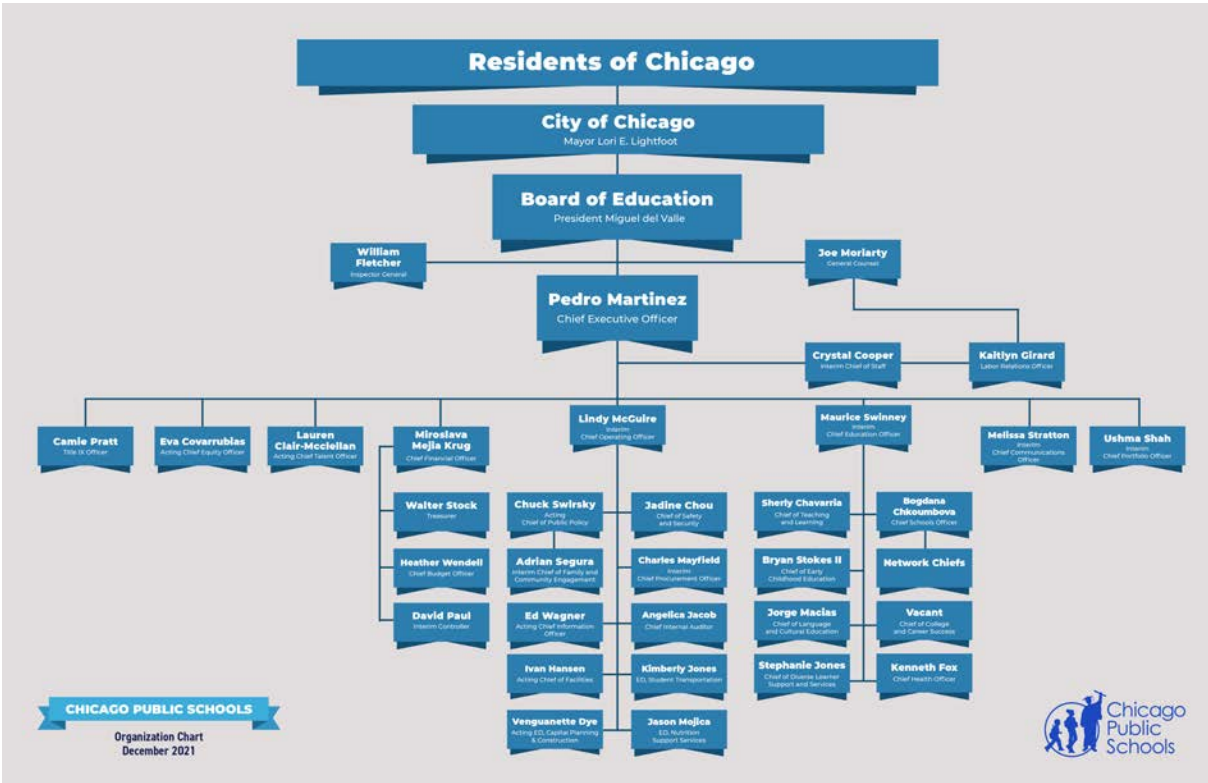
The district report meets the criteria established for
ASBO International's Certificate of Excellence.

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

W. Edward Chabal
W. Edward Chabal
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.

Sendhil Revuluri

Sendhil Revuluri was appointed Vice President of the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 26, 2019.

Mr. Revuluri was a founding teacher at the Bronx Academy of Letters, a public secondary school in the South Bronx, where he was recognized as a Math for America Master Teacher. He subsequently worked in the CPS Office of High School Teaching and Learning and at the University of Illinois at Chicago as Associate Director of the Suburban Cook County Mathematics Initiative, a project for collaborative improvement in teaching and learning benefiting over 40,000 K–12 students in 40 public school districts.

Mr. Revuluri has served on a Local School Council, and on the board of the Illinois Council of Teachers of Mathematics, which recognized him with the Lee Yunker Mathematics Leadership Award. He currently serves on the boards of the Bright Promises Foundation and Math Circles of Chicago. He is a 2016 Fellow of Leadership Greater Chicago.

Mr. Revuluri is Managing Director of Strategic Development at PEAK6 Capital Management, an entrepreneurial investment firm that leverages technology to efficiently manage risk in the options market. He launched its internal Hackathon, leads other innovation projects, and supports the development of business strategy, as well as leading efforts for effective professional learning. Mr. Revuluri was previously an Executive Director of Equity Trading at UBS Warburg LLC in Chicago and Stamford, Connecticut, where he created instruments to manage risk and enable investment opportunities, developed and led new businesses, and collaborated to improve enterprise-level risk systems.

Mr. Revuluri was born in Chicago and attended the Illinois Mathematics and Science Academy, from which he received the Alumni Titan Award. He studied physics and mathematics at the University of Chicago and secondary mathematics teaching at Pace University.

Mr. Revuluri lives in Pilsen with his wife, Venu Gupta, and their two children, who are currently attending Chicago Public Schools.

Luisiana Meléndez

Luisiana Meléndez was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 26, 2019.

Dr. Meléndez is a Clinical Professor at Erikson Institute and director of the Institute's Bilingual/ESL Program. She received her B.A. in Psychology in her native Dominican Republic and a master's in early childhood education and doctorate in child development from Loyola University Chicago/Erikson Institute. Before joining the faculty at Erikson, Dr. Meléndez worked for close to two decades as an early childhood and elementary teacher in the Dominican Republic and in the U.S.

At Erikson, Dr. Meléndez teaches courses and participates in initiatives to prepare early childhood practitioners to meet the developmental and learning needs of the increasingly diverse children and families in U.S. educational settings. In the last years she has also collaborated with Gateways for Opportunity, the statewide professional development support system for individuals and programs serving children, youth, and families around issues of early bilingual and multilingual language development.

Dr. Meléndez frequently presents in national as well as local conferences and has several publications on her areas of professional interest. In addition to her work in early childhood teacher education and professional development, Dr. Meléndez has served on the Early Childhood Committee of the Illinois State Board of Education since 2012. She was a member of the Board of Directors of El Valor for several years. Dr. Meléndez regularly participates in workgroups and advisory boards convened around issues of bilingual and multilingual development and acted as co-chair of the Chicago Consortium for School Research Steering Committee.

She is a Chicago resident since 1996 and feels privileged by the opportunity to serve on the Chicago Board of Education, where she aspires to bring together her professional interests on bilingual and multilingual young children and her personal commitment to equity and social justice.

Lucino Sotelo

Lucino Sotelo was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 26, 2019.

Mr. Sotelo currently serves as the Chief Digital Officer, Wealth Management at Northern Trust Corporation. He is an award-winning digital and marketing executive, consistently delivering transformational results. He has led teams at W.W. Grainger, BMO Harris, HSBC, Grant Thornton, Diamond Technology Partners and CSC Index.

Mr. Sotelo has committed himself to community and investing in organizations that help others achieve higher levels of success, with a passionate focus on educational equality in all communities:

- City Year Chicago | Executive Board Member & Committee Chair
- Association of Latino Professionals For America | Senior Leadership Council

- Leadership of Greater Chicago Fellow | Former Executive Board Member
- Chicago Planning Commission | Former Commissioner
- Peace and Education Coalition, Executive Service Corps Chicago, YMCA – Former Board Member

Mr. Sotelo has an MBA from Northwestern University's Kellogg School of Management and a Bachelor's of Science degree from DePaul University in Accounting. He is a proud CPS alum of Wells Community Academy and proud parent of two current CPS students. Mr. Sotelo was recognized as one of the country's 2018 Top Latino Leaders by the National Diversity Council, 2015 Top Ten Lideres by Hispanic Executive Magazine, Chicago United Business Leader of Color, Diversity MBA's Top 100 Executives, Who's Who In Hispanic Chicago and Instituto Del Progreso Latino Spirit Award.

Mr. Sotelo lives in Chicago with his wife Maria, enjoys coaching his son's baseball team and playing golf with his daughter.

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 Associated 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.

Dwayne Truss

Dwayne Truss was appointed to the Chicago Board of Education by Mayor Lori Lightfoot and began serving on June 26, 2019.

Mr. Truss is a life-long resident of the City of Chicago. Mr. Truss was born and raised in West Garfield Park and is a proud graduate of Chicago Public Schools. After graduating from Westinghouse Area Career Vocational High School in 1981, he joined the United States Marine Corps Reserve. After a short tenure with the USMCR, he transferred to the Army National Guard. Mr. Truss was honorably discharged in 1986.

Mr. Truss graduated with a Bachelor of Science in Accounting from Northeastern Illinois University in 1985.

Mr. Truss met his wife Cata while a student at Northeastern and they were married in 1986. Together they raised five sons; four are college graduates.

Mr. Truss has served his community in the following capacities: Executive Director/Coach of Austin Youth League/ Austin Mandela Little League from 1990 to 2007, local school council member at Byford (now Brunson), Hitch and Ella Flagg Young schools, current member of the Columbus Park Advisory Council, former board member of Raise Your Hand for Illinois Public Education, former co-chair of the Austin Community Action Council, member of the Westside Parks Executive Advisory Council and the Westside Branch of the NAACP. Mr. Truss is also an occasional contributor to both the Austin Weekly News and AustinTalks.org community newspapers.

Mr. Truss's major accomplishments include being the catalyst for the construction and current academic focus of the new Westinghouse High School, the renovation of Austin High School, the renovation of the new ball fields at Columbus Park, the renovation of Rockne Stadium, the reconsolidation of Austin High School as the neighborhood high school and the recent Chicago Park District investment of $3 million in capital improvements for Austin Parks. He is currently employed by the State of Illinois.

Mr. Truss currently resides in the Austin community. He is a proud grandfather of nine grandchildren. In addition to his children, he and his wife helped raise two nieces, and two nephews.

The members of the Board have been appointed to serve terms ending as follows:

Member	Term Expires
Miguel del Valle, President	June 30, 2023
Sendhil Revuluri, Vice President	June 30, 2023
Luisiana Meléndez	June 30, 2022
Vacancy	June 30, 2023
Lucino Sotelo	June 30, 2022
Elizabeth Todd-Breland	June 30, 2023
Dwayne Truss	June 30, 2022

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.

Chicago Public Schools

Office of Finance 42 West Madison, 2nd Floor Chicago, Illinois 60602-4413
Telephone: 773-553-2710 Fax: 773-553-2711

December 15, 2021

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, 2021, 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, 2021, 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 2021 with a positive fund balance of $804 million in the General Operating Fund. This is the fourth 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 pre-kindergarten 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 2021, CPS had 638 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 2021, CPS authorized 114 charter schools, serving nearly 52,000 students.

Student enrollment as of September 2020 was 340,658, a decrease of 14,498 from September 2019 (355,156). Approximately 63.8% of our students come from low-income families and 18.6% are English Language Learners. CPS employs 38,433 workers, including 25,943 teaching positions. Based on data available as of September 2021, student enrollment for fiscal year 2022 is 330,411 which is a decrease in enrollment of 10,247.

LOCAL ECONOMIC OUTLOOK

The Chicago economy continues to recover from the COVID-19 pandemic. However, it is important to note that the majority of CPS revenues are not economically sensitive. Property tax increases are capped at the rate of inflation; and Federal and State aid are allocated based on formulas and limited by federal and state appropriations. Therefore, our revenues are not directly affected by changes in the local economy. While the impacts of the COVID-19 pandemic and the attempts to counter those impacts are far ranging, the effects on the Board have so far been either financially limited or, where they are not, the Board has made adjustments to mitigate the effects.

For more information regarding Chicago's local economy, refer to the City of Chicago budget book at http://www.cityofchicago.org/city/en/depts/obm/supp_info/annual-budget-recommendations---documents.html.

Local revenues included $3.157 billion in property taxes and $282.1 million in personal property replacement taxes in fiscal year 2021. 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 2021, there was $60.2 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 2021, the estimated impact of these abatements was a reduction in property tax revenue of $44.5 million.

CURRENT CONDITION

The fiscal year 2021 budget for General Operating Fund expenditures was $6.916 billion, $597 million above the fiscal year 2020 budget of $6.319 billion. The 2021 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 FY2021 provided CPS schools with a comprehensive set of supports to advance equity; enhance college and career readiness supports; expand access to free Pre-K; meet the needs of diverse learners; and increase nurse, social worker, and case manager staffing levels to an all-time high in the district.

Total governmental funds revenues for fiscal year 2021 were $7.454 billion, which is $521 million more than the $6.933 billion reported as fiscal year 2020 revenue. Total expenditures for fiscal year 2021 were $7.735 billion, which is approximately $0.334 billion greater than the prior year of $7.401 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 2021 with a combined fund balance of $1.826 billion in all governmental funds, a increase of $0.283 billion from fiscal year 2020 ending fund balance of $1.543 billion, as restated.

Fiscal year 2021 revenues included a $83.4 million increase in property tax revenues and a $79.6 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 overperformance of state corporate income tax receipts.

In fiscal year 2021, CPS received total $1.658 billion state Evidence Based Funding (EBF) unrestricted revenue, which is $8 million lower than that amount in fiscal year 2020; and CPS received other restricted state revenue $364.0 million. Additionally, CPS received $266.9 million in pension support from the state — which is nearly an $9.6 million increase from fiscal year 2020 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 $515.2 million in total revenues from these packages in fiscal year 2021, compared to $84.9 million in fiscal year 2020. 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 four years, CPS has reduced its short-term borrowing by approximately $600 million. Despite the unprecedented circumstances related to COIVD-19, CPS continued to make progress on improving its cash flow by decreasing its Tax Anticipation Notes outstanding at the end of the FY2021 by $256 million, from $500 million in FY2020 to $244 million in FY2021. By relying less on short-term borrowing, the district saved $6 million in short-term interest costs in FY2021 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, 2020, the Pension Fund reported $11.240 billion in actuarial assets and $24.073 billion in actuarial liabilities, for a funded ratio of 46.7%. CPS has recorded a net pension liability of $15.441 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 2021, the state contributed $266.9 million for these costs. The second major funding source is a dedicated property tax levy, which provided $489.3 million in pension contributions in fiscal year 2021. 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. During fiscal years 2018 through 2020, CPS' general obligation bond ratings began to recover from earlier downgrades, with the ratings companies citing improved revenues and fund balance. CPS maintained its general obligation ratings during the COVID-19 crisis and received two upgrades in fiscal year 2021.

LONG-TERM FINANCIAL PLANNING

As a result of CPS' improved revenue structure, due primarily to new funding from the state and dedicated revenue sources for teacher pensions, the district's reliance on one-time budget balancing measures has declined. Performance in fiscal year 2021 indicates a structural balance that the district will seek to maintain going forward. CPS will, however, continue to face challenges in maintaining fiscal balance, with caps on local property taxes, legacy debt service costs, pension costs and increased federal funding set to expire in fiscal year 2024.

The structural budget deficit that persisted through fiscal year 2017 was due primarily to inequitable state education funding. The new state funding formula both guarantees a minimum funding level for CPS and sets a path to equitable funding. Full equity in funding, however, will not be achieved until the state is able to fully fund its Evidence-Based Funding formula, and, despite the state's coverage of teacher pension normal cost, CPS remains the only school district in the state that funds the vast majority of its teacher pension costs.

Before the passage of the new state-wide Evidence-Based funding model (EBF) in 2017, CPS experienced steady state revenue declines which brought years of fiscal uncertainty; as result, CPS relied heavily on property tax revenues to help fully fund its schools. Since 2007, the property tax revenues' percentage of the total budget has continuously increased from 36.7% in fiscal year 2007 to 41.5% in 2017. In fiscal year 2021, with inflation at 2.3%, the base property tax levy increased by $130.2 million, putting the total budget's percentage of property tax revenue at 46.5%. Though CPS is able to take advantage of new property that is added to the base property values, the annual increase in non-pension dedicated revenues remains modest.

RELEVANT FINANCIAL POLICIES

Fund Accounting: CPS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See Notes 1 and 2 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and a description of fund types and account groups).

Internal Control Structure: CPS financial management officials are responsible for implementing and enforcing a system of internal controls to protect the assets of CPS from loss, theft, or misuse and to ensure that reliable accounting data is available for the timely preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control: Annual budgets are prepared on a basis consistent with GAAP for the General Operating, Capital Projects and Debt Service Funds. The fiscal year begins on July 1 and ends June 30. Individual school units submit budgets based on the school improvement plans and approved by the Local School Councils. Administrative units submit budget requests to the Office of Budget and Grants Management, which analyzes all requests and prepares a comprehensive budget, balancing revenues and appropriations of each fund. The budget is submitted to the Board of Education for appropriation.

The appropriated budget is prepared by fund, unit, and account.The legal level of budgetary control is at the account level, except for school-based discretionary programs. CPS maintains budgetary controls to ensure that legal provisions of the annual budget are in compliance and expenditures cannot legally exceed the appropriated amount. Board approval is required for all funding transfers except school-based discretionary program expenditures, which are governed by specific program policies and procedures. In addition, an amended budget is required for increases in total appropriation.

Budgetary control is also maintained by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Capital Projects Funds are budgeted on a project-by-project basis and represent the entire project budget for projects expected to begin in that fiscal year.

MAJOR INITIATIVES

At Chicago Public Schools, our mission is to provide a high-quality public education for every child in every neighborhood that prepares them for success in college, career, and civic life. With our district's improved financial position and students making remarkable academic progress, CPS is focused on improving equity in our schools. To narrow the opportunity gap for students of color, English learners, diverse learners, and students living in the South and West sides, we have implemented strategic initiatives in the areas of education, finance, community, and the environment to build on our commitments to academic progress, financial stability, and integrity.

Educational Initiatives

Thanks to our students, families, educators, partners, and city leaders who have given their all to lift CPS to new heights. Despite the unprecedented circumstances of the last year, we have so much to be proud of as a district. Our graduation rates are at an all-time high, and a record high number of CPS students are earning college and career credentials before they even finish high school.

CPS continues to implement the five-year vision founded on three core commitments that remain at the heart of who we are: academic progress, financial stability, and integrity. Driving academic progress continues to be the primary focus of our work, and is rooted in long-term fiscal stability and a culture and climate that respects and values the contributions of all stakeholders. The CPS Five-Year Vision establishes equity as a moral imperative and acknowledges the fact that not all CPS students are given the same opportunities to succeed. Our Equity Office continues to work hand-in-hand with all CPS departments to make sure every decision we make, from capital investments to staffing to curriculum design, has equity at its core.

Curriculum Equity

In fiscal year 2021, CPS invested $47.7 million in Skyline, a first-of-its-kind digital PK-12 standards-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).

The fully-articulated Skyline courses were released this past summer in order to address a growing need for comprehensive and quality curricular resources district-wide. In 2019, over 500 educators participated in a survey to determine the quality of curricular resources in their classrooms. Over 46% reported that their school does not have a curriculum available for the subject they teach, and over 85% agreed or strongly agreed that it is very important that CPS provide unit plans, lesson plans, and resources for teachers. The implications of COVID-19 over the past two academic years have further heightened the need for grade-level appropriate resources, and Skyline will serve as an important district resource to address achievement gaps.

This year, over 350 schools have committed to formally adopting Skyline in at least one content area.

Academic Program Expansion

Through the Academic Focus request for proposal CPS invests in schools by providing school-based academic programs in a variety of content areas. For the Office of Teaching and Learning, these include Fine and Performing Arts, STEM, STEAM, Personalized Learning, IB, and Gifted programs. For the Office of Language and Cultural Education, these include Dual Language and World Language programs. Schools receive investments tailored to their program focus, including additional FTEs, capital improvements, discretionary incubation funds, and professional learning support. In fiscal year 2021, the district invested $1.2 million to incubate the following new programs: 1 IB school, 2 Fine & Performing Arts schools, 1 STEM school, 2 STEAM schools, and 1 Dual Language school.

Dual & World Language

In fiscal year 2021, CPS grew the number of dual language programs to 43. Dual Language Programs offer core instruction in both English and Spanish with the goal of developing proficiency in both languages. Programs begin at the preschool and kindergarten levels and provide a route for students to earn the CPS Pathways to the Seal of Biliteracy recognition at the elementary and middle school level or the State Seal of Biliteracy upon graduation from high school. CPS allocates approximately $2.1 million in Title III funding to support dual language programming with coordinator positions at the schools.

CPS also currently offers World Language Programs for 12 world languages in 233 schools serving 113,733 students. World Language Programs provide exposure to foreign languages by developing the listening, speaking, reading, and writing skills in the target languages. The Critical Language Initiative (CLI) is a component of CPS' World Language programs which emphasizes instruction in languages that are considered critical to U.S. national security interests. Focus languages include, but are not limited to, Arabic, Chinese, Hindi, Korean, and Russian. Approximately $3 million is invested annually to fund Arabic and Chinese world language teachers.

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. Currently, CPS has reached Universal Pre-K capacity in 58 community areas, with 18 in progress towards a fall 2022 completion goal. New classrooms have been opened in existing schools, in school annexes and branch locations and through the creation of new standalone early childhood centers.

At the beginning of fiscal year 2021, CPS successfully opened an additional 43 full-day preschool classrooms in communities across the city. While these classrooms initially launched remotely, due to the pandemic, Pre-K classrooms were among the first to return to in-person learning when the district reopened schools in spring 2021. CPS is now in our final phase of expansion and added 53 new full-day preschool classrooms at the beginning of fiscal year 2022, bringing the total number of full-day preschool classrooms district-wide to 793. This leaves 116 remaining towards our Universal Pre-K goal, which will serve a projected 18,180 students.

Advanced Placement

The Advanced Placement (AP) program continues to expand in alignment to the CPS Vision of an increase of 10% AP students by 2024 via two specific initiatives: AP Capstone and EOS.

AP Capstone is a diploma program based on two-year-long AP courses--AP Seminar and AP Research--in addition to four additional AP courses of the student's choosing. The AP Capstone program has experienced significant growth over the past three years: 29 AP Capstone campuses in 2021 versus 9 in 2018 and 852 AP Capstone students in 2021 versus 601 in 2018. A total of $24,000 was provided to train up to 30 AP Seminar and AP Research teachers each year in addition to covering the cost of the AP Capstone exams ($142/exam).

The Equal Opportunity Schools (EOS) mission is to identify underrepresented students on existing AP and IB campuses to increase access and equity to both programs. In 2021, this initiative served a total of 18 schools with an investment of $305,500. A total of 18,243 high school students were engaged on the 18 campuses. In 2021, CPS expanded the EOS initiative to 57 additional district managed campuses with existing AP programs for a potential total of 75 campuses that can be served with a three-year investment not to exceed $3.7 million.

Chicago Roadmap

Launched during 2020, the Chicago Roadmap is a comprehensive partnership between CPS and the City Colleges of Chicago (CCC) and the City of Chicago, to increase college enrollment, college persistence and degree attainment, and career success among CPS-CCC students. The Chicago Roadmap centers cross-institutional improvements in five key areas: Academic Readiness and Success; Access to High-Quality Programs; Student Advising and Supports; Career Exploration, Experience, and Preparedness; and Transparency, Alignment, and Collaboration. Aligned efforts in these areas aim to create new pathways for all of our students, particularly Black and Latinx students from underserved communities and diverse learners. Together with leading civic, philanthropic, and academic partners the Roadmap has raised over $16.0 million. The Roadmap aims to meet its funding goal of $37.5 million over the next five years to support high-quality, equitable education for all.

Comprehensive Social and Emotional Needs

Through a commitment to social emotional learning (SEL), CPS is creating supportive school environments that keep more of our students in school and engaged. With an over $10.0 million investment in social and emotional learning supports, including over $5.0 million for restorative practices and direct student services from community partners, CPS is dedicated to providing students with the SEL skills necessary for college, career and life success. Based on research-based school climate practices, teaming structures, and targeted behavior interventions, we are realizing our five-year vision by equipping our students with the skills they need to succeed in school and in life, such as goal-setting, cooperation, and conflict resolution. In addition, teacher training is provided to understand trauma and mental health, integrate SEL into instructional practices, develop their own SEL skills, and engage in restorative practices in the classrooms.

Community Schools Initiative

CPS manages one of the largest community schools systems in the nation, known as the Community Schools Initiative (CSI). Since 2003, CSI has launched more than 200 schools, in partnership with nearly 50 lead non-profit organizations. Community Schools serve as hubs of their communities to meet students' and families' academic and non-academic needs to develop educated citizens and strengthen local neighborhoods.

Community Schools bring together the academic and social supports needed to ensure that all students succeed by offering programs before, during and after the school day for students and their families. The programs are designed to support the school's academic program and expand the services offered within the community. Programs and services offered at each community school vary, but most community schools offer some combination of academic enrichment activities for students, adult education and English as a Second Language classes, student and adult technology training, art activities, recreation and health services. In 2022, just over $25 million, including state grants, was invested in the Community Schools Initiative.

Capital Improvement Program

The CPS facility portfolio includes 522 campuses and 798 buildings. Our average building age is 63 years old. The fiscal year 2021 budget for CPS included a capital budget totaling $758 million of investments that focused on priority facilities needs at neighborhood schools; full-day Pre-K expansions; ADA accessibility for all campuses; and continued expansion of technology upgrades, modern science labs, and other academic priorities. To support schools throughout the city, the FY2021 capital plan provided funding in six main areas: critical facility needs, interior improvements, programmatic investments, overcrowding relief, site improvements, and IT and security upgrades. The projects were primarily funded by bond proceeds, state capital funds, City of Chicago tax increment financing, and federal E-rate 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, 2020. 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 20th 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.

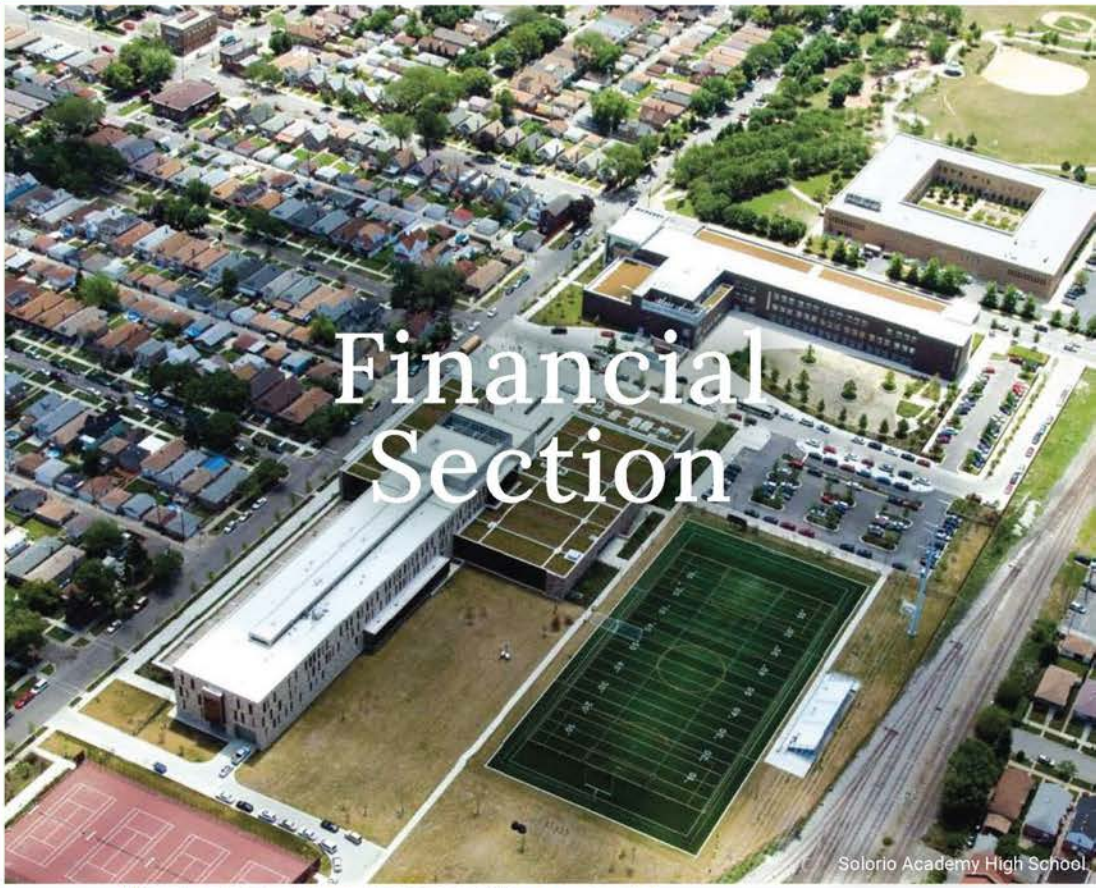
Respectfully submitted,

Miroslava Mejia Krug	David Paul, CPA
Chief Finance Officer	Interim Controller

Chicago Public Schools

Chicago Public Schools

Financial Section



Solorio Academy High School

Independent Auditors' Report

To the Board of Education of the City of Chicago
Chicago Public Schools

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise Chicago Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the 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, 2021 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.

Emphasis of Matter

As discussed in Note 1, Chicago Public Schools adopted the provisions of GASB Statement No. 84, *Fiduciary Activities,* effective July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

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

Supplementary Information

Our audit for the year ended June 30, 2021 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, 2021 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, 2021, 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, 2021.

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, 2020 (not presented herein), and have issued our report thereon dated December 18, 2020, 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, 2020 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 financial statements or to those 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 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chicago Public Schools' basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited Chicago Public Schools' 2020 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 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 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
December 15, 2021

CHICAGO PUBLIC SCHOOLS

Management's Discussion and Analysis (Unaudited)
June 30, 2021

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, 2021. Because the intent of this management discussion and analysis is to look at 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 2021, CPS implemented the Governmental Accounting Standards Board Pronouncement No. 84 (GASB 84). For the purposes of this Management Discussion and Analysis, the effect of this implementation was shown by increasing 2021 beginning net position and General Operating Fund balance by $50.0 million. Fiscal year 2020 balances are presented as previously reported. See Note 1 for further information on GASB 84 and the beginning balance restatement.

FINANCIAL HIGHLIGHTS

The government-wide financial statements and Statement of Net Position shows liabilities and deferred inflows totaling $30.0 billion, an increase of $2.2 billion from fiscal year 2020, while assets and deferred outflows equaled $12.7 billion, with an increase of $721.9 million. The overall increase in total liabilities and deferred inflows is primarily driven by increases in CPS' pension and other postemployment benefit liabilities of $1.7 billion. The overall increase in total assets and deferred outflows is mostly derived from higher deferred outflows of resources of $515 million from fiscal year 2020. CPS ended fiscal year 2021 with a deficit in net position of $17.378 billion, an increase in the deficit of $1.501 billion or 9.5% from the prior year. The Statement of Activities presents an increase in total expenses from fiscal year 2020 in governmental activities of $1.0 billion, an increase of property tax revenues of $81 million, an increase of replacement taxes of $80 million, a net increase of $448 million in grants and contributions and a decrease in other general revenues of $24 million.

CPS ended fiscal year 2021 with a combined fund balance for its governmental funds of $1.826 billion, an increase of $283.4 million or 19.0%, from fiscal year 2020. The fund balance increased by $236.7 million in the General Operating Fund, increased by $6.7 million in the Capital Project Fund, and increased by $40.1 million in the Debt Service Fund. Total revenues in the General Fund for fiscal year 2021 were $6.745 billion, which were $547 million or 8.8% higher than the prior year amount of $6.198 billion. Total expenses in the General Operating Fund for fiscal year 2021 were $6.508 billion, which increased by $344.0 million or 5.6% from the fiscal year 2020 amount of $6.164 billion. The General Operating Fund ended fiscal year 2021 with a positive fund balance of $803.8 million.

In fiscal year 2021, the Board issued fixed rate $450.0 million Unlimited Tax General Obligation Bonds (Dedicated Alternative Revenue), Series 2021A with an original issue premium $113.0 million. The Board also issued fixed-rate $107.5 million Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue), Series 2021B with an original issue premium of $26.1 million. As of June 30, 2021, CPS had $9.2 billion in total debt, including accreted interest outstanding versus $8.8 billion last year, an increase of 4.1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report (ACFR) consists of Management’s Discussion and Analysis and a series of financial statements and accompanying notes, both primarily focusing on the school district as a whole.

The government-wide financial statements including the Statement of Net Position and the Statement of Activities provide both short-term and long-term information about CPS’ financial status. The fund financial statements provide a greater level of detail of how services are financed in the short-term as well as the remaining available resources for future spending. The accompanying notes provide essential information that is not disclosed on the face of the financial statements, and as such, are an integral part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the School District’s finances in a manner similar to a private sector business. The Statement of Net Position and the Statement of Activities provide information about the activities of the school district as a whole, presenting both an aggregate and long-term view of the finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year’s revenues and expenses regardless of when cash is received or paid.

The ***Statement of Net Position*** presents information on all of CPS’ assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, for the resulting net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The ***Statement of Activities*** presents information showing the details of change in net position during the fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of CPS that are principally supported by taxes and inter-governmental revenues (governmental activities).

All of CPS’ services are reported in the government-wide financial statements, including instruction, pupil support services, administrative support services, facility support services, instructional support services, food services and community services. Property taxes, replacement taxes, state aid, and interest and investment earnings finance most of these activities. Additionally, capital assets and debt-financing activities are reported here.

Condensed Statement of Net Position
(Millions of Dollars)

	Governmental Activities			
	2021	2020	Difference	% Change
Current Assets	$ 3,058	$ 3,068	$ (10)	-0.3%
Capital Assets, net	6,509	6,344	165	2.6%
Non-current Assets	244	193	51	26.4%
Total Assets	$ 9,811	$ 9,605	$ 206	2.1%
Total deferred outflows of resources	$ 2,860	$ 2,345	$ 515	22.0%
Current Liabilities	$ 1,586	$ 1,895	$ (309)	-16.3%
Long-term liabilities	27,670	25,642	2,028	7.9%
Total Liabilities	$ 29,256	$ 27,537	$ 1,719	6.2%
Total deferred inflows of resources	$ 793	$ 290	$ 503	173.4%
Net Position (deficit):				
Net investment in capital assets	$ (1,757)	$ (1,561)	$ (196)	-12.6%
Restricted for:				
Capital projects	48	62	(14)	-22.6%
Debt service	718	707	11	1.6%
Grants and donations	12	14	(2)	-14.3%
Teacher's pension contributions	4	14	(10)	-71.4%
School Internal Accounts	48	—	48	100.0%
Unrestricted	(16,451)	(15,113)	(1,338)	-8.9%
Total net position (deficit)	$ (17,378)	$ (15,877)	$ (1,501)	-9.5%

Current assets decreased by $10 million, mainly due to current cash and investments decreasing by $79.0 million, current cash and investments in escrow increasing by $0.7 million and Federal, State and other receivables increasing by $20.3 million from fiscal year 2020. Receivables for property taxes and replacement taxes were higher by $38.6 million and $23.9 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 $165 million due to an increase in construction in progress in fiscal year 2021. Refer to Note 6 to the basic financial statements for more detailed information on capital assets.

Non-current assets increased by $51 million. Refer to Note 4 to the basic financial statements for more detailed information on cash and investments.

Deferred outflows of resources showed a increase of $515 million, which was directly attributable to the increase in deferred pension and other postemployment benefit outflows of $530.9 million. Refer to Note 12 and Note 13 to the basic financial statements for more information on CPS' pension and other postemployment benefit liabilities.

Current liabilities decreased by $309.0 million primarily due to a decrease in tax anticipation notes of $256.0 million. Refer to Note 8 to the basic financial statements for more detailed information on short-term debt.

Long-term liabilities increased by $2.028 billion, as a result of the increase in the pension and OPEB liability for CTPF of $1.667 billion and increase in long-term debt totaling $311.6 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 ended with a net increase of $503.0 million.

Net position (deficit) decreased by $1.501 billion to $17.378 billion (deficit). Of this amount, CPS recorded a net investment in capital assets of negative $1.757 billion, combined restricted net position of $830.0 million, including $47.9 million for capital assets, $718.5 million for debt service, $12.1 million for grants and donations, $4.2 million for future teacher's pension contributions and $48.2 million for school internal accounts. Restricted net position represents legal constraints from debt covenants and enabling legislation.

The $16.451 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, 2021.

The following table presents the changes in net position to fiscal year 2021 from fiscal year 2020:

Changes in Net Position
(In Millions)

	Governmental Activities			
	2021	2020	Difference	% Change
Revenues:				
Program revenues:				
Charges for services	$ 1	$ 2	$ (1)	-50.0%
Operating grants and contributions	2,043	1,612	431	26.7%
Capital grants and contributions	35	18	17	94.4%
Total program revenues	$ 2,079	$ 1,632	$ 447	27.4%
General revenues:				
Property taxes	$ 3,156	$ 3,075	$ 81	2.6%
Replacement taxes (PPRT)	282	202	80	39.6%
Non-program state aid	1,658	1,666	(8)	-0.5%
Interest and investment earnings	3	48	(45)	-93.8%
Other	306	330	(24)	-7.3%
Total general revenues	$ 5,405	$ 5,321	$ 84	1.6%
Total revenues	$ 7,484	$ 6,953	$ 531	7.6%
Expenses:				
Instruction	$ 5,832	$ 5,037	$ 795	15.8%
Support Services:				
Pupil Support Services	583	564	19	3.4%
Administrative Support Services	444	353	91	25.8%
Facilities Support Services	700	668	32	4.8%
Instructional Support Services	743	606	137	22.6%
Food Services	185	239	(54)	-22.6%
Community Services	63	44	19	43.2%
Interest expense	485	505	(20)	-4.0%
Other	—	18	(18)	-100.0%
Total expenses	$ 9,035	$ 8,034	$ 1,001	12.5%
Change in net position	$ (1,551)	$ (1,081)	$ (470)	-43.5%
Beginning net position (deficit) as restated	(15,827)	(14,796)	(1,031)	-7.0%
Ending net position (deficit)	$ (17,378)	$ (15,877)	$ (1,501)	-9.5%

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, 2020, the Pension Fund reported $11.240 billion in actuarial assets and $24.073 billion in actuarial liabilities, for a funded ratio of 46.7%. CPS has recorded a net pension liability of $15.441 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 2021, 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, 2021, CPS had $6.509 billion invested in a broad range of capital assets, including land, buildings, improvements and equipment. This amount represents a net increase of $165.0 million or 2.6% 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)	2021	2020	Difference	% Change
Land	$ 377	$ 359	$ 18	5.0%
Construction in progress	1,195	980	215	21.9%
Buildings and improvements	9,925	9,730	195	2.0%
Equipment and administrative software	209	211	(2)	-0.9%
Internally developed software	3	4	(1)	-25.0%
Total capital assets	$ 11,709	$ 11,284	$ 425	3.8%
Less: accumulated depreciation	(5,200)	(4,940)	(260)	-5.3%
Total capital assets, net	$ 6,509	$ 6,344	$ 165	2.6%

Debt Obligations

In fiscal year 2021, the Board issued fixed rate $450.0 million Unlimited Tax General Obligation Bonds (Dedicated Alternative Revenue), Series 2021A with an original issue premium $113.0 million. The Board also issued fixed-rate $107.5 million Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue), Series 2021B with an original issue premium of $26.1 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, 2021, CPS had $9.2 billion in total debt, including accreted interest versus $8.8 billion last year, an increase of 4.1%. 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, 2021, as compared with June 30, 2020. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

Governmental Funds
Total Revenues, Other Financing Sources (Uses) and Expenditures
(In Millions)

	2021 Amount	2020 Amount	2021 Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Revenues:					
Property taxes	$ 3,157	$ 3,074	38.7 %	$ 83	2.7%
Replacement taxes	282	202	3.5 %	80	39.6%
State aid	2,289	2,240	28.1 %	49	2.2%
Federal aid	1,149	747	14.1 %	402	53.8%
Interest and investment earnings	3	48	— %	(45)	-93.8%
Other	574	622	7.0 %	(48)	-7.7%
Subtotal	$ 7,454	$ 6,933	91.4 %	$ 521	7.5%
Other financing sources	697	400	8.6 %	297	74.3%
Total	$ 8,151	$ 7,333	100.0 %	$ 818	11.2%
Expenditures:					
Current:					
Instruction	$ 3,445	$ 3,247	43.8 %	$ 198	6.1%
Pupil support services	552	538	7.0 %	14	2.6%
General support services	1,388	1,232	17.6 %	156	12.7%
Food services	175	227	2.2 %	(52)	-22.9%
Community services	63	44	0.8 %	19	43.2%
Teachers' pension and retirement benefits	844	835	10.7 %	9	1.1%
Other	12	18	0.2 %	(6)	-33.3%
Capital outlay	592	599	7.5 %	(7)	-1.2%
Debt service	664	661	8.4 %	3	0.5%
Subtotal	$ 7,735	$ 7,401	98.3 %	$ 334	4.5%
Other financing uses	133	402	1.7 %	(269)	-66.9%
Total	$ 7,868	$ 7,803	100.0 %	$ 65	0.8%
Net change in fund balances	**$ 283**	**$ (470)**			

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)

	2021 Amount	2020 Amount	2021 Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Property taxes	$ 3,097	$ 3,014	45.9%	$ 83	2.8%
Replacement taxes (PPRT)	243	140	3.6%	103	73.6%
State aid	1,817	1,846	26.9%	(29)	-1.6%
Federal aid	1,116	722	16.5%	394	54.6%
Interest and Investment earnings	1	6	—%	(5)	-83.3%
Other	471	470	7.0%	1	0.2%
Subtotal	$ 6,745	$ 6,198	100.0%	$ 547	8.8%
Other financing sources	—	11	—%	(11)	-100.0%
Total	$ 6,745	$ 6,209	100.0%	$ 536	8.6%

Property tax revenues increased by $83.0 million in fiscal year 2021 as collections from the existing levies were higher due to growth in the Consumer Price Index for All Urban Consumers (CPI-U) of 2.3% 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 2020. In the usual circumstance, only collections received on or before August 29, 2021 were recognized as revenues under the modified accrual basis of accounting. In 2021, Cook County extended the deadline for property tax payments in response to the COVID-19 pandemic. The delayed property tax payment enables property owners an additional two (2) months to pay their taxes from original due date from August 2 to October 1 without any penalties or late fees. Because of this unusual circumstance, CPS extended the property tax revenue recognition through October 29, 2021 for fiscal year 2021. This extension of recognition prevented significantly skewed CPS' financial results with the lower revenue for fiscal year 2021 and higher revenue for fiscal year 2022. See the detailed justification and disclosure in Note 1 Summary of Accounting Policies.

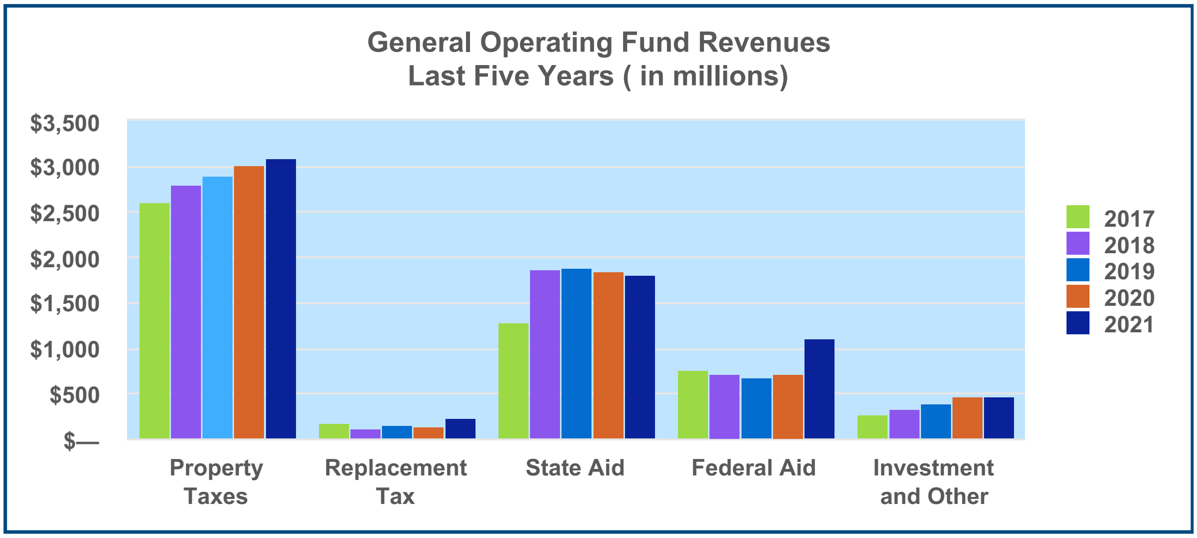
Personal property replacement tax (PPRT) revenues are primarily composed of additional State income taxes on corporations and partnerships. These revenues increased by $103.0 million in fiscal year 2021. This increase was entirely due to significant overperformance of State corporate income tax receipts compared with a year ago.

State aid revenues decreased by $29.0 million, as a result of diversions to charter schools approved by ISBE along with more Evidence Based Funding revenues utilized for Debt Service Fund expenditures

Federal aid increased by $394.0 million in fiscal year 2021. 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, is the main reason for the increase and offset the decrease in the regular expenditures reimbursement.

Interest and investment earnings totaled $0.6 million for fiscal year 2021, which is a 83.3% decrease from 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. CPS ended fiscal year 2021 with lower investment earnings from the prior year mainly due to moderate decreases in short-term interest rates.

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 $163.9 million of the $470.4 million in other revenues recorded in fiscal year 2021. City of Chicago pension contributions to MEABF made on behalf of administrative CPS personnel, were recorded as on-behalf revenue of $121.8 million.



Expenditures
(In Millions)

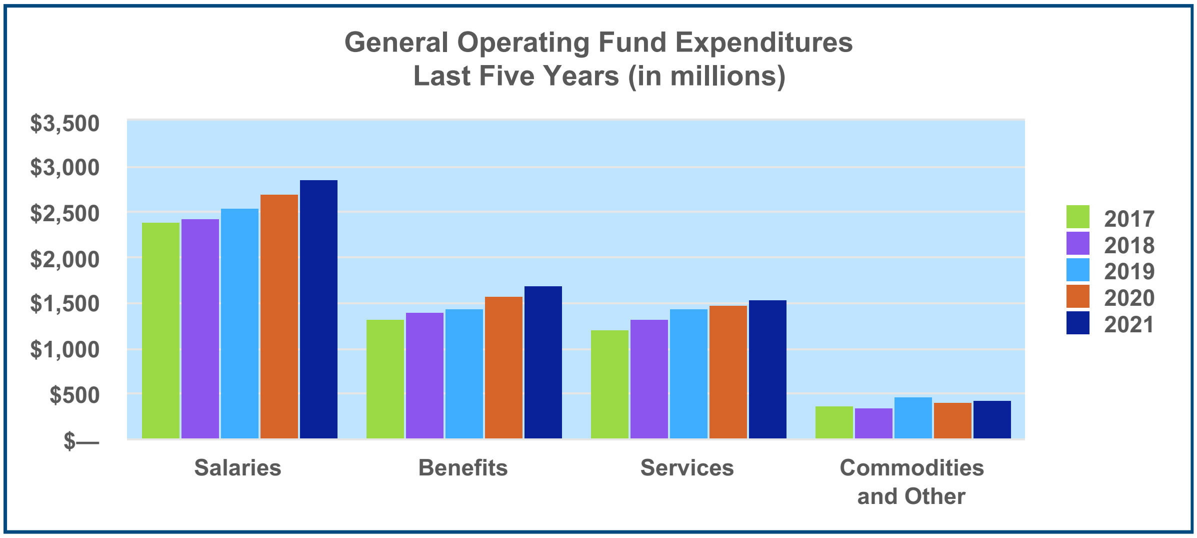
	2021 Amount	2020 Amount	2021 Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Salaries	$ 2,858	$ 2,697	43.9%	$ 161	6.0%
Benefits	1,683	1,571	25.9%	112	7.1%
Services	1,543	1,484	23.7%	59	4.0%
Commodities	291	283	4.5%	8	2.8%
Other	133	129	2.0%	4	3.1%
Total	$ 6,508	$ 6,164	100.0%	$ 344	5.6%

Salaries increased by $161.0 million or 6.0% due to contractual salary increases related to CPS' new labor contracts. In addition, there was an increase in instructional and non-instructional personnel in support of the safe reopening schools.

Benefits expenses increased by $112.0 million or 7.1% in fiscal year 2021. This change correlates to the increase in overall salaries and increase in health care cost. CPS also realized an $67.9 million increase in pension expense driven by higher required contributions to CTPF and MEABF.

Services expenses increased by $59.0 million or 4.0%, driven mostly by $51.8 million in increased payments to charter schools and $34.0 million in professional services.

Commodities expenses increased by $8.0 million or 2.8%. Decreases in food services expenditures of $42.6 million were offset by increases in supply costs of $49.3 million due to the pandemic.



Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The use of Capital Projects Funds is required for major capital acquisition and construction activities financed through borrowing or other financing agreements.

Revenues and Other Financing Sources
(In Millions)

	2021 Amount	2020 Amount	2021 Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Property Taxes	$ 9	$ 9	1.6%	$ —	—%
State aid	17	11	3.0%	6	54.5%
Federal aid	8	—	1.4%	8	100.0%
Interest and investment earnings	1	12	0.2%	(11)	-91.7%
Other	4	16	0.7%	(12)	-75.0%
Subtotal	$ 39	$ 48	6.8%	$ (9)	-18.8%
Other financing sources	$ 533	$ —	93.2%	$ 533	100.0%
Total	$ 572	$ 48	100.0%	$ 524	1,091.7%

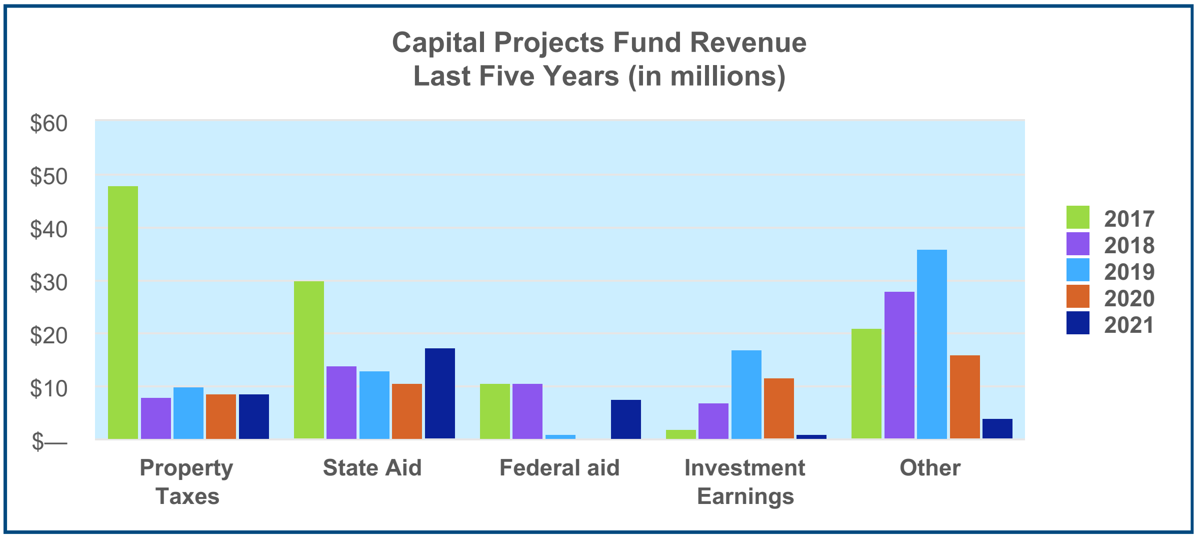
Property tax revenues were collected in the Capital Projects Fund in fiscal year 2021, as a result of the Capital Improvement Tax levy. Net collections received were $8.7 million, in line with the $8.7 million collected in fiscal year 2020.

State aid revenues increased by $6.0 million from fiscal year 2020 due to higher cash receipts for restricted state grants for capital construction.

Federal aid revenues in fiscal year 2021 increased by $8.0 million due to higher E-Rate reimbursements from the Federal Communications Commission.

Other revenues were $12.0 million or 75.0% lower in fiscal year 2021 from 2020, due to a decrease in capital project related cash reimbursements from Intergovernmental Agreement (IGA) revenues from the City of Chicago of $13.0 million.

Other financing sources increased $533.0 million or 100.0% because there was debt issued for capital project fund activities in fiscal year 2021 versus none in fiscal year 2020.

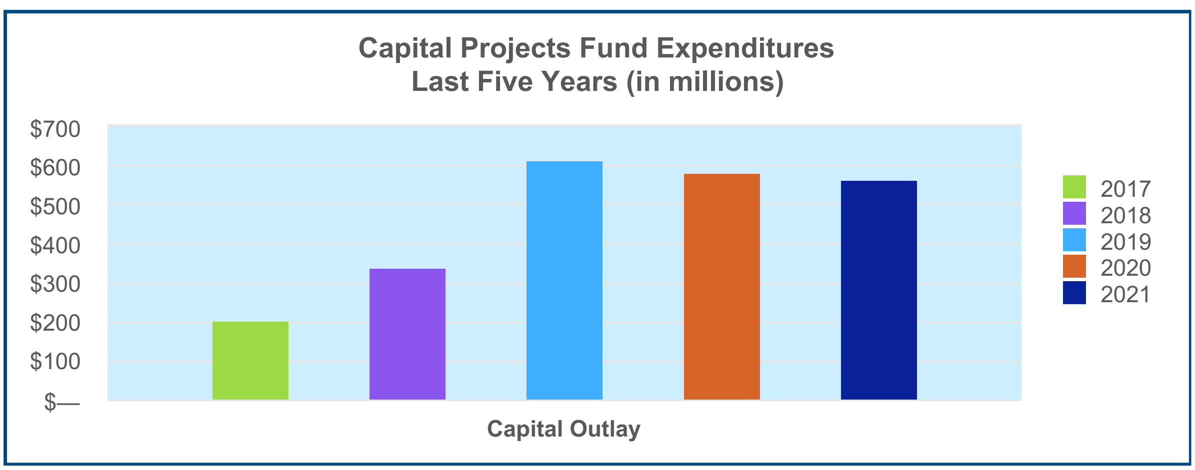


Expenditures
(In Millions)

	2021 Amount	2020 Amount	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Capital Outlay	$ 566	$ 583	$ (17)	-2.9%

Capital outlay

The actual spending on capital outlay decreased $17.0 million in 2021 from the expenditure of bond proceeds and other capital financing sources for approved capital projects.

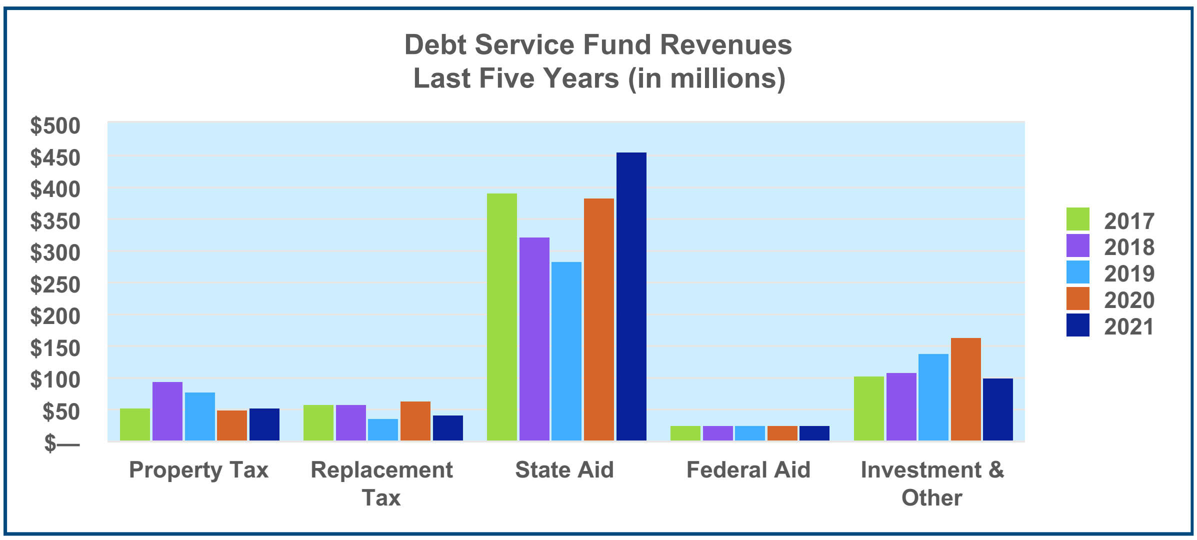


Debt Service Fund

The Debt Service Fund is established to account for annual property tax levies and other revenues that are used for the payment of principal and interest on bonds and lease obligations.

Revenues and Other Financing Sources (In Millions)

	2021 Amount	2020 Amount	2021 Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Property taxes	$ 51	$ 51	6.1%	$ —	—%
Replacement taxes (PPRT)	40	63	4.8%	(23)	-36.5%
State aid	454	383	54.3%	71	18.5%
Federal aid	25	25	3.0%	—	—%
Interest and investment earnings	1	29	0.1%	(28)	-96.6%
Other	100	136	12.0%	(36)	-26.5%
Subtotal	$ 671	$ 687	80.3%	$ (16)	-2.3%
Other financing sources	165	399	19.7%	(234)	-58.6%
Total	$ 836	$ 1,086	100.0%	$ (250)	-23.0%



Property tax revenues from the receipt of property tax collections from the CIT Levy being used for debt service payments in fiscal year 2021 were flat with fiscal year 2020.

Personal property replacement tax (PPRT) revenues decreased by $23.0 million from fiscal year 2020 as less PPRT revenues were used to pay for debt service.

State aid revenues related to debt service for fiscal year 2021 are comprised of Evidence-Based Funding (EBF) revenues. A total of $454.5 million in revenues from was allocated to support outstanding debt, an increase of $71.0 million from fiscal year 2020.

Federal aid totaled $25.0 million in fiscal year 2021 and remained unchanged from fiscal year 2020. These revenues are attributed to receipts on behalf of Federal subsidies from the issuance of Build America Bonds.

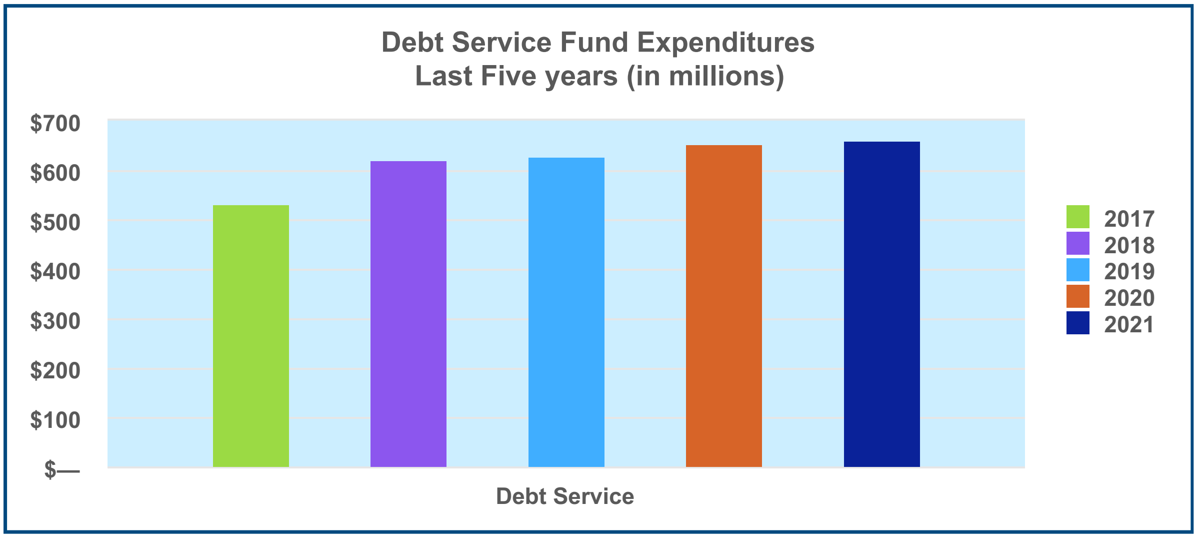
Interest and investment earnings totaled $1.2 million in 2021, a decrease of $28.0 million over last fiscal year. Changes in the fair value of securities in compliance with applicable GASB standards are recorded here also.

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 decreased by $36.0 million from fiscal year 2020.

Other financing sources reflect a decrease of $234.0 million in fiscal year 2021 due to net proceeds received from debt issuances (new money and refunded debt) of $165.5 million in the current year versus $399.0 million in the prior year.

Expenditures
(In Millions)

	2021 Amount	2020 Amount	Increase (Decrease) from 2020	Percent Increase (Decrease) from 2020
Debt Service	$ 662	$ 654	$ 8	1.2%
Total expenditures	$ 662	$ 654	$ 8	1.2%
Other financing uses	$ 134	$ 413	$ (279)	-67.6%
Total	$ 796	$ 1,067	$ (271)	-25.4%



Debt service costs

The overall debt service cost for fiscal year 2021 increased by $8.0 million, primarily due to the principal repayments on new issues. The amount paid for other fees was similar when compared to fiscal year 2020.

Other Financial Source uses decreased by $279.0 million from fiscal year 2020. This was mainly due to the decrease in the payment to refunded bond escrow agent by $269.4 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 2019, the Board adopted a balanced budget for fiscal year 2020 that reflected total resources, including $56 million of restricted fund balances, and appropriations of $6.120 billion. In November 2019, the Board adopted an amended budget for fiscal year 2020 that reflected total resources, including $56 million of restricted fund balances, and appropriations of $6.263 billion.

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.

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 2021 with a surplus of $236.7 million, which compared favorably with the budgeted deficit of $22.0 million.

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, 2021.

Revenues, Other Financing Sources & Expenditures
General Operating Fund
Budget to Actual Comparison
(In millions)

	Fiscal Year 2021 Original Budget	Supplemental Appropriations & Transfers In/ (Out)	Final Appropriations	Fiscal Year 2021 Actual	Over (under) Budget
Revenues:					
Property taxes	$ 3,204	$ —	$ 3,204	$ 3,097	$ (107)
Replacement taxes	155	—	155	243	88
State aid	1,846	—	1,846	1,817	(29)
Federal aid	1,302	—	1,302	1,116	(186)
Interest and investment earnings	1	—	1	1	—
Other	386	—	386	471	85
Total	$ 6,894	$ —	$ 6,894 *	$ 6,745	$ (149)
Expenditures:					
Current:					
Salaries	$ 3,007	$ —	$ 3,007	$ 2,858	$ (149)
Benefits	1,668	—	1,668	1,683	15
Services	1,789	—	1,789	1,543	(246)
Commodities	430	—	430	291	(139)
Other	22	—	22	133	111
Total	$ 6,916	$ —	$ 6,916	$ 6,508	$ (408)
Change in fund balances	**$ (22)**		**$ (22)**	**$ 237**	

Note:
Revenue totals above for original budget and final appropriation do not include $22 million of restricted grant funds included in the fiscal year 2021 budget but received in prior years.

Revenues

Actual General Operating Fund revenues were $149 million under budget. The variance is due to the following:

Property tax revenues generated a negative variance of $107 million in fiscal year 2021. This is mainly due to the $79 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 $88.0 million higher than budgeted in fiscal year 2021. This was driven largely by a statewide increase in corporate income tax around the State of Illinois versus expectations from a year ago.

State aid received by CPS in fiscal year 2021 was $29 million less than anticipated. This is mostly due to the diversions to charter schools approved by ISBE being higher than expected. Categorical grant revenue was also lower than budgeted.

Federal aid revenues were $186 million below budget. This is due almost entirely to revenues being impacted by remote learning. Federal nutrition revenue, which is based on the number of meals served, was almost half of the $186 million shortage as meal counts dropped significantly from typical levels when students are physically in school.

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 $85 million higher than budget for fiscal year 2021. The majority of the difference is TIF Surplus funding coming in $67 million over budget.

Expenditures

Actual General Operating Fund expenditures were $408 million under budget. This underspend is driven primarily by savings from the portion of the year spent in a remote learning environment. The variances by spending category consist of the following:

Salaries expenses for the fiscal year 2021 totaled $2.858 billion and $149 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 2021 were $1.683 billion and $15 million over budget due primarily to increased health care costs in fiscal year 2021, which exceeded budget by $6.7 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 $1.789 billion for fiscal year 2021. CPS ended the fiscal year $246 million below budget in this category. This underspend is due to the remote learning environment for the majority of the year where transportation and professional services expenditures were significantly underspent versus budget.

Commodities expenditures are derived from utilities, food for school breakfast/lunch, textbooks, and general supplies. Fiscal year 2021 spending on commodities was lower than budget by $139 million. Food costs were $73.6 million under budget as meal counts dropped significantly from typical levels when students are physically in school.

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 $111 million over budget.

Requests for Information

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of CPS' finances and to show CPS' accountability for the money it receives. Additional details can be requested by mail at the following address:

The Chicago Public Schools Department of Finance
42 West Madison Street, 2nd Floor Chicago, Illinois 60602

Or visit our website at: https://www.cps.edu/about/finance/annual-financial-report/ for a complete copy of this report and other financial information.

(Please note that some amounts may not tie to the financial statements due to rounding.)

Chicago
Public
Schools

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF NET POSITION
June 30, 2021
(Thousands of Dollars)

		GOVERNMENTAL ACTIVITIES
Assets:		
Current Assets:		
Cash and investments	$	113,647
Cash and investments in escrow		829,003
Cash and investments held in school internal accounts		48,230
Property taxes receivable, net of allowance		1,505,634
Other receivables:		
Replacement taxes		52,772
State aid, net of allowance		169,742
Federal aid, net of allowance		279,983
Other, net of allowance		59,282
Total current assets	$	3,058,293
Non-current Assets:		
Cash and investments in escrow	$	232,441
Prepaid Item		11,666
Land and construction in progress		1,572,383
Buildings, building improvements and equipment, net of accumulated depreciation		4,936,642
Total non-current assets	$	6,753,132
Total assets	$	9,811,425
Deferred Outflows of Resources:		
Deferred charge on refunding	$	90,248
Deferred OPEB outflows		437,976
Deferred pension outflows		2,331,792
Total deferred outflow of resources	$	2,860,016

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF NET POSITION (continued)
June 30, 2021
(Thousands of Dollars)

	GOVERNMENTAL ACTIVITIES
Liabilities:	
Current Liabilities:	
Accounts payable	$ 505,125
Accrued payroll and benefits	253,200
Due to Teacher's Pension Fund	235,183
Tax Anticipation Note	244,000
Other accrued liabilities	14,085
Unearned revenue	10,387
Interest payable	58,244
Current portion of long-term debt	266,140
Total current liabilities	$ 1,586,364
Long-term liabilities, net of current portion:	
Debt, net of premiums and discounts	$ 8,923,989
Other accrued liabilities	9,827
Net pension liability	15,440,803
Total OPEB liability	2,908,390
Other benefits and claims	386,524
Total long-term liabilities:	$ 27,669,533
Total liabilities	$ 29,255,897
Deferred Inflows of Resources:	
Deferred OPEB inflows	$ 604,159
Deferred pension inflows	189,132
Total deferred inflow of resources	$ 793,291
Net position (deficit):	
Net investment in capital assets	$ (1,757,203)
Restricted for:	
Debt service	718,477
Capital projects	47,925
Grants and donations	12,143
Teacher's pension contributions	4,217
School internal accounts	48,230
Unrestricted	(16,451,536)
Total Net Position (deficit)	$ (17,377,747)

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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(Thousands of dollars)

		Program Revenues			
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue and Changes in Net Position**
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction	$ 5,831,771	$ 501	$ 1,319,879	$ 23,673	$ (4,487,718)
Support services:					
Pupil support services	582,704	—	106,167	2,366	(474,171)
Administrative support services	443,736	—	202,620	1,801	(239,315)
Facilities support services	700,399	—	127,610	2,843	(569,946)
Instructional support services	742,780	—	135,332	3,015	(604,433)
Food services	184,966	358	140,239	751	(43,618)
Community services	63,151	—	11,506	257	(51,388)
Interest expense	485,888	—	—	—	(485,888)
Total governmental activities	$ 9,035,395	$ 859	$ 2,043,353	$ 34,706	$ (6,956,477)

General revenues:	
Taxes:	
Property taxes	$ 3,155,962
Replacement taxes	282,075
Non-program state aid	1,658,276
Interest and investment earnings	2,883
Other	306,080
Total general revenues	$ 5,405,276
Change in net position	(1,551,201)
Net position - beginning (deficit) as restated	(15,826,546)
Net position - ending (deficit)	$ (17,377,747)

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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BALANCE SHEET — GOVERNMENTAL FUNDS
June 30, 2021
(Thousands of dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Totals
Assets:				
Cash and investments	$ 49,379	$ —	$ 64,268	$ 113,647
Cash and investments in escrow	2,198	304,285	754,961	1,061,444
Cash and investments held in school internal accounts	48,230	—	—	48,230
Receivables:				
Property taxes, net of allowance	1,476,798	9,621	19,215	1,505,634
Replacement taxes	52,772	—	—	52,772
State aid, net of allowance	165,305	4,437	—	169,742
Federal aid, net of allowance	276,881	—	3,102	279,983
Other, net of allowance	42,839	16,109	334	59,282
Due from other funds	38,197	—	—	38,197
Total assets	$ 2,152,599	$ 334,452	$ 841,880	$ 3,328,931
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	$ 413,583	$ 91,305	$ 237	$ 505,125
Accrued payroll and benefits	208,806	—	—	208,806
Due to other funds	—	33,248	4,949	38,197
Due to Teacher's Pension Fund	235,183	—	—	235,183
Tax Anticipation Notes	244,000	—	—	244,000
Unearned revenue	3,821	6,566	—	10,387
Interest Payable	4,083	—	—	4,083
Total liabilities	$ 1,109,476	$ 131,119	$ 5,186	$ 1,245,781
Deferred inflows of resources:				
Unavailable property tax revenue	$ 28,745	$ 1,654	$ —	$ 30,399
Other unavailable revenue	210,610	12,860	3,102	226,572
Total deferred inflows	$ 239,355	$ 14,514	$ 3,102	$ 256,971
Fund balances:				
Nonspendable	$ 429	$ —	$ —	$ 429
Restricted for grants and donations	12,143	—	—	12,143
Restricted for teacher's pension contributions	4,217	—	—	4,217
Restricted for capital improvement program	—	188,819	—	188,819
Restricted for debt service	—	—	769,537	769,537
Restricted for school Internal Accounts	48,230	—	—	48,230
Assigned for debt service	—	—	64,055	64,055
Assigned for commitments and contracts	135,314	—	—	135,314
Unassigned	603,435	—	—	603,435
Total fund balances	$ 803,768	$ 188,819	$ 833,592	$ 1,826,179
Total liabilities, deferred inflows of resources and fund balances	$ 2,152,599	$ 334,452	$ 841,880	$ 3,328,931

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, 2021
(Thousands of dollars)

Total fund balances - governmental funds		$ 1,826,179
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		11,666
Deferred outflows of resources applicable to CPS' governmental activities do not involve available financial resourcesand accordingly are not reported on the fund financial statements		2,860,016
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		11,709,269
Accumulated depreciation		(5,200,244)
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	$ (23,912)	
Debt, net of premiums and discounts	(9,190,129)	
Net pension liability	(15,440,803)	
Total OPEB liability	(2,908,390)	
Other benefits and claims	(430,918)	
Interest payable	(54,161)	
		(28,048,313)
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		30,399
Other		226,572
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		(793,291)
Net position (deficit)		$(17,377,747)

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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Thousands of Dollars)

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fiscal Year Ended Jun 30, 2021	Total Fiscal Year Ended June 30, 2020
Revenues:					
Property taxes	$ 3,097,307	$ 8,696	$ 51,471	$ 3,157,474	$ 3,074,091
Replacement taxes	242,643	—	39,432	282,075	202,451
State aid	1,817,275	17,463	454,450	2,289,188	2,239,807
Federal aid	1,116,343	7,639	24,963	1,148,945	747,356
Interest and investment earnings	584	1,108	1,191	2,883	47,514
Other	470,381	4,047	99,470	573,898	622,101
Total revenues	$ 6,744,533	$ 38,953	$ 670,977	$ 7,454,463	$ 6,933,320
Expenditures:					
Current:					
Instruction	$ 3,444,901	$ —	$ —	$ 3,444,901	$ 3,247,193
Pupil support services	551,884	—	—	551,884	537,732
Administrative support services	408,612	—	—	408,612	336,853
Facilities support services	539,835	—	—	539,835	503,486
Instructional support services	438,769	—	—	438,769	390,781
Food services	175,183	—	—	175,183	227,422
Community services	62,993	—	—	62,993	43,985
Teachers' pension and retirement benefits	844,054	—	—	844,054	835,399
Other	12,304	—	—	12,304	17,689
Capital outlay	26,641	565,695	—	592,336	599,122
Debt service	2,682	—	661,542	664,224	661,182
Total expenditures	$ 6,507,858	$ 565,695	$ 661,542	$ 7,735,095	$ 7,400,844
Revenues in excess of (less than) expenditures	$ 236,675	$ (526,742)	$ 9,435	$ (280,632)	$ (467,524)
Other financing sources (uses):					
Gross amounts from debt issuances	$ —	$ 419,156	$ 30,844	$ 450,000	$ —
Premiums	—	113,020	—	113,020	—
Issuance of refunding debt	—	—	107,505	107,505	349,079
Premiums on refunding bonds issued	—	—	26,112	26,112	50,391
Sales of general capital assets	—	—	—	—	166
Payment to refunded bond escrow agent	—	—	(132,560)	(132,560)	(401,956)
Transfers in / (out)	—	1,284	(1,284)	—	—
Total other financing sources (uses)	$ —	$ 533,460	$ 30,617	$ 564,077	$ (2,320)
Net change in fund balances	$ 236,675	$ 6,718	$ 40,052	$ 283,445	$ (469,844)
Fund balances, beginning of period as restated	567,093	182,101	793,540	1,542,734	1,962,555
Fund balances, end of period	$ 803,768	$ 188,819	$ 833,592	$ 1,826,179	$ 1,492,711

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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended 2021
(Thousands of dollars)

Total net change in fund balances - governmental funds		$ 283,445
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceed the depreciation in the period.		
Capital outlay/equipment	$ 461,920	
Depreciation expense	(294,166)	
		167,754
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		(2,317)
Proceeds from sales of bonds 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.		(557,505)
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		132,560
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position		176,840
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		895
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		(138,531)
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		(1,512)
Federal grants		41,004
State grants and other revenues		(220)
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		(656)
Tort liabilities and other claims		(10,200)
Sick pay		(5,354)
Vacation pay and other compensation		(4,894)
Workers' compensation and unemployment insurance		3,572
General and automobile liability		3,401
Net pension liability		(1,085,968)
Total OPEB Liability		(553,515)
Change in net position		$ (1,551,201)

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, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Education of the City of Chicago, or the Chicago Public Schools (CPS), is a body politic and corporate, and a school district of the State of Illinois having boundaries coterminous with the boundaries of the City of Chicago. The Board of Education of the City of Chicago (the Board) is established under and governed by the Illinois School Code and maintains a system of schools primarily for kindergarten through twelfth grade.

As a result of legislation passed by the Illinois General Assembly, which became effective on June 30, 1995, the Mayor of the City of Chicago appoints the members of the Board. CPS is excluded from the City's reporting entity because it does not meet the financial accountability criteria for inclusion established by the Governmental Accounting Standards Board (GASB).

The City of Chicago, the Public Building Commission of Chicago and the Public School Teachers' Pension and Retirement Fund of Chicago are deemed to be related organizations, but separate entities, and are not included as part of the CPS reporting entity. No fiscal dependency exists between these organizations. These units are excluded from the CPS reporting entity because they do not meet the criteria for inclusion as established by GASB.

New Accounting Standards

During fiscal year 2021, CPS adopted the following GASB Statements:

- GASB 98, *The Annual Comprehensive Financial Report.* Statement issued October 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

- GASB 84, *Fiduciary Activities.* Statement issued January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Fiscal year 2020 year-end net position and fund balances have been restated due to the implementation of GASB Statement No. 84 Fiduciary Activities. The restatement is necessary to present student activity amounts within the governmental activities and governmental funds:

	Governmental Activities (thousands)
Net position as previously reported, June 30, 2020	$ (15,876,569)
Adjustment to record student activity net position as of June 30, 2020	50,023
Net position as restated, June 30, 2020	$ (15,826,546)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

		General Fund (thousands)
Fund balance as previously reported, June 30, 2020	$	517,070
Adjustment to record student activity fund balances as of June 30, 2020		50,023
Fund balance as restated, June 30, 2020	$	567,093

Other accounting standards that CPS is currently reviewing for applicability and potential impact on future financial statements include:

- 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 Statement was effective for the District's fiscal ended June 30, 2021; however, the effective date for implementation of this authoritative guidance has been postponed for 18 months under GASB 95 for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. Management has not determined what impact, if any, this Statement will have on its financial statements.

- GASB 89, *Accounting for Interest Cost Incurred.* Statement issued in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement was effective for the District's fiscal year ended June 30, 2021; 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, 2020. Management has not determined what impact, if any, this statement will have on its financial statements.

- 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 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 92*, Omnibus 2020.* Statement issued in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency and usefulness of information for users of authoritative literature by addressing practice issues identified during implementation and application of certain GASB Statements used by state and local governments. This Statement addresses a variety of topics and includes specific provisions and issues that establishes accounting and financial reporting requirements related to leases, intra-entity transfers of assets, postemployment benefits, and government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. 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 fiscal years and reporting periods beginning after June 15, 2021. 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.

◦ GASB 93, *Replacement of Interbank Offered Rate*. Statement issued in March 2020. The objectives of this statement are to address both Statements 53 & 87 and other accounting and financial reporting issues that may arise as result of the replacement of Interbank Offered Rates (IBOR), commonly known as London Interbank Offered Rate (LIBOR). Due to the global reform of the London Interbank Offered Rate (LIBOR), the use of LIBOR as an appropriate benchmark interest rate has been removed effective for reporting periods ending after December 31, 2021. LIBOR in its current form has allowed many governmental entities to enter into agreements in which variable payments made or received are dependent upon interbank offered rates; as a result of the global reform, various governmental entities will need to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Both *Statement 53: Accounting and Financial Reporting for Derivative Instrument*s and *Statement 87: Leases* will notably be impacted. Given GASB 93 authoritative statements' impact on multiple statements, GASB has outlined numerous ways by which this authoritative statements' objective will be achieved. 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 fiscal years after June 15, 2021 and all reporting periods thereafter. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans–an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Statement issued in June 2020. The objectives of this statement are to (1) require that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarify that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. GASB 97 is effective for the District's fiscal year ended June 30, 2022. Management has not determined what impact, if any, this Statement will have on its financial statements.

Description of Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position and the Statement of Activities were prepared using the e*conomic resources measurement focu*s and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the GASB requirements of accounting and financial reporting for non-exchange transactions. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods and is reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods and is reported in a separate section after liabilities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021, in response to the COVID-19 pandemic, Cook County extended the deadline for second installment property tax payments from August 2 to October 1, without any penalties or late fees. 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 2021. Therefore, under this highly unusual circumstance, CPS extended its revenue recognition period for fiscal year 2021 from August 29, 2021 (60 days after year end) to October 29, 2021 (120 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, 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:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2020 property taxes were levied for fiscal year 2021 in August 2020 and were billed in fiscal year 2021. In 2021, the installment due dates were March 1 and August 2 (subsequently revised by Cook County to October 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.

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".

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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, 2021.

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, 2021, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 teacher's pension contributions — 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 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 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, 2020, from which the summarized information was derived. During fiscal year 2021, CPS implemented the GASB 84. The effect of this implementation was shown by increasing 2021 beginning net position and General Operating Fund fund balance by $50.0 million. Fiscal year 2020 balances are presented as previously reported and were not restated.

Management's Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States for the General Operating, Capital Projects and Debt Service funds. Unencumbered appropriations, in General Operating and Debt Service funds, lapse at fiscal year-end.

Certain funding allocations (primarily Federal and State programs) are made to schools but may not be budgeted by account by the schools at the time the budget is adopted. These allocations are included in other fixed charges for budget purposes. During the fiscal year, upon receiving the appropriate approvals from the Office of Budget and Grants Management, transfers are made to the appropriate accounts. Actual expenditures are reflected in the appropriate accounts.

The appropriated budget is prepared by fund, account and unit. The legal level of budgetary control is at the account level except for school-based discretionary programs. School-based discretionary program expenditures are governed by specific program policies and procedures. Board approval is required for all funding transfers. In addition, an amended budget is required for increases in total appropriation.

The Capital Projects Fund is budgeted on a project-by-project basis. Budgeted amounts in the Capital Projects Fund represent the entire project budget for projects that were expected to commence in fiscal year 2021. 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 (continued)

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 2021, CPS adopted a resolution for tax levy in August 2020. 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 2021 and 2020 are shown below:

	Maximum 2021 Legal Limit	Tax Rates Extended Per $100 of EAV 2021	2020
General Operating Fund:			
Educational	(A)	$ 2.929	$ 2.893
Teachers' Pension	(B)	0.562	0.565
Workers' and Unemployment/Tort Immunity	(C)	0.094	0.090
Debt Service Fund:			
Public Building Commission Leases Program	(D)	—	0.060
Capital Fund:			
Capital Improvement	(E)	0.011	0.011
Bonds & Interest	(D)	0.060	—
		$ 3.656	$ 3.619

A. The maximum legal limit for educational purposes under PTELL cannot exceed $4.50 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 2020 and 2021, the Teacher Pension levy tax rate cannot exceed $0.567 per $100 of EAV. Property tax collections for the Teacher Pension levy are paid directly to the Chicago Teacher Pension Fund by the County Treasurer.

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

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.

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 $77.2 million at gross. The tax cap limitation contained in the PTELL does not apply to the taxes received by CPS for the Transit TIF.

b. State Aid — the components of State Aid as reported in the financial statements are as follows ($000's):

	Fund Financial Statements	Government-wide Financial Statements
Revenues:		
Evidence based funding unrestricted revenue	$1,658,276	$1,658,276
State pension contribution revenue	266,893	257,349
Other restricted state revenue	364,019	357,126
Total state aid	$2,289,188	$2,272,751
Program revenue:		
Benefit payments		(614,475)
Non-program general state aid		$1,658,276

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, 2021, the book amount of CPS' deposit accounts was $148.6 million. The bank balances totaled $157.2 million as of June 30, 2021. The difference between the book and bank balances primarily represents checks that have been issued but have not yet cleared as of June 30, 2021. The bank balance was covered by Federal depository insurance and by collateral held by third-party custodians.

Cash and Investments Held in School Internal Accounts represents the book balance for checking and investments for individual schools.

Investments

CPS' investments are authorized under the Illinois Compiled Statutes Finance Investment Act. CPS' Investment Policy is derived from this Act. The CPS Investment Policy authorizes CPS to invest in obligations guaranteed by the full faith and credit of the U.S. Government, certificates of deposit constituting direct obligations of banks, commercial paper, money market mutual funds, repurchase agreements that mature within 330 days, certain U.S. Government agency securities, and certain State and municipal securities that are rated at the time of purchase at A1/A+ or better by a rating service of nationally recognized expertise in rating bonds of states and their political subdivision. All mutual funds purchased invest in eligible securities outlined in the parameters of the CPS Investment Policy and meet certain other regulatory requirements.

The CPS Investment Policy contains the following stated objectives:

- Safety of Principal. Investments shall be undertaken in a manner that provides for the preservation of principal in the overall portfolio.
- Liquidity. The investment portfolio shall be sufficiently liquid to meet all reasonably anticipated operating and cash flow requirements.

NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

- Rate of Return. The investment portfolio shall be constructed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account investment risk constraints and liquidity needs.

- Diversification. The investment portfolio shall be diversified to avoid incurring unreasonable risks associated with specific securities or financial institutions.

Custodial Credit Risk — All CPS investment securities shall be held by a third party custodian in accordance with municipal ordinances to the extent required by state statute. The CPS treasurer shall periodically review the approved depositories to evaluate counterparty risk. In order to further reduce custodial risk, investments are registered and held in the name of CPS. The collateral requirements for investments with depository balances is the same as those for cash and deposits (disclosed above). Repurchase agreement investments are required to have collateral not less than 102% of the acquisition price.

At June 30, 2021, 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+	$ 9,935	$ —	$ 9,935	$ —
U.S. Government Treasury Notes	AA+/Aaa	222,506	—	196,553	25,953
Money Market Mutual Funds	AAAm/Aaa-mf	842,231	842,231	—	—
Total Investments		$ 1,074,672	$ 842,231	$ 206,488	$ 25,953
Cash and CDs		148,649			
Total Cash and Investments		$ 1,223,321			

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, 2021, 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, 2021, 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, 2021, no issuer represented over 5% of total investments. Investments issued by the U.S. government and government agencies and investments in mutual funds are excluded from the concentration of credit risk.

NOTE 4. CASH DEPOSITS AND INVESTMENTS (continued)

CPS categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. CPS has the following recurring fair value measurements ($000's) as of June 30, 2021 using a matrix pricing model:

	June 30, 2021	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments by fair value:				
Debt securities				
Repurchase Agreements	$ 9,935	$ —	$ 9,935	$ —
U.S. Government Treasury Notes	222,506	—	222,506	—
Total Cash and Investments	$ 232,441	$ —	$ 232,441	$ —

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 $842.2 million.

The following table provides a summary of CPS' total cash and investments by fund type as of June 30, 2021 ($000's):

Fund	Totals
General Operating Fund	$ 99,807
Capital Projects Funds	304,285
Debt Service Funds	819,229
Total Cash and Investments	$ 1,223,321

NOTE 5. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables as of June 30, 2021 for CPS, net of the applicable allowance for uncollectible accounts, are as follows ($000's):

	General Operating Fund	Capital Projects Fund	Debt Service Fund	Total Fund Financial Statements	Government - Wide Financial Statements
Property taxes	$ 1,589,128	$ 9,969	$ 20,987	$ 1,620,084	$ 1,620,084
Replacement taxes	52,772	—	—	52,772	52,772
State aid	165,305	5,150	—	170,455	170,455
Federal aid	276,881	—	3,102	279,983	279,983
Other	49,648	23,636	334	73,618	73,618
Total receivables	$ 2,133,734	$ 38,755	$ 24,423	$ 2,196,912	$ 2,196,912
Less: Allowance for uncollectibles – property tax	(112,330)	(348)	(1,772)	(114,450)	(114,450)
Less: Allowance for uncollectibles – state aid	—	(713)	—	(713)	(713)
Less: Allowance for uncollectibles – other	(6,809)	(7,527)	—	(14,336)	(14,336)
Total receivables, net	$ 2,014,595	$ 30,167	$ 22,651	$ 2,067,413	$ 2,067,413

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows ($000's):

Government-wide activities:	Beginning Balance	Increases	Decreases and Transfers to In-Service	Ending Balance
Capital assets, not being depreciated:				
Land	$ 358,563	$ 17,949	$ —	$ 376,512
Construction in progress	980,274	430,019	(214,422)	1,195,871
Total capital assets not being depreciated	$ 1,338,837	$ 447,968	$ (214,422)	$ 1,572,383
Capital assets being depreciated:				
Buildings and improvements	$ 9,730,629	$ 228,065	$ (34,333)	$ 9,924,361
Equipment and administrative software	210,618	309	(1,478)	209,449
Internally developed software	3,808	—	(732)	3,076
Total capital assets being depreciated	$ 9,945,055	$ 228,374	$ (36,543)	$ 10,136,886
Total capital assets	$ 11,283,892	$ 676,342	$ (250,965)	$ 11,709,269
Less accumulated depreciation for:				
Buildings and improvements	$ (4,781,327)	$ (286,066)	$ 32,079	$ (5,035,314)
Equipment and administrative software	(155,824)	(7,494)	1,416	(161,902)
Internally developed software	(3,153)	(606)	731	(3,028)
Total accumulated depreciation	$ (4,940,304)	$ (294,166)	$ 34,226	$ (5,200,244)
Capital assets, net of depreciation	$ 6,343,588	$ 382,176	$ (216,739)	$ 6,509,025

Depreciation/amortization and impairment expense were charged to functions/programs of CPS as follows ($000's):

Governmental activities:	Depreciation Expenses	Impairment Expenses
Instruction	$ 182,288	$ 1,397
Pupil support services	29,203	223
Administrative support services	21,622	166
Facilities support services	28,565	219
Instructional support services	23,218	178
Food services	9,270	71
Total depreciation expense	$ 294,166	$ 2,254

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 2021, as CPS reviewed pending real estate transactions related to school actions for closed schools or schools to be closed, CPS recognized impairments totaling $2.2 million related to various properties.

Construction Commitments

CPS had active construction projects as of June 30, 2021. These projects include new construction and renovations of schools. At fiscal year-end, CPS had approximately $43.8 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	$	30,101
Due From Capital Asset Program		3,147
Due From Bond Redemption and Interest Program		4,949
Total — Net due from (to) other funds	$	38,197
Capital Projects Fund:		
Capital Asset Program — Due To General Operating Fund	$	(3,147)
Capital Improvement Program — Due To General Operating Fund		(30,101)
Total — Net due from (to) other funds	$	(33,248)
Debt Service Fund:		
Bond Redemption and Interest Program — Due to General Operating Fund	$	(4,949)

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 2021, CPS transferred to the Capital Projects Fund $1.3 million debt restructuring savings from the Debt Service Fund.

NOTE 8. SHORT-TERM DEBT

2019 Tax Anticipation Notes

During fiscal year 2021, CPS closed on one issuance of 2019 Educational Purposes Tax Anticipation Notes (2019 TANS) with a total par amount of $350 million. The 2019 TANS was issued as follows ($000s):

Description	Issuance Date	Amount
Series 2019D-2	July 2, 2020	$350,000

The 2019 TANS were backed by the second installment of CPS' 2019 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 2019B and 2019D-2 TANS was August 18, 2020.

2020 Tax Anticipation Notes

During fiscal year 2021, CPS closed on three lines of 2020 Educational Purposes Tax Anticipation Notes (2020 TANS) with a total par amount of $1.56 billion for working capital purposes. The Series 2020 TANS were issued as either public sales or direct placements with investors. The TANS provided liquidity support within the fiscal year.

The 2020 TANs were issued as follows ($000s):

Description	Issuance Date	Amount
Series 2020A	October 22, 2020	$400,000
Series 2020B-1	December 17, 2020	$150,000
Series 2020C-1	January 12, 2021	$100,000
Series 2020B-2	January 14, 2021	$100,000
Series 2020B-3	February 11, 2021	$200,000
Series 2020B-4	March 2, 2021	$60,000
Series 2020C-2	March 11, 2021	$100,000
Series 2020B-5	March 31, 2021	$150,000
Series 2020C-3	April 9, 2021	$150,000
Series 2020C-4	April 23, 2021	$150,000

Each of the 2020 TANS are backed by CPS' 2020 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 2020 were used to repay $1.32 billion of the 2020 TANS by the end of fiscal year 2021. The repayment date for the remaining 2020 TANS payable from the second installment of property tax monies, including those issued in fiscal year 2022, is the earlier of 60 days after the second installment tax penalty due date of tax year 2020 property taxes or December 31, 2021.

NOTE 8. SHORT-TERM DEBT (continued)

Outstanding Short-Term Notes Balances

As of June 30, 2021, a total of $244 million in 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 were included in Note 9 summarizing the changes in long-term debt. Any amount of short-term notes paid off subsequent to year-end is discussed further in Note 17.

Short-term debt activity for the year ended June 30, 2021 was as follows ($000's):

Short-Term Debt	Balance June 30, 2020	Draws	Repayments	Balance June 30, 2021
Tax Anticipation Notes	$ 500,000	$ 1,910,000	$ (2,166,000)	$ 244,000

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NOTE 9. LONG-TERM DEBT

Long-term Obligations

Long-term debt activity for the fiscal year ended June 30, 2021 was as follows ($000's):

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due within One Year
Governmental activities:					
General obligation long-term debt	$ 7,247,856	$ 557,505	$ (307,285)	$ 7,498,076	$ 198,568
Capital improvement tax long-term debt	880,480	—	—	880,480	—
Add unamortized premium (discount)	8,187	139,132	(15,645)	131,674	—
Add accretion of capital appreciation bonds	692,306	53,511	(65,918)	679,899	67,572
Subtotal of debt, net of premiums and discounts	$ 8,828,829	$ 750,148	$ (388,848)	$ 9,190,129	$ 266,140
Capitalized lease obligations	525	—	(525)	—	—
Total debt and capitalized lease obligations	$ 8,829,354	$ 750,148	$ (389,373)	$ 9,190,129	$ 266,140
Other liabilities:					
Other accrued liabilities	$ 23,256	$ 656	$ —	$ 23,912	$ 14,085
Net pension liability	14,127,342	2,234,849	(921,388)	15,440,803	—
Total other postemployment benefits liability	2,554,892	956,090	(602,592)	2,908,390	—
Other benefits and claims*	417,443	57,656	(44,181)	430,918	44,394
Total other liabilities	$17,122,933	$ 3,249,251	$(1,568,161)	$18,804,023	$ 58,479
Total long-term obligations	$25,952,287	$ 3,999,399	$(1,957,534)	$27,994,152	$ 324,619

*Note: Other benefits and claims due within one year were included under Accrued payroll and benefits in the Statement of Net Position.

General Obligation and Capital Improvement Tax Bonds

CPS issued the following long-term debt in fiscal year 2021.

Unlimited Tax General Obligation Bonds (Dedicated Alternate Revenue) Series 2021A

In February 2021, CPS issued fixed-rate $450.0 million Unlimited Tax General Obligation Bonds (Dedicated Alternate Revenue), Series 2021A (Series 2021A Bonds) with an original issue premium of $113.0 million.

The proceeds of the Series 2021A 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 2021A 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 2021A Bonds. The debt service on the Series 2021A Bonds will be paid from Evidence Based Funding and revenues from an Intergovernmental Agreement with the City of Chicago

Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue) Series 2021B

In February 2021, CPS issued fixed-rate $107.5 million Unlimited Tax General Obligation Refunding Bonds (Dedicated Alternate Revenue), Series 2021B (Series 2021B Bonds) with an original issue premium of $26.1 million.

NOTE 9. LONG-TERM DEBT (continued)

The proceeds of the Series 2021B Bonds were used to refund outstanding debt for economic savings and pay the costs of issuance. The refunding decreased annual debt service payments over sixteen years by approximately $35.9 million, resulting in a present value economic gain of approximately $29.8 million.

The Series 2021B 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 2021B Bonds. The debt service on the Series 2021B Bonds will be paid from Evidence Based Funding.

The current portion of long-term debt and long-term lease obligations is comprised of the following ($000's):

Bonds	$ 198,568
Accreted Interest	67,572
Total Current Portion	$ 266,140

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, 2021, 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
2022	$ 198,568	$ 458,859	$ 657,427
2023	210,433	443,198	653,631
2024	216,717	431,526	648,243
2025	225,908	422,814	648,722
2026	494,482	417,654	912,136
2027-2031	1,600,797	2,022,447	3,623,244
2032-2036	1,268,496	1,297,145	2,565,641
2037-2041	1,460,835	758,739	2,219,574
2042-2046	1,519,960	314,024	1,833,984
2047	301,880	8,970	310,850
Total	$ 7,498,076	$ 6,575,376	$ 14,073,452

NOTE 9. LONG-TERM DEBT (continued)

Accreted Interest

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

Series	Accreted Interest June 30, 2020	Increase	Payment	Accreted Interest June 30, 2021
1998B-1	$ 432,800	$ 32,050	$ (43,614)	$ 421,236
1999A	258,963	19,637	(22,304)	256,296
2019A	543	1,824	—	2,367
Total	$ 692,306	$ 53,511	$ (65,918)	$ 679,899

Dedicated Revenue Capital Improvement Tax Bonds

Dedicated Revenue Capital Improvement Tax Bonds (CIT Bonds) issued by the Board are limited obligations payable from and secured by a levy of Capital Improvement Taxes. The CIT Bonds are not general obligations of the Board and neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of the principal of or interest on the CIT Bonds. The CIT bonds were issued at a fixed rated and designated as Dedicated Revenue Unlimited Tax General Obligation Bonds. The proceeds of all series of issued bonds were used to finance permitted capital improvement projects, make a deposit into a consolidated reserve account, fund capitalized interest, and pay costs of issuance.

Debt service requirements for the CIT Bonds are as follows ($000's):

Fiscal Year(s)	Principal	Interest	Total
2022	$ —	$ 51,084	$ 51,084
2023	—	51,084	51,084
2024	—	51,084	51,084
2025	—	51,084	51,084
2026	—	51,084	51,084
2027-2031	—	255,420	255,420
2032-2036	185,355	240,518	425,873
2037-2041	298,665	169,825	468,490
2042-2046	396,460	72,014	468,474
Total	$ 880,480	$ 993,197	$ 1,873,677

Defeased Debt

There was no defeased debt outstanding as of June 30, 2021.

Legal Debt Limit

Per Illinois school code I105 ILCS, Sec.19-1 heading), the legal debt limit of the District was $12.4 billion based upon 13.8 percent of its 2020 equalized assessed valuation of $89.5 billion. The District has no outstanding debt subject to the legal debt margin as of June 30, 2021.

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, 2020
2021B	$ 107,505	Refunding	5.00%	12/1/2033	$ —
2021A	450,000	Capital Improvement	5.00%	12/1/2046	—
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	442,580
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	10,220
2018A	552,030	Refunding	4.00% to 5.00%	12/1/2035	552,030
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	147,450
2017E	22,180	Refunding	5.00%	12/1/2021	22,180
2017D	79,325	Refunding	5.00%	12/1/2031	74,035
2017C	351,485	Refunding	5.00%	12/1/2034	328,875
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 2018	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
2010F	183,750	Refunding	5.00%	12/1/2031	119,495
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	497,545
2009D	75,720	Refunding	1.00% to 5.00%	12/1/2023	9,650
2006B	355,805	Capital Improvement	4.25% to 5.00%	12/1/2036	22,005
2006A	6,853	Capital Improvement	0.00%	6/1/2021	6,853
2005A	193,585	Refunding	5.00% to 5.50%	12/1/2031	143,665
1999A	532,553	Capital Improvement/ Refunding	4.30% to 5.30%	12/1/2031	299,052
1998B-1	328,714	Capital Improvement	4.55% to 5.22%	12/1/2031	210,847
Total Bonds					$ 8,128,336

NOTE 9. LONG-TERM DEBT (continued)

Series	Accreted Interest	Principal and Accreted Interest June 30, 2020	Issuances	Retirements	Principal Outstanding June 30, 2021	Accreted Interest	Principal and Accreted Interest June 30, 2021
2021B	$ —	$ —	$ 107,505	$ —	$ 107,505	$ —	$ 107,505
2021A	—	—	450,000	—	450,000	—	450,000
2019B	—	123,795	—	—	123,795	—	123,795
2019A	543	225,827	—	—	225,284	2,367	227,651
2018D	—	313,280	—	—	313,280	—	313,280
2018C	—	442,580	—	(6,750)	435,830	—	435,830
CIT 2018	—	86,000	—	—	86,000	—	86,000
2018B	—	10,220	—	(945)	9,275	—	9,275
2018A	—	552,030	—	(21,995)	530,035	—	530,035
2017H	—	280,000	—	—	280,000	—	280,000
2017G	—	126,500	—	—	126,500	—	126,500
2017F	—	147,450	—	(24,760)	122,690	—	122,690
2017E	—	22,180	—	—	22,180	—	22,180
2017D	—	74,035	—	(5,445)	68,590	—	68,590
2017C	—	328,875	—	(22,945)	305,930	—	305,930
2017B	—	215,000	—	—	215,000	—	215,000
2017A	—	285,000	—	—	285,000	—	285,000
CIT 2017	—	64,900	—	—	64,900	—	64,900
CIT 2018	—	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	—	402,410
2010F	—	119,495	—	(119,495)	—	—	—
2010D	—	125,000	—	—	125,000	—	125,000
2010C	—	257,125	—	—	257,125	—	257,125
2009G	—	254,240	—	—	254,240	—	254,240
2009E	—	497,545	—	(7,340)	490,205	—	490,205
2009D	—	9,650	—	(7,650)	2,000	—	2,000
2006B	—	22,005	—	(22,005)	—	—	—
2006A	—	6,853	—	(6,853)	—	—	—
2005A	—	143,665	—	(8,755)	134,910	—	134,910
1999A	258,963	558,015	—	(31,661)	267,391	256,296	523,687
1998B-1	432,800	643,647	—	(20,686)	190,161	421,236	611,397
Total Bonds	$ 692,306	$ 8,820,642	$ 557,505	$ (307,285)	$ 8,378,556	$679,899	$ 9,058,455
Less Current Portion		(242,233)					(266,140)
For Net Premium/(Discount)		8,187					131,674
Total Long-term Debit, net of current portion and premium/ (discount)		$ 8,586,596					$ 8,923,989

NOTE 10. LEASE OBLIGATIONS

Capitalized Leases

In 2006, CPS entered into a $3.7 million lease with an option to purchase with the Teachers Academy of Math and Science. The assets acquired under this lease are land and building at a cost of $0.7 million and $3.0 million, respectively. The accumulated amortization as of June 30, 2021 amounted to $0.89 million. The term of the lease commenced October 1, 2005, and ended February 1, 2021. This end date represents the maturity date of bonds issued for the premises by the Illinois Development Finance Authority Bonds. Debt service includes principal and interest and all other costs associated with these bonds. Additionally, CPS assumed all operating costs and personnel costs of the premises.

CPS had no capitalized leases outstanding as of June 30, 2021.

Following is a summary of changes in Capitalized Leases outstanding ($000's):

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Other Capitalized Leases	$ 525	$ —	$ (525)	$ —
Total Lease Outstanding	$ 525	$ —	$ (525)	$ —

Operating Leases

CPS is a lessee in numerous operating leases associated with the rental of trucks, automobiles, office equipment and real property. The lease arrangements are both cancellable and non-cancelable with some having structured rent increases. None of the operating leases are considered to be contingent leases.

Total expenditures for operating leases for the fiscal year ending June 30, 2021 were $16.7 million.

The following is a summary of operating lease commitments as of June 30, 2021 ($000's):

Fiscal Year(s)	Non-Real Property Leases	Real Property Leases	Total
2022	$ 1,003	$ 16,958	$ 17,961
2023	979	15,562	16,541
2024	946	14,701	15,647
2025	946	14,811	15,757
2026	—	7,015	7,015
2027-2031	—	25,055	25,055
2032	—	39	39
Total Operating Lease Commitments	$ 3,874	$ 94,141	$ 98,015

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 $100.0 million and Boiler and Machinery Insurance with limits of $100.0 million. CPS maintains commercial excess liability insurance with limits of $45.0 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. Additional liability coverage includes special events, fiduciary, foreign travel package, and catastrophic student accident insurance (under Public Act 98-0166, also known as “Rocky's Law”). In fiscal year 2021, CPS also renewed cyber liability insurance after placing it in fiscal year 2019 for the first time. During fiscal years 2021, 2020, and 2019 there were no casualty claims made in excess of the self-insured retention.

For fiscal year 2021, 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

As discussed in Note 15, there are pending workers' compensation and tort claims involving CPS which have arisen out of the ordinary conduct of business. CPS budgets an amount each year in the Workers' and Unemployment Compensation/Tort Immunity Program for the estimated claims, of which the expenditures are met through an annual tax levy.

NOTE 11. OTHER BENEFITS AND CLAIMS (continued)

CPS' estimate of liabilities for workers' compensation claims and general and automobile claims are actuarially determined based on loss estimates established by the respective claim administrators. Tort liabilities are based on loss estimates established by the respective trial attorneys. CPS accrues for the estimated workers' compensation, general and automobile claims and tort claims in the General Operating Fund when there is likelihood that an unfavorable outcome is probable and those expenditures will be liquidated with expendable available financial resources. Total expenditures reported in the fund financial statements amounted to $17.6 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, 2020	Increase/ (Decrease)	Payments	Balance June 30, 2021
Accrued sick pay benefits	$ 231,373	$ 21,092	$ (15,738)	$ 236,727
Accrued vacation pay benefits	57,606	9,265	(4,371)	62,500
Accrued workers' compensation claims	90,692	14,171	(17,742)	87,121
Accrued general and automobile claims	29,738	2,929	(6,330)	26,337
Tort liabilities and other claims	8,034	10,199	—	18,233
Total	$ 417,443	$ 57,656	$ (44,181)	$ 430,918
Less: Current portion of accrued sick pay benefits				(16,410)
Less: Current portion of accrued vacation pay benefits				(4,955)
Less: Current portion of accrued workers' compensation claims				(17,259)
Less: Current portion of accrued general and automobile claims				(5,770)
Total long-term other benefits and claims				$ 386,524

CPS is self-insured for certain employee health insurance costs (reimbursed to a provider on a cost plus fees basis). A net liability of $74.8 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 $31.9 million for estimated medical claims incurred but not reported as of June 30, 2021.

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, 2019	$ 92,902	$ 29,961	$ 16,549	$ 55,612
Increase/(Decrease)	20,372	7,602	(8,515)	410,729
Payments	(22,582)	(7,825)	—	(403,230)
Balance July 1, 2020	$ 90,692	$ 29,738	$ 8,034	$ 63,111
Increase/(Decrease)	14,171	2,929	10,199	467,262
Payments	(17,742)	(6,330)	—	(455,549)
Balance June 30, 2021	$ 87,121	$ 26,337	$ 18,233	$ 74,824

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, 2020, per the CTPF Annual report, there were 28,015 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 $115,929 for calendar year 2020. 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 2021, total employee contributions were $151.8 million, as in previous fiscal years, CPS paid a portion (7% or $118.0 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, 2021, total employer contributions to the plan were $619.0 million. Of this amount, $28.8 million were Charter School contributions and $41.8. 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, 2021, $235.2 million of levy funds was owed to the CTPF for a fiscal year 2021 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 $51.4 million in FY2021, are as follows ($000's):

Retirement Benefit Contributions:		
A contribution to increase funded ratio to 90%	$	548,337
A portion of grant funds from the Federal government for teachers paid from certain Federally-funded program		41,840
Charter school contributions		28,824
Total CPS Contributions	$	619,001
Contributions from the State of Illinois		266,893
CPS contributions on-behalf of employees		118,041
Total CTPF Contributions	$	1,003,935

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability recognized by CPS is $15.441 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, 2020, 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 2021 fiscal year was $1.910 billion.

Employer Deferral of Fiscal Year 2021 Pension Contributions: CPS paid $619.0 million in contributions for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability measurement date as of June 30, 2020. These contributions were reflected as Deferred Outflows of Resources in the Statement of Net Position as of June 30, 2021.

NOTE 12. PENSION BENEFITS (continued)

As June 30, 2021, 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	$ 189,132	$ 28,870
Net difference between projected and actual investment earnings on pension plan investments	—	219,337
Changes in assumptions	—	1,464,584
Contributions after the measurement date	—	619,001
Totals	$ 189,132	$ 2,331,792

The $619.0 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, 2022. The annual difference between expected and actual experience is amortized into pension expense over the average expected remaining service lives of active and inactive members calculated at the beginning of the year in which the difference occurs. The difference between projected and actual investment earnings on pension plan investments is amortized over a five-year closed period beginning in the year in which the difference occurs. The amounts of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows ($000's):

Years Ended June 30:	Amount
2022	$ 672,007
2023	433,232
2024	294,944
2025	123,476
Totals	$ 1,523,659

Assumptions and Other Inputs

Actuarial Assumptions: The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions and methods:

Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.75%, net of investment expense
Projected salary increases	2.75% to 12.60%, varying by age
Inflation	2.25%, general inflation rate
	2.75%, wage inflation rate
Cost-of-living adjustments	3% compound for Tier 1 members; the lesser of 3% or one-half of CPI-U, simple, for Tier 2 members

For healthy participants, mortality rates were based on the RP-2014 White Collar Healthy Annuitant mortality table, sex distinct. For disabled participants, mortality rates were based on the RP-2014 Disabled Annuitant mortality table, sex distinct.

NOTE 12. PENSION BENEFITS (continued)

Most of the actuarial assumptions used for the June 30, 2020 funding actuarial valuation were adopted by the Board of Trustees during the September 17, 2020 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 2020 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	61.0%	5.26%
Fixed Income	23.0%	1.52%
Real Estate	9.0%	4.34%
Private Equity	5.0%	7.62%
Infrastructure	2.0%	5.05%
Total	100%	

Discount Rate: For fiscal year 2020, a single discount rate of 6.37% 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 6.75% and a municipal bond rate of 2.45%.

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 6.37%, 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 5.37%	Current Discount 6.37%	1% Increase 7.37%
$18,893,967	$15,440,803	$12,598,500

Additional information regarding the CTPF basic financial statements including the Plan Net Position can be found in the CTPF Annual Comprehensive financial report by accessing the website at www.ctpf.org

NOTE 12. PENSION BENEFITS (continued)

Pension — Other Personnel

Plan Description: All career service employees of CPS, except CPS employees who are members of the Public School Teachers' Pension and Retirement Fund, participate in the Municipal Employees' Annuity and Benefit Fund of Chicago (the "MEABF" or the "Annuity Fund"). The Plan is administered under Chapter 40, Act 5, Article 8 of the Illinois Compiled Statutes. Benefit and contribution provisions are established by the Statutes and may be amended only by the Illinois state legislature. MEABF is a defined benefit single employer plan. As of December 31, 2020, CPS employed approximately 17,469 of the 31,327 active participants in MEABF.

Benefits Provided: If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest at 3% per annum, subject to certain exceptions.

Tier 1 employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 60 or more with at least 10 years of service or age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per each year of service times the final average salary (highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by ¼ of 1% for each month the employee is under age 60 if the employee has less than 25 years of service. The annuity is not discounted if the employee is age 50 with at least 30 years of service. An employee with at least 10, 20, or 30 years of service can withdraw and receive a minimum annuity formula at 60, 55, or 50, respectively. The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRC) §401(a)(17) and §415 limitations. Employees withdrawing from service at age 60 or older with at least 10 years of service are entitled to a minimum annuity of $850 per month.

Tier 2 employees age 67 or more with at least 10 years of service are entitled to receive an unreduced annuity benefit or a reduced annuity benefit at age 62 with 10 years of service. The annuity is discounted ½ percent for each full month the employee is under age 67. Final average salary is calculated using salary from the 8 highest consecutive years within the last 10 years of service prior to retirement.

Tier 3 employees age 65 or more with at least 10 years of service are entitled to receive an unreduced annuity benefit or a reduced annuity benefit at age 60 with 10 years of service. The annuity is discounted ½ percent for each full month the employee is under age 65. Final average salary is calculated using salary from the 8 highest consecutive years within the last 10 years of service prior to retirement.

The highest salary for annuity purposes may not exceed the base of $106,800 beginning in 2011 and shall be adjusted annually by the lesser of a) 3% of that amount, including all prior adjustments, or b) ½ of the annual unadjusted percentage increase in the Consumer Price Index-U for the 12 months ending with the September preceding November 1, including all prior adjustments. Under Tier 2 and Tier 3, pensionable salary rate limitations for fiscal year 2020 and fiscal year 2019 were $115,929 and $114,952, 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 $115,929 adjusted by inflation. In fiscal year 2021, as in previous fiscal years, CPS agreed to pay a portion (7% for union and 5% for non-union members or $37.2 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 $184.0 million; $156.3 million is contributed by the City of Chicago through its specific tax levies for pension plans and the remaining $27.7 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, 2020, the MEABF reported a net pension liability (NPL) of $13.725 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 $5.826 billion or 42.45%. The net pension liability was measured as of December 31, 2020. 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 2020 calendar year, which approximates CPS' 2021 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 2021. As a result, CPS recognized on-behalf revenue of $121.8 million and on-behalf pension expense of $121.8 million for fiscal year 2021.

Employer Deferral of Fiscal Year 2021 Pension Contributions: CPS paid $27.7 million in federal, trust or grant contributions for the fiscal year ended June 30, 2021. Some contributions were made subsequent to the pension liability measurement date of December 31, 2020. However, the amount is immaterial to the financial statements and has not been recorded as Deferred Outflows of Resources as of June 30, 2021. Total pension expense for fiscal year 2021 was $184.0 million.

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the December 31, 2020 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, 2020 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, 2020
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	2.12% based on the Bond Buyer 20-Bond Index of general obligation
Cost of living adjustments.	Tier 1: 3.0% compound Tier 2 & 3: the lesser of 3.0% or one-half the change in CPI, simple

Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females, and projected generationally using scale MP- 2016. The mortality rates for pre-retirement were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 12. PENSION BENEFITS (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	26%	7.3%
International Equity	17%	7.5%
Global Equity	5%	7.5%
Fixed Income	25%	2.3%
Real Estate	10%	6.0%
Private Equity	5%	10.8%
Hedge Funds	10%	5.5%
Infrastructure	2%	7.3%
Total	**100%**	

Discount Rate: The discount rate used to measure the total pension liability was 7.0% for December 31, 2020. 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%
$15,939,911	$13,724,573	$11,883,470

Additional information regarding the MEABF basic financial statements including the Plan Net Position can be found in the MEABF Annual Comprehensive Financial Report by accessing the website at www.meabf.org.

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefits (OPEB)

Plan Description: Healthcare benefits for certified teachers and administrators are provided under a cost sharing multiple employer plan administered by the Pension Fund. The actuarial analysis is contained in the Pension Fund Annual Report and is available via the website of the Public School Teachers' Pension & Retirement Fund at http://www.ctpf.org/. Only CPS and the State of Illinois (a nonemployer contributor) make direct contributions to the Pension Fund and a special funding situation is deemed not to exist with the State. Therefore, 100% of the collective net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense is allocated to CPS.

Benefits Provided: The Pension Fund administers a health insurance program that includes three external health insurance providers. A recipient of a retirement pension, survivor pension, or disability pension may be eligible to participate in a health insurance program and premium rebate sponsored by the Pension Fund, provided the Pension Fund is the recipient's final pension system prior to retirement. The purpose of this program is to help defray the retired member's premium cost for health insurance.

Funding Policy and Annual Other Postemployment Benefit Cost: The member is responsible for paying the cost of the insurance and may purchase insurance from the Pension Fund's providers or other outside providers. Each year, the Board of Trustees of the Pension Fund establishes a rebate percentage that is used to defray a portion of the cost of the insurance. The rebate percentage was 50% of the individual member's cost for calendar years 2018, 2017 and 2016. There was no rebate for calendar years 2020 and 2019. 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 2021, the Pension Fund allocated $51.4 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, 2021, was measured as of June 30, 2020, with an actuarial valuation as of June 30, 2020. At June 30, 2021, CPS recorded a total OPEB liability of $2.908 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, 2021 ($000's):

Beginning Balance, OPEB Liability	$ 2,554,892
Service cost	75,376
Interest on total OPEB Liability	80,340
Changes of benefit terms	495,926
Differences between expected and actual experience	(551,158)
Changes in assumptions	304,448
Benefit payments	(51,434)
Ending Balance, OPEB Liability	$ 2,908,390

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Deferral of Fiscal Year 2021 OPEB Contributions: CPS recognized OPEB expense for the year ended June 30, 2021, of $605.5 million. At June 30, 2021, CPS reported deferred outflows and deferred inflows of resources, from the following sources ($000's):

Deferred outflows of resources	**Amount**
Changes in assumptions	$ 437,976
Total deferred outflows of resources	$ 437,976

Deferred inflows of resources	**Amount**
Changes in assumptions	$ 23,135
Differences between expected and actual experience	581,024
Total deferred inflows of resources	$ 604,159

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

Years Ended June 30:	**Amount**
2022	$ (46,693)
2023	(46,693)
2024	(36,948)
2025	(17,543)
2026	(18,306)
Thereafter	—
Totals	$ (166,183)

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, 2020
Actuarial cost method	Entry Age Normal
Inflation rate	2.25%
Projected salary increases	2.75% - 12.60%, varying by age
Discount rate	2.45%
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 2.45% at June 30, 2020, and 3.13% at June 30, 2019, 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, 2020 and June 30, 2019 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 2.45%, 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 (3.45%) or lower (1.45%) than the current rate ($000's):

1% Decrease 1.45%	Current Single Discount Rate Assumption 2.45%	1% Increase 3.45%
$3,490,562	$2,908,390	$2,454,243

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
$2,406,407	$2,908,390	$3,583,210

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (continued)

The summary of current assumed health care cost trend rates applicable July 1, 2020 from Actuarial Methods and Assumptions above and used in the above analysis are as follow:

	Initial	Ultimate
Pre-Medicare	7.00%	4.25%
Post-Medicare	8.00%	4.25%
Medicare Part A.....	4.50%	4.50%
Medicare Part B	4.50%	4.50%

NOTE 14. FUND BALANCE CLASSIFICATIONS AND NET POSITION RESTRICTIONS

a. Fund Balance Classifications

1) At the end of the 2021 fiscal year, the General Operating Fund reported:

- $429 thousand of nonspendable fund balance for donations in which the principal may not be spent.
- Restricted fund balance consisted of $12.1 million for grants and donations, $4.2 million for future teacher's pension contributions and $48.2 million for school internal accounts.
- Assigned fund balance consisted of $135.3 million for commitments and contracts. Those commitments and contracts support multiple functions including $34.6 million for Instruction, $29.4 million for Instructional Support Services, $24.4 million for Facilities Support Services, $16.7 million for Pupil Support services, $15.1 million for Administrative Support services and $15.1 million for other miscellaneous functions.

2) At the end of the 2021 fiscal year, the Debt Service Fund reported assigned fund balance of $64.1 million for debt service stabilization and restricted fund balance of $769.5 million for debt service.

3) At the end of the 2021 fiscal year, the Capital Projects Fund reported restricted fund balance of $188.8 million for capital improvement program.

b. Statement of Net Position

The Statement of Net Position reports $831.0 million of restricted fund balance, of which $718.5 million is restricted for debt service, $47.9 million is restricted for capital projects, $12.1 million is restricted for programs funded by grants and donations, $48.2 million is restricted for school internal accounts, and $4.2 million for future teacher's pension contributions.

NOTE 15. LITIGATION AND CONTINGENCIES

a. State and Federal Aid Receipts

State and Federal aid is generally subject to review by the responsible governmental agencies for compliance with the agencies' regulations governing the aid. In the opinion of CPS management any potential adjustments to the Federal or State aid recorded by CPS through June 30, 2021 resulting from a review by a responsible government agency will not have a material effect on CPS' financial statements at June 30, 2021.

b. *Pollution Remediation Obligation*

In fiscal year 2021 CPS recorded a pollution remediation obligation of $14.2 million as current year expense in the Statement of Activities.

Several CPS facilities contain hazardous contaminates such as lead and asbestos, which is continually monitored by the school district. CPS' pollution remediation obligation is primarily related to the removal of lead and asbestos during the remodeling and/or expansion of CPS facilities. The pollution remediation obligation is derived from construction contracts and the amount assumes no unexpected change orders.

c. *Vacant Property*

In fiscal year 2013, CPS closed 47 schools of which some of the schools were identified to be demolished. In accordance with GASB 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* CPS recorded a liability for the estimated demolition cost of $18.7 million at June 30, 2013. In fiscal years 2016 and 2018, a total of six (6) of the buildings identified to be demolished were sold, decreasing the estimated liability to $9.9 million. In fiscal year 2021, there were no buildings sold. As of June 30, 2021, the estimated liability remains at $9.9 million.

d. *Other Litigation and Claims*

There are five (5) 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 2021.

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, 2021, 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 2021. 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, 2021.

The liability for other litigation and claims, not including workers' compensation and general liability, increased by $10.2 million from $8.0 million in fiscal year 2020 to $18.2 million in fiscal year 2021.

NOTE 16. TAX ABATEMENT

Tax abatements are a reduction in tax revenue that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Various tax incentive programs exist between Cook County and local businesses and developers that effect tax revenues received by CPS. These programs are Class 6b, Class 7a, Class 7b, Class 8 and Class 9 and are subject to approval by Cook County's Assessor Office based on applicable criteria. Businesses and developers are granted these incentives based on property classification.

The purpose of the Class 6b program is to encourage industrial development throughout Cook County by offering a real estate tax incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. Properties receiving a Class 6b incentive are assessed at 10% of market value for the first 10 years, 15% in the 11th year, 20% in the 12th year and 25% in subsequent years. In calendar year 2020, there were 438 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 2020, there were 162 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 2020, 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 2020, there were 769 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 2021 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 $44.5 million.

NOTE 17. SUBSEQUENT EVENTS

Ratings Agency Actions

There have been no rating changes related to the long-term debt of CPS occurring after June 30, 2021.

Repayment of 2020 Tax Anticipation Notes

To finance cash flow deficits in fiscal year 2021, CPS issued and repaid multiple series of 2020 Tax Anticipation Notes (the 2020 TANS). At the end of fiscal year 2021, CPS had outstanding $244.0 million of 2020 TANS. In July and August 2021, CPS issued an additional $556 million of 2020 TANS. In October 2021, CPS repaid and ended all its Series 2020 TANS.

Issuance of 2021 Tax Anticipation Notes

After the end of fiscal year 2021, for fiscal year 2022 the Board approved a levy of ad valorem property taxes of approximately $2.72 billion for educational purposes (2021 Tax Levy) to be collected in calendar year 2022 and authorized the issuance of an aggregate principal amount outstanding from time to time of not to exceed $1.25 billion of 2021 Tax Anticipation Notes (2021 TANS) in anticipation of the collection of the 2021 Tax Levy.

As of November 4, 2021, CPS has issued and has outstanding 2021 TANS in the total aggregate amount of $20.0 million. CPS expects to issue additional TANS throughout fiscal year 2022 to fund its cash flow needs in an amount up to the authorized amount of $1.25 billion.

The Series 2021 TANS series designations are as follows: (1) $400 million Series 2021A tax anticipation notes closed on October 27, 2021. The Series 2021A TANS were privately placed with JP Morgan Chase Bank and carry a variable interest rate of 80% of 1 month LIBOR plus 0.45%. (2) $400 million Series 2021B tax anticipation notes closed on November 2, 2021. The Series 2021B 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%.

Principal of and interest on the 2021 TANS is payable on the respective sub-series maturity date of each series of the 2021 TANS from the revenues from the 2021 Tax Levy. The 2021 Tax Levy will be intercepted by a trustee, and it will be used to repay all issuances of 2021 TANS. Property taxes are payable in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. 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 2021A and 2021B TANS is the later of 60 days past the second installment tax penalty date or December 30, 2022 (for 2021A) or December 31, 2022 (for 2021B).

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Required Supplementary Information

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES BY OBJECT, OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS VS. ACTUAL
For the Fiscal Year Ended June 30, 2021
(Thousands of Dollars)

	Original Budget	Supplemental Appropriations Transfers In/(Out)	Final Budget	Fiscal Year 2021 Actual	Over (Under) Budget
Revenues:					
Property taxes	$ 3,203,960	$ —	$ 3,203,960	$ 3,097,307	$ (106,653)
Replacement taxes	155,475	—	155,475	242,643	87,168
State aid	1,845,888	—	1,845,888	1,817,275	(28,613)
Federal aid	1,301,791	—	1,301,791	1,116,343	(185,448)
Interest and investment earnings	500	—	500	584	84
Other	386,356	—	386,356	470,381	84,025
Total revenues	$ 6,893,970	$ —	$ 6,893,970	$ 6,744,533	$ (149,437)
Expenditures:					
Salaries -					
Teachers' salaries.	$ 2,224,491	$ —	$ 2,224,491	$ 2,133,813	$ (90,678)
Career service salaries	782,405	—	782,405	723,876	(58,529)
Commodities -					
Energy	69,436	—	69,436	63,294	(6,142)
Food	136,904	—	136,904	51,663	(85,241)
Textbook	86,905	—	86,905	65,859	(21,046)
Supplies	136,279	—	136,279	109,334	(26,945)
Other	769	—	769	609	(160)
Services -					
Professional and special services	737,000	—	737,000	540,289	(196,711)
Charter Schools	810,983	—	810,983	820,187	9,204
Transportation	119,372	—	119,372	67,948	(51,424)
Tuition	76,214	—	76,214	68,264	(7,950)
Telephone and telecommunications	17,856	—	17,856	27,752	9,896
Other	27,420	—	27,420	18,787	(8,633)
Equipment - educational	90,135	—	90,135	61,102	(29,033)
Building and Sites -					
Repair and replacements	39,417	—	39,417	36,222	(3,195)
Capital outlay	—	—	—	12	12
Benefits -					
Teachers' pension	1,015,297	—	1,015,297	1,003,935	(11,362)
Career service pension	177,803	—	177,803	221,022	43,219
Hospitalization and dental insurance	396,312	—	396,312	398,385	2,073
Medicare	45,896	—	45,896	40,797	(5,099)
Unemployment compensation	9,362	—	9,362	1,490	(7,872)
Workers compensation	22,905	—	22,905	17,619	(5,286)
Rent	19,948	—	19,948	17,151	(2,797)
Debt service	20,562	—	20,562	8,527	(12,035)
Other	(147,701)	—	(147,701)	9,921	157,622
Total expenditures.	$ 6,915,970	$ —	$ 6,915,970	$ 6,507,858	$ (408,112)
Net change in fund balances	$ (22,000)	$ —	$ (22,000)	$ 236,675	$ 258,675
Fund balances, beginning of period as restated	567,093	—	567,093	567,093	—
Fund balances, end of period	$ 545,093	$ —	$ 545,093	$ 803,768	$ 258,675

Note:

*Budget amount for Property tax include the $79 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 Seven Fiscal Years Ended June 30, 2021
(Thousands of dollars)

Public School Teachers' Pension and Retirement Fund of Chicago:

	2015 (1)	2016	2017	2018	2019	2020	2021
CPS' Proportion of the Net Pension Liability	100.00%	100.00%	100.00%	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	$13,442,717	$14,127,342	$15,440,803
State of Illinois' Proportionate Share of the Net Pension Liability associated with CPS	—	—	—	—	—	—	—
Total	$ 9,501,206	$10,023,263	$11,011,400	$12,382,417	$13,442,717	$14,127,342	$15,440,803
CPS' Covered Payroll	$ 2,233,281	$ 2,273,551	$ 2,281,269	$ 2,030,175	$ 2,111,982	$2,179,055	$2,249,491
CPS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	425.44%	440.86%	482.69%	609.92%	636.50%	648.32 %	686.41 %
CTPF Plan Net Position as a Percentage of Total Pension Liability	53.23%	51.61%	47.78%	49.46%	45.23%	43.86 %	41.46 %

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

Municipal Employees' Annuity and Benefit Fund of Chicago:

	2015 (1)	2016	2017	2018	2019	2020	2021
CPS' portion of the Net Pension Liability	0.00%	0.00%	0.00%	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	5,132,885	5,372,904	5,826,081
Total	$ 2,779,767	$ 7,829,700	$ 7,529,116	$ 4,848,718	$ 5,132,885	$ 5,372,904	$ 5,826,081
Covered Payroll	$ 625,161	$ 691,178	$ 657,649	$ 697,242	$ 690,490	$ 734,934	$ 790,323
CPS' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	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%	23.29%	23.64%	22.96%

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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CPS' CONTRIBUTIONS TO DEFINED BENEFIT PENSION PLANS
For the Seven Fiscal Years Ended June 30, 2021
(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, 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, 2021	$ 475,508	$ 156,278	$ 156,278	$ 319,230	$ 790,323	19.77%
June 30, 2020	436,749	147,107	147,107	289,642	734,934	20.02%
June 30, 2019	417,940	106,278	106,278	311,662	690,490	15.39%
June 30, 2018	415,674	76,700	76,700	338,974	697,242	11.00%
June 30, 2017	387,381	61,382	61,382	325,999	657,649	9.33%
June 30, 2016	288,660	61,885	61,885	226,775	691,178	8.95%
June 30, 2015	327,225	58,200	58,200	269,025	625,161	9.31%

NOTE:

CPS implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

See independent Auditors' report

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF CPS' PROPORTIONATE SHARE OF TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS

For the Four Fiscal Years Ended June 30, 2021
(Thousands of dollars)

Public School Teachers' Pension and Retirement Fund of Chicago

	2021	2020	2019	2018
District's Proportion of the Total OPEB Liability	100.00%	100.00%	100.00%	100.00%
District's Proportionate Share of the Collective Total OPEB Liability	$ 2,908,390	$ 2,554,892	$ 2,272,125	$ 2,270,891
Total	$ 2,908,390	$ 2,554,892	$ 2,272,125	$ 2,270,891
Covered payroll	$ 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	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%

Public School Teachers' Pension and Retirement Fund of Chicago

	2021	2020	2019	2018
Contractually required contribution	$ 51,351	$ 51,963	$ 59,089	$ 66,868
Contributions in relation to the contractually required contribution	51,351	51,963	59,089	66,868
Contribution Deficiency (Excess)	$ —	$ —	$ —	$ —
Covered payroll	$ 2,372,167	$ 2,249,491	$ 2,179,055 *	$ 2,111,982
Contributions as a Percentage of covered payroll	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, 2021.

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See Independent Auditors' Report.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

General Operating Fund

The General Operating Fund is the primary operating fund of the Board. It was created in response to the provisions of P.A. 89-15 which consolidated all of the rate-limited tax levies into the Board's general education tax levy. All information in this fund is presented in accordance with the provisions of the Illinois Program Accounting Manual for Local Education Agencies. The General Operating Fund includes all the revenues and expenditures of the following programs: Educational Program; Supplementary General State Aid Program; Chicago Teacher's Pension Program; School Lunch Program; Elementary and Secondary Education Act Program; Individuals with Disabilities Education Act Program; Workers' and Unemployment Compensation/Tort Immunity Program; Public Building Commission Operations and Maintenance Program, ARRA American Recovery and Reinvestment Act Program, Elementary and Secondary School Relief Program, and Other Government-funded Programs.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Thousands of dollars)

	Final Budget	Fiscal Year 2021 Actual	Over (Under) Budget	Fiscal Year 2020 Actual	2021 Over (Under) 2020
Revenues:					
Property taxes	$ 3,203,960	$ 3,097,307	$ (106,653)	$ 3,014,452	$ 82,855
Replacement taxes	155,475	242,643	87,168	139,729	102,914
State aid	1,845,888	1,817,275	(28,613)	1,846,012	(28,737)
Federal aid	1,301,791	1,116,343	(185,448)	722,420	393,923
Interest and investment earnings	500	584	84	6,000	(5,416)
Other	386,356	470,381	84,025	469,328	1,053
Total revenues	$ 6,893,970	$ 6,744,533	$ (149,437)	$ 6,197,941	$ 546,592
Expenditures:					
Teachers' salaries	$ 2,224,491	$ 2,133,813	$ (90,678)	$ 1,990,348	$ 143,465
Career service salaries	782,405	723,876	(58,529)	706,758	17,118
Energy	69,436	63,294	(6,142)	70,935	(7,641)
Food	136,904	51,663	(85,241)	94,333	(42,670)
Textbook	86,905	65,859	(21,046)	57,664	8,195
Supplies	136,279	109,334	(26,945)	60,024	49,310
Other commodities	769	609	(160)	229	380
Professional and special services	737,000	540,289	(196,711)	506,269	34,020
Charter Schools	810,983	820,187	9,204	768,328	51,859
Transportation	119,372	67,948	(51,424)	103,693	(35,745)
Tuition	76,214	68,264	(7,950)	64,063	4,201
Telephone and telecommunications	17,856	27,752	9,896	16,581	11,171
Other services	27,420	18,787	(8,633)	25,508	(6,721)
Equipment - educational	90,135	61,102	(29,033)	48,384	12,718
Repair and replacements	39,417	36,222	(3,195)	45,592	(9,370)
Capital outlay	—	12	12	6	6
Teachers' pension	1,015,297	1,003,935	(11,362)	968,083	35,852
Career service pension	177,803	221,022	43,219	188,977	32,045
Hospitalization and dental insurance	396,312	398,385	2,073	347,073	51,312
Medicare	45,896	40,797	(5,099)	38,702	2,095
Unemployment compensation	9,362	1,490	(7,872)	5,452	(3,962)
Workers compensation	22,905	17,619	(5,286)	22,602	(4,983)
Rent	19,948	17,151	(2,797)	17,350	(199)
Debt service	20,562	8,527	(12,035)	7,364	1,163
Other fixed charges	(147,701)	9,921	157,622	9,329	592
Total expenditures	$ 6,915,970	$ 6,507,858	$ (408,112)	$ 6,163,647	$ 344,211
Revenues in excess of (less than) expenditures	$ (22,000)	$ 236,675	$ 258,675	$ 34,294	$ 202,381
Other financing sources (uses):					
Transfers in (out)	—	—	—	11,010	(11,010)
Total other financing sources (uses)	$ —	$ —	$ —	$ 11,010	$ (11,010)
Net change in fund balances	$ (22,000)	$ 236,675	$ 258,675	$ 45,304	$ 191,371
Fund balances, beginning of period as restated	567,093	567,093	—	471,766	95,327
Fund balances, end of period	$ 545,093	$ 803,768	$ 258,675	$ 517,070	$ 286,698

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Capital Projects Fund

The Capital Projects Fund is for the receipts and expenditures of revenues for Board capital projects. This fund includes the Capital Asset Program and the Capital Improvement Program.

Capital Asset Program:

This program is for the receipts and expenditures of proceeds from the sale of certain Board real estate, and other miscellaneous capital project revenues from various sources as designated by the Board.

Capital Improvement Program:

This program is for the receipts and expenditures of proceeds from the sale of Unlimited Tax General Obligation Bonds, Public Building Commission Building Revenue Bonds, State of Illinois construction grant receipts and federal E-rate capital subsidies for the purpose of building and improving schools at the designation of the Board.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES AND NET CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2021
(Thousands of dollars)

	Capital Asset Program	Capital Improvement Program	Total
Revenues:			
Property taxes	$ —	$ 8,696	$ 8,696
State aid	—	17,463	17,463
Federal aid	—	7,639	7,639
Interest and investment earnings	—	1,108	1,108
Other	46	4,001	4,047
Total revenues	$ 46	$ 38,907	$ 38,953
Expenditures:			
Capital outlay	$ 6	$ 565,689	$ 565,695
Total expenditures	$ 6	$ 565,689	$ 565,695
Revenues less than expenditures	$ 40	$ (526,782)	$ (526,742)
Other financing sources (uses):			
Gross amounts from debt issuances	$ —	$ 419,156	$ 419,156
Premiums	—	113,020	113,020
Transfers in / (out)	—	1,284	1,284
Total other financing sources (uses)	$ —	$ 533,460	$ 533,460
Net change in fund balances	$ 40	$ 6,678	$ 6,718
Fund balances, beginning of period	57,565	124,536	182,101
Fund balances, end of period	$ 57,605	$ 131,214	$ 188,819

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, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2021	Variance	Fiscal Year 2020	2021 Over (Under) 2020
Revenues:					
Other	$ —	$ 46	$ 46	$ (24)	$ 70
Total revenues	$ —	$ 46	$ 46	$ (24)	$ 70
Expenditures:					
Services	$ —	$ —	$ —	$ —	$ —
Capital outlay	—	6	6	—	6
Total expenditures	$ —	$ 6	$ 6	$ —	$ 6
Revenues less than expenditures	$ —	$ 40	$ 40	$ (24)	$ 64
Other financing sources:					
Sales of general capital assets	$ —	$ —	$ —	$ 166	$ (166)
Total other financing sources	$ —	$ —	$ —	$ 166	$ (166)
Net change in fund balance	$ —	$ 40	$ 40	$ 142	$ (102)
Fund balance, beginning of period	57,565	57,565	—	57,423	142
Fund balance, end of period	$ 57,565	$ 57,605	$ 40	$ 57,565	$ 40

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, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Thousands of dollars)

	Final Appropriations	Fiscal Year 2021	Variance	Fiscal Year 2020	2021 Over (Under) 2020
Revenues:					
Property taxes	$ 5,256	$ 8,696	$ 3,440	$ 8,743	$ (47)
State aid	47,272	17,463	(29,809)	10,741	6,722
Federal aid	10,073	7,639	(2,434)	—	7,639
Interest and investment earnings	—	1,108	1,108	12,755	(11,647)
Other	42,150	4,001	(38,149)	16,132	(12,131)
Total revenues	$ 104,751	$ 38,907	$ (65,844)	$ 48,371	$ (9,464)
Expenditures:					
Salaries	$ 1,467	$ 1,317	$ (150)	$ 1,089	$ 228
Services	—	38,102	38,102	15,357	22,745
Textbook	—	—	—	28,003	(28,003)
Educational equipment	—	1,703	1,703	—	1,703
Capital outlay	756,172	506,988	(249,184)	550,429	(43,441)
Pension	199	207	8	185	22
Hospitalization and dental insurance	122	114	(8)	74	40
Medicare	21	18	(3)	15	3
Unemployment compensation	5	1	(4)	2	(1)
Workers compensation	14	9	(5)	10	(1)
Other	—	17,230	17,230	(11,784)	29,014
Total expenditures	$ 758,000	$ 565,689	$ (192,311)	$ 583,379	$ (17,690)
Revenues less than expenditures	$ (653,249)	$ (526,782)	$ 126,467	$ (535,008)	$ 8,225
Other financing sources (uses):					
Gross amounts from debt issuances	$ 400,000	$ 419,156	$ 19,156	$ —	$ 419,156
Premiums	—	113,020	113,020	—	113,020
Transfers in	—	1,284	1,284	220	1,064
Total other financing sources (uses)	$ 400,000	$ 533,460	$ 133,460	$ 220	$ 533,240
Net change in fund balance	$ (253,249)	$ 6,678	$ 259,927	$ (534,788)	$ 541,466
Fund balance, beginning of period	124,536	124,536	—	659,324	(534,788)
Fund balance, end of period	$ (128,713)	$ 131,214	$ 259,927	$ 124,536	$ 6,678

CHICAGO PUBLIC SCHOOLS

Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Debt Service Fund

The Debt Service Fund is established to account for annual property tax levies and other revenues that are used for the payment of principal and interest and redemption for general obligation bonds by the Board and for lease payments to the Public Building Commission. The fund includes the Bond Redemption and Interest Program.

Bond Redemption and Interest Program:

This program is for the receipt and expenditure of replacement taxes, City of Chicago Intergovernmental Agreement Revenue, State of Illinois construction grant receipts and other revenues as designated by the Board for the payment of interest and principal on specific bond issues.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND NET CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2021
(Thousands of dollars)

		Bond Redemption and Interest Program
Revenues:		
Property taxes	$	51,471
Replacement taxes		39,432
State aid		454,450
Federal aid		24,963
Interest and investment earnings		1,191
Other		99,470
Total revenues	$	670,977
Expenditures:		
Current:		
Debt service	$	661,542
Total expenditures	$	661,542
Revenues less than expenditures	$	9,435
Other financing sources (uses):		
Gross amounts from debt issuances	$	138,349
Premiums		26,112
Payment to refunded bond escrow agent		(132,560)
Transfers in (out)		(1,284)
Total other financing sources (uses)		30,617
Net change in fund balances	$	40,052
Fund balances, beginning of period		793,540
Fund balances, end of period	$	833,592

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, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Thousands of Dollars)

	Final Appropriations	Fiscal Year 2021	Variance	Fiscal Year 2020	2021 Over (Under) 2020
Revenues:					
Property taxes	$ 55,696	$ 51,471	$ (4,225)	$ 50,828	$ 643
Replacement taxes	39,432	39,432	—	62,722	(23,290)
State aid	445,646	454,450	8,804	383,054	71,396
Federal aid	24,808	24,963	155	24,936	27
Interest and investment earnings	—	1,191	1,191	28,419	(27,228)
Other	142,300	99,470	(42,830)	136,665	(37,195)
Total revenues	$ 707,882	$ 670,977	$ (36,905)	$ 686,624	$ (15,647)
Expenditures:					
Debt Service	$ 710,530	$ 661,542	$ (48,988)	$ 623,184	$ 38,358
Total expenditures	$ 710,530	$ 661,542	$ (48,988)	$ 623,184	$ 38,358
Revenues less than expenditures	$ (2,648)	$ 9,435	$ 12,083	$ 63,440	$ (54,005)
Other financing sources (uses):					
Gross amounts from debt issuances	$ —	$ 138,349	$ 138,349	$ 349,079	$ (210,730)
Premiums	—	26,112	26,112	50,391	(24,279)
Payment to refunded bond escrow agent	—	(132,560)	(132,560)	(401,956)	269,396
Transfers in (out)	—	(1,284)	(1,284)	(4,714)	3,430
Total other financing sources (uses)	$ —	$ 30,617	$ 30,617	$ (7,200)	$ 37,817
Net change in fund balance	$ (2,648)	$ 40,052	$ 42,700	$ 56,240	$ (16,188)
Fund balance, beginning of period	793,540	793,540	—	737,300	56,240
Fund balance, end of period	$ 790,892	$ 833,592	$ 42,700	$ 793,540	$ 40,052

Chicago Public Schools

Statistical Section

Richardson Middle School

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CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATISTICAL SECTION

This part of CPS' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about CPS' overall financial position.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how CPS' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess CPS' major revenue sources.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which CPS' financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in CPS' financial report relates to the services CPS provides and the activities it performs.

Sources:

Unless otherwise noted, the information contained herein is derived from the annual comprehensive financial reports for the relevant year.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPONENTS OF NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Thousands of dollars)

	2012 (1) (as restated)	2013	2014	2015
Net investment in capital assets	$ 310,028	$ 80,009	$ (37,194)	$ (159,007)
Restricted for:				
Capital projects	—	—	—	—
Debt service	282,253	345,399	368,794	445,663
Restricted for school internal accounts	—	—	—	—
Grants and donations	70,302	63,862	61,451	64,584
Workers' comp/tort immunity	92,680	64,985	19,838	41,373
Teacher's Pension Contributions	—	—	—	—
Unrestricted	(2,552,441)	(3,358,734)	(4,372,335)	(11,604,516)
Total net position (deficit)	$ (1,797,178)	$ (2,804,479)	$ (3,959,446)	$ (11,211,903)

1) Certain items in the FY2012 financial statements were restated to reflect the effects of GASB 63 and GASB 65 adopted in FY2013.
2) Certain items in the FY2016 financial statements were restated to reflect the effects of GASB 82 adopted in FY2017.
3) Certain items in the FY2017 financial statements were restated to reflect the effects of GASB 75 adopted in FY2018.
4) Certain items in the FY2020 financial statements were restated to reflect the effects of GASB 84 adopted in FY2020.

2016 (2) (as restated)	2017 (3) (as restated)	2018	2019	2020 (4) (as restated)	2021
$ (342,529)	$ (644,224)	$ (743,406)	$ (1,425,566)	$ (1,560,713)	$ (1,757,203)
—	125,516	167,172	106,701	62,028	47,925
510,743	630,308	744,517	715,845	706,872	718,477
—	—	—	—	—	48,230
65,282	52,287	52,333	16,183	13,553	12,143
35,116	27,344	—	—	—	—
—	—	9,287	14,125	14,323	4,217
(12,362,437)	(13,497,487)	(14,286,782)	(14,223,061)	(15,112,632)	(16,451,536)
$ (12,093,825)	$ (13,306,256)	$ (14,056,879)	$ (14,795,773)	$ (15,876,569)	$ (17,377,747)

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014	2015
Governmental Activities:				
Expenses:				
Instruction	$ 3,742,788	$ 4,040,352	$ 4,139,906	$ 4,217,996
Pupil support services	483,167	494,076	487,139	484,745
Administrative support services	192,605	211,294	241,913	249,662
Facilities support services	455,342	490,381	654,971	477,892
Instructional support services	473,202	491,137	474,926	492,232
Food services	219,382	234,659	205,989	207,834
Community services	38,941	39,946	37,507	37,997
Interest expense	310,452	337,053	335,237	332,023
Other	8,115	7,043	6,134	6,319
Total governmental activities	$ 5,923,994	$ 6,345,941	$ 6,583,722	$ 6,506,700
Program revenues:				
Charges for services				
Instruction	$ 727	$ 700	$ 657	$ 571
Food services	6,083	5,554	3,485	1,303
Operating grants and contributions	1,196,073	963,325	1,086,885	1,051,655
Capital grants and contributions	112,914	186,394	162,403	356,189
Total program revenues	$ 1,315,797	$ 1,155,973	$ 1,253,430	$ 1,409,718
Revenues (less than) expenditures	$ (4,608,197)	$ (5,189,968)	$ (5,330,292)	$ (5,096,982)
General revenues and other changes in net position:				
Taxes:				
Property taxes	$ 2,089,016	$ 2,156,943	$ 2,218,033	$ 2,302,881
Replacement taxes	181,927	185,884	188,040	202,148
Non-program state aid	1,611,726	1,688,611	1,572,564	1,492,019
Interest and investment earnings	20,683	7,879	15,563	(47,720)
Gain on sale of capital assets	—	—	—	—
Other	147,550	143,350	181,125	125,638
Total general revenues	$ 4,050,902	$ 4,182,667	$ 4,175,325	$ 4,074,966
Change in net position	$ (557,295)	$ (1,007,301)	$ (1,154,967)	$ (1,022,016)

2016	2017	2018	2019	2020	2021
$ 3,870,330	$ 4,024,653	$ 4,449,069	$ 4,770,114	$ 5,036,763	$ 5,831,771
470,316	472,176	481,371	513,667	564,302	582,704
318,736	301,053	171,493	215,700	353,496	443,736
454,652	465,170	455,563	536,053	668,369	700,399
468,999	460,568	496,199	585,280	606,146	742,780
211,288	213,920	219,809	231,401	238,660	184,966
36,967	39,625	39,863	42,641	43,691	63,151
365,136	448,126	544,857	504,458	505,157	485,888
7,388	12,691	10,015	15,322	17,690	—
$ 6,203,812	$ 6,437,982	$ 6,868,239	$ 7,414,636	$ 8,034,274	$ 9,035,395
$ 612	$ 647	$ 698	$ 734	$ 452	$ 501
1,336	1,522	3,356	2,698	1,808	358
1,147,750	1,156,382	1,322,703	1,553,775	1,612,177	2,043,353
109,766	57,658	60,896	49,773	18,307	34,706
$ 1,259,464	$ 1,216,209	$ 1,387,653	$ 1,606,980	$ 1,632,744	$ 2,078,918
$ (4,944,348)	$ (5,221,773)	$ (5,480,586)	$ (5,807,656)	$ (6,401,530)	$ (6,956,477)
$ 2,399,287	$ 2,696,046	$ 2,889,401	$ 3,041,009	$ 3,075,049	$ 3,155,962
161,535	227,921	168,254	187,232	202,452	282,075
1,442,822	1,212,143	1,451,897	1,605,783	1,666,153	1,658,276
(18,706)	5,442	19,022	47,250	47,514	2,883
10,058	7,008	8,674	—	—	—
190,480	156,369	192,715	187,488	329,566	306,080
$ 4,185,476	$ 4,304,929	$ 4,729,963	$ 5,068,762	$ 5,320,734	$ 5,405,276
$ (758,872)	$ (916,844)	$ (750,623)	$ (738,894)	$ (1,080,796)	$ (1,551,201)

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

COMPONENTS OF FUND BALANCE
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014	2015
General operating fund				
Nonspendable	$ 3,329	$ 1,720	$ 429	$ 429
Restricted for grants and donations	69,873	63,434	61,022	64,155
Restricted for workers' comp/tort immunity	92,680	64,985	19,838	41,373
Restricted for teacher's pension contributions	—	—	—	—
Restricted for school internal accounts	—	—	—	—
Assigned for appropriated fund balance	348,900	562,682	267,652	79,225
Assigned for commitments and contracts	110,397	105,664	87,067	73,101
Unassigned	443,575	150,658	—	102,002
Total general operating fund	$ 1,068,754	$ 949,143	$ 436,008	$ 360,285
All other governmental funds				
Nonspendable	$ 5,674	$ 4,388	$ —	$ —
Restricted for capital improvement program	88,762	169,368	—	—
Restricted for debt service	332,517	466,966	491,552	545,383
Assigned for debt service	254,967	269,167	193,877	57,057
Unassigned (deficit)	—	—	(91,953)	(131,111)
Total all other governmental funds	$ 681,920	$ 909,889	$ 593,476	$ 471,329

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

2016	2017	2018	2019	2020 (1)	2021
$ 429	$ 429	$ 429	$ 429	$ 429	$ 429
64,854	51,858	52,333	16,183	13,518	12,143
35,116	27,344	—	—	—	—
—	—	9,287	14,125	14,324	4,217
—	—	—	—	50,023	48,230
—	—	—	—	—	—
—	—	18,044	94,733	109,944	135,314
(227,031)	(354,861)	243,671	346,296	378,855	603,435
$ (126,632)	$ (275,230)	$ 323,764	$ 471,766	$ 567,093	$ 803,768
$ —	$ 2,356,000	$ —	$ —	$ —	$ —
107,248	792,586	895,111	716,747	182,101	188,819
535,116	660,501	785,176	753,962	747,627	769,537
—	—	341	20,080	45,913	64,055
(65,809)	(85,691)	—	—	—	—
$ 576,555	$ 3,723,396	$ 1,680,628	$ 1,490,789	$ 975,641	$ 1,022,411

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)

	2012	2013	2014 (1)	2015
Revenues:				
Property taxes	$ 2,352,136	$ 2,211,568	$ 2,204,252	$ 2,304,656
Replacement taxes	181,927	185,884	188,041	202,148
State aid	1,965,901	1,815,798	1,840,805	1,847,069
Federal aid	935,951	845,796	907,241	798,931
Interest and investment earnings	20,760	7,303	15,596	(92,825)
Other	303,744	322,128	286,472	377,286
Total revenues	$ 5,760,419	$ 5,388,477	$ 5,442,407	$ 5,437,265
Expenditures:				
Current:				
Instruction	$ 2,992,481	$ 3,034,509	$ 3,126,689	$ 3,253,484
Pupil support services	469,366	454,240	457,939	459,672
General support services	967,692	941,270	987,048	972,526
Food services	213,115	215,739	193,642	197,084
Community services	39,794	39,656	37,460	38,003
Teachers' pension and retirement benefits	183,499	227,766	593,225	676,078
Other	8,115	7,043	6,134	6,319
Capital outlay	591,148	519,604	534,980	391,953
Debt service:				
Principal	88,466	73,423	148,272	214,707
Interest	275,707	304,788	315,927	310,923
Other charges	10,321	12,198	3,705	7,863
Total expenditures	$ 5,839,704	$ 5,830,236	$ 6,405,021	$ 6,528,612
Revenues (less than) expenditures	$ (79,285)	$ (441,759)	$ (962,614)	$ (1,091,347)
Other financing sources (uses):				
Gross amounts from debt issuances	$ 592,510	$ 982,720	$ 131,600	$ 561,880
Premiums on bonds issued	1,229	47,271	—	—
Insurance proceeds	—	—	—	—
Sales of general capital assets	—	723	7,301	37,504
Payment to refunded bond escrow agent	(190,100)	(480,597)	—	(386,710)
Discounts on bonds issued	—	—	—	(12,502)
Total other financing sources (uses)	$ 403,639	$ 550,117	$ 138,901	$ 200,172
Net changes in fund balances	$ 324,354	$ 108,358	$ (823,713)	$ (891,175)
Debt service as a percentage of noncapital expenditures	6.89%	7.02%	7.64%	8.47%

NOTES:
1) Fiscal year 2014 was restated due to a change in the revenue recognition period in fiscal year 2015.

2016	2017	2018	2019	2020	2021
$ 2,408,416	$ 2,714,956	$ 2,897,870	$ 2,984,026	$ 3,074,091	$ 3,157,474
161,535	227,921	168,254	187,232	202,451	282,075
1,552,325	1,708,865	2,196,956	2,182,942	2,239,807	2,289,188
808,999	783,943	767,928	705,355	747,356	1,148,945
(95,650)	5,442	19,022	47,250	47,514	2,883
437,042	387,045	461,692	536,349	622,101	573,898
$ 5,272,667	$ 5,828,172	$ 6,511,722	$ 6,643,154	$ 6,933,320	$ 7,454,463
$ 2,970,553	$ 2,859,105	$ 3,108,443	$ 3,263,334	$ 3,247,193	$ 3,444,901
448,254	441,324	453,389	486,490	537,732	551,884
1,044,740	948,943	888,314	1,025,546	1,231,120	1,387,216
201,377	199,944	207,042	219,159	227,422	175,183
37,497	39,607	40,047	42,919	43,985	62,993
664,123	708,941	762,816	787,183	835,399	844,054
7,388	12,691	10,016	15,322	17,689	12,304
308,091	217,303	352,028	625,306	599,122	592,336
139,096	152,638	144,717	144,542	171,755	176,315
310,778	375,679	443,886	428,290	483,474	486,019
31,545	77,377	62,802	63,382	5,953	1,890
$ 6,163,442	$ 6,033,552	$ 6,473,500	$ 7,101,473	$ 7,400,844	$ 7,735,095
$ (890,775)	$ (205,380)	$ 38,222	$ (458,319)	$ (467,524)	$ (280,632)
$ 724,999	$ 879,580	$ 2,152,150	$ 849,395	$ 349,079	$ 557,505
—	—	65,353	33,399	50,391	139,132
—	224	—	—	—	—
15,012	6,272	9,442	1,251	166	—
(120,856)	—	(1,321,865)	(457,035)	(401,956)	(132,560)
(110,071)	(36,097)	(33,432)	(10,528)	—	—
$ 509,084	$ 849,979	$ 871,648	$ 416,482	$ (2,320)	$ 564,077
$ (381,691)	$ 644,599	$ 909,870	$ (41,837)	$ (469,844)	$ 283,445
7.61%	8.97%	9.48%	8.72%	9.44%	9.11%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

REVENUES BY SOURCE — ALL PROGRAMS
Last Ten Fiscal Years
(Thousands of dollars)

	2012		2013	
	Amount	Percent of Total	Amount	Percent of Total
Revenues:				
Property taxes	$ 2,352,136	40.8%	$ 2,211,568	41.1%
Replacement taxes	181,927	3.2%	185,884	3.4%
State aid	1,965,901	34.1%	1,815,798	33.7%
Federal aid	935,951	16.2%	845,796	15.7%
Interest and investment earnings	20,760	0.4%	7,303	0.1%
Other	303,744	5.3%	322,128	6.0%
Total revenues	$ 5,760,419	100.0%	$ 5,388,477	100.0%

	2017		2018	
	Amount	Percent of Total	Amount	Percent of Total
Revenues:				
Property taxes	$ 2,714,956	46.6%	$ 2,897,870	44.5%
Replacement taxes	227,920	3.9%	168,254	2.6%
State aid	1,708,865	29.3%	2,196,956	33.7%
Federal aid	783,943	13.5%	767,928	11.8%
Interest and investment earnings	5,443	0.1%	19,022	0.3%
Other	387,045	6.6%	461,692	7.1%
Total revenues	$ 5,828,172	100.0%	$ 6,511,722	100.0%

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

2014 (as restated)		2015		2016	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
$ 2,204,252	40.5%	$ 2,304,656	42.4%	$ 2,408,416	45.7%
188,041	3.5%	202,148	3.7%	161,535	3.1%
1,840,805	33.9%	1,847,069	34.0%	1,552,325	29.4%
907,241	16.7%	798,931	14.7%	808,999	15.3%
15,596	0.3%	(92,825)	(1.7%)	(95,650)	(1.8%)
286,472	5.3%	377,286	6.9%	437,042	8.3%
$ 5,442,407	100.0%	$ 5,437,265	100.0%	$ 5,272,667	100.0%

2019		2020		2021	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
$ 2,984,026	44.9%	$ 3,074,091	44.3%	$ 3,157,474	42.4%
187,232	2.8%	202,451	2.9%	282,075	3.8%
2,182,942	32.9%	2,239,807	32.3%	2,289,188	30.7%
705,355	10.6%	747,356	10.8%	1,148,945	15.4%
47,250	0.7%	47,514	0.7%	2,883	—%
536,349	8.1%	622,101	9.0%	573,898	7.7%
$ 6,643,154	100.0%	$ 6,933,320	100.0%	$ 7,454,463	100.0%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

EXPENDITURES BY FUNCTION — ALL PROGRAMS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012		2013	
	Amount	Percent of Total	Amount	Percent of Total
Expenditures:				
Current:				
Instruction	$ 2,992,481	51.3%	$ 3,034,509	52.0%
Pupil support services	469,366	8.0%	454,240	7.9%
General support services	967,692	16.6%	941,270	16.1%
Food services	213,115	3.7%	215,739	3.7%
Community services	39,794	0.7%	39,656	0.7%
Teachers' pension and retirement benefits	183,499	3.1%	227,766	3.9%
Other	8,115	0.1%	7,043	0.1%
Capital outlay	591,148	10.1%	519,604	8.9%
Debt service	374,494	6.4%	390,409	6.7%
Total expenditures	$ 5,839,704	100.0%	$ 5,830,236	100.0%

	2017		2018	
	Amount	Percent of Total	Amount	Percent of Total
Expenditures:				
Current:				
Instruction	$ 2,859,105	47.5%	$ 3,108,443	48.0%
Pupil support services	441,324	7.3%	453,389	7.0%
General support services	984,943	16.3%	888,314	13.7%
Food services	199,944	3.3%	207,042	3.2%
Community services	39,607	0.7%	40,047	0.6%
Teachers' pension and retirement benefits	708,941	11.7%	762,816	11.8%
Other	12,691	0.2%	10,016	0.2%
Capital outlay	217,303	3.6%	352,028	5.4%
Debt service	569,694	9.4%	651,405	10.1%
Total expenditures	$ 6,033,552	100.0%	$ 6,473,500	100.0%

2014 (as restated)		2015		2016	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
$ 3,126,689	48.8%	$ 3,253,484	49.9%	$ 2,970,553	48.1%
457,939	7.1%	459,672	7.1%	448,254	7.3%
987,048	15.4%	972,526	14.9%	1,044,740	17.0%
193,642	3.0%	197,084	3.0%	201,377	3.3%
37,460	0.6%	38,003	0.6%	37,497	0.6%
593,225	9.3%	676,078	10.4%	664,123	10.8%
6,134	0.1%	6,319	0.1%	7,388	0.1%
534,980	8.4%	391,953	6.0%	308,091	5.0%
467,904	7.3%	533,493	8.0%	481,419	7.8%
$ 6,405,021	100.0%	$ 6,528,612	100.0%	$ 6,163,442	100.0%

2019		2020		2021	
Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
$ 3,263,334	45.9%	$ 3,247,193	43.8%	$ 3,444,901	44.5%
486,490	6.9%	537,732	7.3%	551,884	7.1%
1,025,546	14.4%	1,231,120	16.5%	1,387,216	17.9%
219,159	3.1%	227,422	3.1%	175,183	2.3%
42,919	0.6%	43,985	0.6%	62,993	0.8%
787,183	11.1%	835,399	11.3%	844,054	10.9%
15,322	0.2%	17,689	0.2%	12,304	0.2%
625,306	8.8%	599,122	8.3%	592,336	7.7%
636,214	9.0%	661,182	8.9%	664,224	8.6%
$ 7,101,473	100.0%	$ 7,400,844	100.0%	$ 7,735,095	100.0%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2021	Fiscal Year 2020	2021 Over (Under) 2020
Revenues:			
Local taxes:			
Property taxes	$ 3,097,307	$ 3,014,452	$ 82,855
Replacement taxes	242,643	139,729	102,914
Total revenue from local taxes	$ 3,339,950	$ 3,154,181	$ 185,769
Local nontax revenue:			
Interest and investment earnings	$ 584	$ 6,000	$ (5,416)
Lunchroom operations	867	2,268	(1,401)
Other	469,514	467,060	2,454
Total nontax revenue	$ 470,965	$ 475,328	(4,363)
Total local revenue	$ 3,810,915	$ 3,629,509	$ 181,406
State grants and subsidies:			
Evidence based funding	$ 1,203,827	$ 1,274,067	$ (70,240)
Other	346,555	314,596	31,959
CTPF - Pension contribution	266,893	257,349	9,544
Total state grants & subsidies	$ 1,817,275	$ 1,846,012	$ (28,737)
Federal grants and subsidies:			
Elementary and Secondary Education Act (ESEA)	$ 319,938	$ 244,027	$ 75,911
School lunch program	105,672	182,033	(76,361)
Individuals with Disabilities Education Act (IDEA)	110,091	94,352	15,739
Other	580,642	202,008	378,634
Total federal grants and subsidies	$ 1,116,343	$ 722,420	$ 393,923
Total revenues	$ 6,744,533	$ 6,197,941	$ 546,592

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2021	Fiscal Year 2020	2021 Over (Under) 2020
Expenditures:			
Instruction:			
Salaries	$ 2,042,852	$ 1,925,495	$ 117,357
Commodities	66,841	73,749	(6,908)
Services	748,136	742,929	5,207
Equipment - educational	25,843	22,500	3,343
Building and sites	1,458	1,747	(289)
Fixed charges	559,771	480,773	78,998
Total instruction	$ 3,444,901	$ 3,247,193	$ 197,708
Pupil support services:			
Salaries	$ 288,272	$ 283,663	$ 4,609
Commodities	12,539	5,919	6,620
Services	150,601	155,582	(4,981)
Equipment - educational	1,024	695	329
Building and sites	763	1,222	(459)
Fixed charges	98,685	90,651	8,034
Total pupil support services	$ 551,884	$ 537,732	$ 14,152
Administrative support services:			
Salaries	$ 123,081	$ 93,669	$ 29,412
Commodities	27,599	18,434	9,165
Services	216,684	184,880	31,804
Equipment - educational	7,773	11,514	(3,741)
Building and sites	436	722	(286)
Fixed charges	33,039	27,634	5,405
Total administrative support services	$ 408,612	$ 336,853	$ 71,759

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2021	Fiscal Year 2020	2021 Over (Under) 2020
Facilities support services:			
Salaries	$ 38,306	$ 35,416	$ 2,890
Commodities	83,475	73,250	10,225
Services	353,322	323,765	29,557
Equipment - educational	2,960	1,555	1,405
Building and sites	22,476	33,213	(10,737)
Fixed charges	39,296	36,287	3,009
Total facilities support services	$ 539,835	$ 503,486	$ 36,349
Instructional support services:			
Salaries	$ 280,185	$ 263,526	$ 16,659
Commodities	30,932	14,542	16,390
Services	35,780	35,412	368
Equipment - educational	16,014	9,014	7,000
Building and sites	2,019	2,286	(267)
Fixed charges	73,839	66,001	7,838
Total instructional support services	$ 438,769	$ 390,781	$ 47,988
Food services:			
Salaries	$ 67,624	$ 78,078	$ (10,454)
Commodities	51,372	93,952	(42,580)
Services	3,310	4,377	(1,067)
Equipment - educational	482	2,703	(2,221)
Fixed charges	52,395	48,311	4,084
Total food services	$ 175,183	$ 227,421	$ (52,238)

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2021	Fiscal Year 2020	2021 Over (Under) 2020
Community services:			
Salaries	$ 13,528	$ 13,916	$ (388)
Commodities	9,954	1,186	8,768
Services	28,773	24,597	4,176
Equipment - educational	6,340	236	6,104
Building and sites	—	4	(4)
Fixed charges	4,398	4,046	352
Total community services	$ 62,993	$ 43,985	$ 19,008
Teacher's Pension:			
Fixed charges	$ 844,054	$ 835,399	$ 8,655
Total teachers' pension	$ 844,054	$ 835,399	$ 8,655
Capital outlay:			
Salaries	$ 3,601	$ 3,147	$ 454
Commodities	8,031	1,901	6,130
Services	4,045	3,074	971
Equipment - educational	666	167	499
Building and sites	9,083	6,403	2,680
Fixed charges	1,215	1,052	163
Total capital outlay	$ 26,641	$ 15,744	$ 10,897
Debt service:			
Fixed charges	$ 2,682	$ 7,364	$ (4,682)
Total debt service	$ 2,682	$ 7,364	$ (4,682)

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
DETAILED SCHEDULE OF REVENUE AND EXPENDITURES (continued)
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	Fiscal Year 2021	Fiscal Year 2020	2021 Over (Under) 2020
Other:			
Fixed charges	$ 12,304	$ 17,690	$ (5,386)
Total other	$ 12,304	$ 17,690	$ (5,386)
Total expenditures	$ 6,507,858	$ 6,163,647	$ 344,211

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CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

OTHER FINANCING SOURCES AND (USES)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014	2015
General operating fund:				
Insurance proceeds	$ —	$ —	$ —	$ —
Transfers in/(out)	62	439	161	(12,915)
Total general operating fund	$ 62	$ 439	$ 161	$ (12,915)
All other governmental funds:				
Gross amounts from debt issuances	$ 592,510	$ 982,720	$ 131,600	$ 561,880
Premiums on bonds issued	1,229	47,271	—	—
Issuance of refunding debt	—	—	—	—
Premiums on refunding bonds issued	—	—	—	—
Sales of general capital assets	—	723	7,301	37,504
Payment to refunded bond escrow agent	(190,100)	(480,597)	—	(386,710)
Transfers in/(out)	(62)	(439)	(161)	12,915
Discounts on bonds issued	—	—	—	(12,502)
Total all other governmental funds	$ 403,577	$ 549,678	$ 138,740	$ 213,087

2016	2017	2018	2019	2020	2021
$ —	$ 224	$ —	$ 33	$ —	$ —
50,162	58,350	286,828	475	11,010	—
$ 50,162	$ 58,574	$ 286,828	$ 508	$ 11,010	$ —
$ 724,999	$ 879,580	$ 2,152,150	$ 849,395	$ —	$ 450,000
—	—	65,353	33,366	—	113,020
—	—	—	—	349,079	107,505
—	—	—	—	50,391	26,112
15,012	6,273	9,442	1,251	166	—
(120,856)	—	(1,321,865)	(457,035)	(401,956)	(132,560)
(50,162)	(58,350)	(286,828)	(475)	(11,010)	—
(110,071)	(36,097)	(33,432)	(10,528)	—	—
$ 458,922	$ 791,406	$ 584,820	$ 415,974	$ (13,330)	$ 564,077

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)
2012	$ 374,494	$ 5,521,890	0.07 : 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

NOTES:
1) Ratio of total debt service is calculated as Total Debt Service Expenditures, calculated as the sum of principal and interest expenditures, divided by total non-capital expenditures which are calculated as the difference between total expenditures and capitalized capital outlay expenditures, as per GASB S44; 12b.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per $100 of equalized assessed valuation)

School Direct Rates	2012	2013	2014	2015
Education	$ 2.671	$ 3.309	$ 3.519	$ 3.409
Worker's and Unemployment Compensation/Tort Immunity	0.133	0.031	0.067	0.169
Public Building Commission	0.071	0.082	0.085	0.082
Capital Improvement	—	—	—	—
Teacher Pension	—	—	—	—
Bonds & Interest (A)	—	—	—	—
Total direct rate	$ 2.875	$ 3.422	$ 3.671	$ 3.660
City of Chicago	$ 1.229	$ 1.425	$ 1.496	$ 1.473
Chicago City Colleges	0.165	0.190	0.199	0.193
Chicago Park District	0.346	0.395	0.420	0.415
Metropolitan Water Reclamation District	0.320	0.370	0.417	0.430
Cook County	0.462	0.531	0.560	0.568
Cook County Forest Preserve	0.058	0.063	0.069	0.069
Total for all governments	$ 5.455	$ 6.396	$ 6.832	$ 6.808

Source: Cook County Clerk's Office

NOTES:
A) Beginning in fiscal year 2018, CPS issued a Bond Resolution Series Levy.

2016	2017	2018(A)	2019	2020	2021
$ 3.205	$ 3.115	$ 3.161	$ 2.845	$ 2.893	$ 2.929
0.111	0.107	0.039	0.093	0.090	0.094
0.075	0.072	0.069	0.036	—	—
0.064	0.065	0.011	0.011	0.011	0.011
—	0.367	0.551	0.511	0.565	0.562
—	—	0.059	0.056	0.060	0.060
$ 3.455	$ 3.726	$ 3.890	$ 3.552	$ 3.620	$ 3.656
$ 1.806	$ 1.880	$ 1.894	$ 1.812	$ 1.893	$ 1.886
0.177	0.169	0.164	0.147	0.149	0.151
0.382	0.368	0.358	0.330	0.326	0.329
0.426	0.406	0.402	0.396	0.389	0.378
0.552	0.533	0.496	0.489	0.454	0.453
0.069	0.063	0.062	0.060	0.059	0.058
$ 6.867	$ 7.145	$ 7.266	$ 6.786	$ 6.890	$ 6.911

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Thousands of dollars)

			Collected within the Fiscal Year of Extension (A)			Total Collections to Date (B)	
Tax Year of Levy (C/D)	Fiscal Year of Extension	Total Tax Extension	Amount	Percentage of Extension	Collections in Subsequent Years	Amount	Percentage of Extension
2011	2012	$ 2,159,586	$ 1,083,667	50.18%	$ 1,026,592	$ 2,110,259	97.72%
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%	—	—	

NOTES:

A) The amount does not represent a full year's tax collection.

B) The total amount collected to date is net of refunds.

C) Tax Year 2015 contains Capital Improvement Tax amounts that were not levied in prior years.

D) Tax Year 2016 contains CTPF (Chicago Teacher Pension Fund) amounts that were not levied in prior years.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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

		Assessed Values (A)				
Tax Year Levy	**Fiscal Year**	**Class 2 (B)**	**Class 3 (C)**	**Class 5 (D)**	**Other (E)**	**Total**
2011	2012	$ 17,976,208	$ 1,161,634	$ 10,411,363	$ 544,416	$ 30,093,621
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

NOTES:

A. *Source*: Cook County Assessor's Office

B. Residential, six units and under

C. Residential, seven units and over and mixed-use

D. Industrial/Commercial

E. Vacant, not-for-profit and industrial/commercial incentive class

F. *Source*: Cook County Clerk's Office

G. *Source*: Cook County Clerk's Office - Total equalized assessed value is net of exemptions and includes assessment of pollution control facilities. Excludes DuPage County Valuation.

H. *Source:* Cook County Clerk's Office - Property in the City of Chicago is reassessed once every three years. Tax rates are per $100 of equalized assessed value.

I. Source: The Civic Federation - Excludes railroad property. This data was delayed for fiscal year 2020 and was unavailable at the time of publishing.

N/A: Not available at publishing.

State Equalization Factor (F)	Total Equalized Assessed Value (G)	Total Direct Tax Rate (H)	Total Estimated Fair Cash Value (I)	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value (%)
2.9706	$ 75,122,914	2.875	$ 222,856,064	33.71%
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	N/A	N/A
3.2234	89,514,969	3.656	N/A	N/A

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PRINCIPAL PROPERTY TAX PAYERS, BASED ON EQUALIZED ASSESSED VALUATION
Prior Fiscal Year and Nine Years Ago
(Thousands of dollars)

	2020		
Property	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Willis Tower	$561,677	1	0.63%
Prudential Plaza	315,893	2	0.35%
HCSC Blue Cross	314,458	3	0.35%
400 W Lake St.	308,831	4	0.35%
AON Building	288,604	5	0.32%
Merchandise Mart - 222 Mer Mart Plaza	261,224	6	0.29%
300 Lasalle LLC	259,586	7	0.29%
Merchandise Mart - 320 N Wells	259,550	8	0.29%
Franklin Center	259,137	9	0.29%
Citigroup Center	252,970	10	0.28%
Water Tower Place	—	—	—%
Chase Tower	—	—	—%
Citadel Center	—	—	—%
Northwestern Memorial Hospital	—	—	—%
	$ 3,081,930		3.44%

	2011		
Property	Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
Willis Tower	$445,590	1	0.59%
Prudential Plaza	272,345	3	0.36%
HCSC Blue Cross	206,343	6	0.27%
400 W Lake St.	—	—	—%
AON Building	302,124	2	0.40%
Merchandise Mart - 222 Mer Mart Plaza	207,942	5	0.28%
300 Lasalle LLC	—	—	—%
Merchandise Mart - 320 N Wells	190,005	10	0.25%
Franklin Center	—	—	—%
Citigroup Center	—	—	—%
Water Tower Place	197,944	8	0.26%
Chase Tower	204,229	7	0.27%
Citadel Center	197,183	9	0.26%
Northwestern Memorial Hospital	243,609	4	0.32%
	$ 2,467,314		3.26%

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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF REPLACEMENT TAX DATA
Last Ten Fiscal Years

		Statewide Replacement Tax Data (A)			
Calendar Year	Invested Capital Tax Collections	Business Income Tax Collections (Net of Refunds)	Net Adjustments (C)	Total Replacement Tax Allocations to Local Govts.	Board Percent (E)
2012 (A)	$ 203,045,899	$ 1,091,345,367	$ (93,077,866)	$ 1,201,313,400	14.00%
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%

NOTES:

A) Source: Illinois Department of Revenue

B) Source: Board of Education of the City of Chicago

C) Consists of adjustments for administrative fees, interest earned on deposits, interfund transfers, timing of collections and payments and related items.

D) Reflects reductions to pay applicable Statutory Claims. All Statutory Claims with respect to debt service have been paid and, under the Statute Revenue Sharing Act, no future Statutory Claims with respect to the debt service will paid and, under the Statute Revenue Sharing Act, no future Statutory Claims with respect to the debt service will arise or need to be paid.

E) Percentage rounded.

F) Replacement tax collection for calendar year indicated within chart, beginning January 1, 20XX – December 31, 20XX, respectively. Note that these amounts may change over time as taxes are collected subsequent to issuance of this report. As such, tax collection is finalized and updated by the Illinois Department of Revenues and the table is updated, as required.

G) Total allocations to the Board of Education in the month of December are unavailable at the time of issuance for each calendar year provided. As the total allocations are not available, an estimate is calculated for this value, based upon historic allocations over the prior 9 years. As this amount is an estimate, updates to these values may occur over time.

H) The Statewide Replacement Tax Data for calendar years 2016 and 2017 was not made available from the Illinois Department of Revenue (IDOR) at time of publishing; Data is obtained from the Illinois' Office of the Comptroller online ledger. The data for total distributions to local governments is retrieved from IDOR monthly tax distributions online database.

I) As noted above, the values within this table relate to payments made on statutory claims. As such, some values may require periodic update as statutory claims relating to previous calendar years are settled and paid.

Board Replacement Tax Data (B)

Allocations To Board	Pro-Forma Pledged Revenues (D)	Fiscal Year Recorded Revenue
$ 168,231,989	$ 168,231,989	$ 181,926,998
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

Monthly Summary of the Total Allocations to the Board of Education

Year	January	March	April	May	July	August	October	December (G)	Total
2012	$25,024,841	$ 6,995,224	$38,430,380	$25,676,518	$33,182,244	$ 4,009,471	$25,251,856	$ 9,661,455	$168,231,989
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

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS
For the Fiscal Year Ended June 30, 2021

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2020 EAV $	% Change in EAV (for 2020)
Addison South	5/9/2007	2031	$ 70,940,232	$ 170,296,909	140.1 %
Archer Courts	5/12/1999	2023	85,326	6,955,671	8,051.9 %
Archer/Central	5/17/2000	2024	37,646,911	46,772,720	24.2 %
Archer/Western	2/11/2009	2033	117,506,250	140,125,532	19.2 %
Armitage/Pulaski	6/13/2007	2031	17,643,508	20,392,991	15.6 %
Austin/Commercial	9/27/2007	2031	72,287,864	95,501,164	32.1 %
Avalon Park/South Shore	7/31/2002	2026	22,180,151	36,572,810	64.9 %
Avondale	7/29/2009	2033	40,425,634	42,712,210	5.7 %
Belmont/Central	1/12/2000	2024	137,304,682	221,603,579	61.4 %
Belmont/Cicero	1/12/2000	2024	33,673,880	53,405,256	58.6 %
Bronzeville	11/4/1998	2022	46,166,304	137,645,854	198.2 %
Bryn Mawr/Broadway	12/11/1996	2032	17,829,852	61,610,856	245.5 %
California/Foster	4/2/2014	2038	15,399,717	14,547,739	(5.5)%
Canal/Congress	11/12/1998	2022	36,872,487	737,757,896	1,900.8 %
Central West	2/16/2000	2024	85,481,254	574,500,545	572.1 %
Chicago/Central Park	2/27/2002	2026	84,789,947	190,859,743	125.1 %
Chicago/Kingsbury	4/12/2000	2024	38,520,706	584,947,738	1,418.5 %
Cicero/Archer	5/17/2000	2024	19,629,324	33,589,110	71.1 %
Clark/Montrose	7/7/1999	2023	15,101,363	63,887,042	323.1 %
Cortland/Chicago River	4/10/2019	2043	87,383,901	148,106,184	69.5 %
Clark/Ridge	9/29/1999	2023	34,381,831	74,430,294	116.5 %
Commercial Ave.	11/13/2002	2026	40,748,652	70,013,003	71.8 %
Devon/Sheridan	3/31/2004	2028	45,541,834	68,975,400	51.5 %
Devon/Western	11/3/1999	2023	71,430,503	128,852,238	80.4 %
Diversey/Narragansett	2/5/2003	2027	34,746,231	79,428,184	128.6 %
Diversey/Chicago River	10/5/2016	2040	—	6,834,417	— %
Division/Homan	6/27/2001	2025	24,683,716	56,327,407	128.2 %
Edgewater/Ashland	10/1/2003	2027	1,875,282	12,877,147	586.7 %
Elston/Armstrong Industrial Corridor	7/19/2007	2031	45,742,226	61,395,006	34.2 %
Englewood Mall	11/29/1989	2025	3,868,736	15,354,599	296.9 %
Englewood Neighborhood	6/27/2001	2025	56,079,946	112,783,459	101.1 %
Ewing Avenue	3/10/2010	2034	52,994,264	49,918,250	(5.8)%
Foster/Edens	2/28/2018	2042	25,904,768	47,687,084	84.1 %
Fullerton/Milwaukee	2/16/2000	2024	85,157,390	302,892,459	255.7 %
Galewood/Armitage Industrial	7/7/1999	2023	48,056,697	176,393,502	267.1 %
Goose Island	7/10/1996	2032	13,676,187	141,051,258	931.4 %
Greater Southwest (West)	4/12/2000	2024	115,603,413	81,918,510	(29.1)%
Harrison/Central	7/26/2006	2030	43,430,700	47,309,110	8.9 %
Hollywood/Sheridan	11/7/2007	2031	158,696,916	178,968,890	12.8 %
Homan/Arthington	2/5/1998	2022	2,658,362	12,924,930	386.2 %
Humbolt Park Commercial	6/27/2001	2025	32,161,252	114,608,484	256.4 %
Jefferson Park	9/9/1998	2022	23,970,085	51,261,886	113.9 %
Jefferson/Roosevelt	8/30/2000	2024	52,292,656	230,450,447	340.7 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)
For the Fiscal Year Ended June 30, 2021

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2020 EAV $	% Change in EAV (for 2020)
Kennedy/Kimball	3/12/2008	2032	$ 72,841,679	$ 94,126,882	29.2 %
Kinzie Industrial Corridor	6/10/1998	2022	144,961,719	1,177,921,789	712.6 %
Lake Calumet	12/13/2000	2024	172,789,519	242,100,257	40.1 %
Lakefront	3/27/2002	2026	—	7,780,568	— %
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	131,239,256	240.9 %
Lawrence/Kedzie	2/16/2000	2024	110,395,843	241,104,194	118.4 %
Lawrence/Pulaski	2/27/2002	2026	43,705,743	79,294,984	81.4 %
Lincoln Avenue	11/3/1999	2023	63,741,191	119,118,140	86.9 %
Little Village East	4/22/2009	2033	44,751,945	40,734,157	(9.0)%
Little Village Industrial Corridor	6/13/2007	2031	88,054,895	108,068,235	22.7 %
Madden/Wells	11/6/2002	2026	1,333,582	26,260,292	1,869.2 %
Madison/Austin Corridor	9/29/1999	2023	48,748,259	100,622,186	106.4 %
Michigan Ave/Cermak	9/13/1989	2025	5,858,634	59,865,674	921.8 %
Midway Ind. Corridor	2/16/2000	2024	48,652,950	112,615,260	131.5 %
Midwest	5/17/2000	2036	216,733,898	480,060,907	121.5 %
Montclare	8/30/2000	2024	792,770	6,346,185	700.5 %
Montrose/Clarendon	6/30/2010	2034	—	26,628,756	— %
Near North	7/30/1997	2021	41,373,938	607,016,354	1,367.1 %
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	174,701,678	532.8 %
North Pullman	6/30/2009	2033	44,582,869	102,020,713	128.8 %
NW Industrial Corridor	12/2/1998	2022	146,115,991	309,753,567	112.0 %
Ogden/Pulaski	4/9/2008	2032	221,709,034	209,284,317	(5.6)%
Ohio/Wabash	6/7/2000	2024	1,278,143	32,539,543	2,445.8 %
Peterson/Cicero	2/16/2000	2024	1,116,653	10,287,883	821.3 %
Peterson/Pulaski	2/16/2000	2024	40,112,395	67,039,534	67.1 %
Pilsen Industrial Corridor	6/10/1998	2022	111,394,217	483,838,624	334.3 %
Portage Park	9/9/1998	2022	65,084,552	120,987,747	85.9 %
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	2028	16,414,897	25,374,173	54.6 %
Pulaski Industrial Corridor	6/9/1999	2023	82,778,075	185,962,675	124.7 %
Randolph/Wells	6/9/2010	2034	72,140,805	274,279,814	280.2 %
River South	7/30/1997	2021	53,597,202	423,139,368	689.5 %
River West	1/10/2001	2025	50,463,240	479,101,211	849.4 %
Roosevelt/Cicero Industrial Corridor	2/5/1998	2022	45,179,428	123,776,496	174.0 %
Roosevelt/Racine (DOH)	11/4/1998	2034	6,992,428	47,777,853	583.3 %
Roosevelt/Union	5/12/1999	2023	4,369,258	111,663,378	2,455.7 %
Roosevelt/Clark	4/10/2019	2043	83,236,930	114,345,101	37.4 %
Roseland/Michigan	1/16/2002	2026	29,627,768	40,562,045	36.9 %
Sanitary Draig & Ship	7/24/1991	2027	10,722,329	28,931,392	169.8 %
South Chicago	4/12/2000	2024	14,775,992	36,409,598	146.4 %
Stevenson/Brighton Park	4/11/2007	2031	216,330,994	300,298,232	38.8 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)
For the Fiscal Year Ended June 30, 2021

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2020 EAV $	% Change in EAV (for 2020)
Stockyards-Southeast Quadrant Industrial	2/26/1992	2028	$ 27,527,305	$ 62,486,231	127.0 %
Stony Island Commercial/ Burnside Industrial	6/10/1998	2034	46,058,038	116,476,053	152.9 %
Southwest Ind. Corridor	3/10/1999	2023	17,662,923	38,759,584	119.4 %
Touhy/Western	9/13/2006	2030	55,187,828	65,717,650	19.1 %
Washington Park	10/8/2014	2038	72,073,855	99,861,828	38.6 %
West Irving Park	1/12/2000	2024	36,446,831	59,031,294	62.0 %
West Woodlawn	5/12/2010	2034	127,750,505	111,624,060	(12.6)%
Western Ave. South	1/12/2000	2024	69,504,372	240,882,201	246.6 %
Western Ave. North	1/12/2000	2024	71,260,546	238,296,537	234.4 %
Western/Ogden	2/5/1998	2021	41,536,306	224,131,032	439.6 %
Western/Rock Island	2/8/2006	2030	102,358,411	121,610,503	18.8 %
Wilson Yard	6/27/2001	2025	56,194,225	222,282,926	295.6 %
Woodlawn	1/20/1999	2023	28,865,833	101,378,014	251.2 %
105th/Vincennes	10/3/2001	2025	108,828,811	120,833,702	11.0 %
107th/Halsted	4/2/2014	2038	122,435,316	116,135,960	(5.1)%
111th/Kedzie	9/29/1999	2023	14,456,141	27,874,703	92.8 %
116th/Avenue O	10/31/2018	2042	3,144,479	11,786,580	274.8 %
119th/Halsted	2/6/2002	2026	63,231,728	78,201,161	23.7 %
119th/I-57	11/6/2002	2026	100,669,561	138,407,034	37.5 %
24th/Michigan	7/21/1999	2023	15,874,286	90,679,217	471.2 %
26th/King Drive	1/11/2006	2030	—	14,551,339	— %
35th/Halsted	1/14/1997	2021	81,212,182	256,444,031	215.8 %
35th/State	1/14/2004	2028	3,978,955	40,453,614	916.7 %
35th/Wallace	12/15/1999	2023	9,047,402	32,132,561	255.2 %
43rd/Cottage Grove	7/8/1998	2022	13,728,931	76,926,239	460.3 %
47th/Ashland	3/27/2002	2026	53,606,185	98,014,759	82.8 %
47th/Halsted	5/29/2002	2026	39,164,012	103,031,795	163.1 %
47th/King Drive	3/27/2002	2026	61,269,066	228,264,269	272.6 %
47th/State	7/21/2004	2028	19,279,360	66,123,707	243.0 %
51st/Archer	5/17/2000	2024	29,522,751	58,171,629	97.0 %
51st/Lake Park	11/15/2012	2036	2,320,971	22,952,610	888.9 %
53rd St.	1/10/2001	2025	20,916,553	111,861,637	434.8 %
63rd/Ashland	3/29/2006	2030	47,496,362	65,407,209	37.7 %
63rd/Pulaski	5/17/2000	2024	56,171,856	87,813,256	56.3 %
67th/Cicero	10/2/2002	2026	—	6,972,989	— %
67th/Wentworth	5/4/2011	2035	210,005,927	171,306,514	(18.4)%
71st/Stony Island	10/7/1998	2022	53,336,063	115,503,328	116.6 %
73rd/University	9/13/2006	2030	16,998,947	26,577,476	56.3 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CITY OF CHICAGO TAX INCREMENT FINANCING (TIF) DISTRICTS (continued)
For the Fiscal Year Ended June 30, 2021

TIF District	Date TIF Initiated	Date TIF Matures	Initial EAV $	2020 EAV $	% Change in EAV (for 2020)
79th Street Corridor	7/8/1998	2022	$ 21,576,305	$ 38,397,591	78.0 %
79th/Cicero	6/8/2005	2029	8,018,405	17,304,833	115.8 %
79th/SW Highway	10/3/2001	2025	36,347,823	66,720,363	83.6 %
79th/Vincennes	9/27/2007	2031	32,132,472	37,823,966	17.7 %
83rd/Stewart	3/31/2004	2028	10,618,689	29,512,848	177.9 %
87th/Cottage Grove	11/13/2002	2026	53,959,824	90,689,958	68.1 %
95th/Western	7/13/1995	2031	16,035,773	37,429,028	133.4 %
			$10,798,801,363	$23,599,737,715	

NOTES:

State law empowers cities to create Tax Increment Financing Districts (TIFs) to finance redevelopment of blighted areas or areas at risk of blight. Taxes subsequently generated by new development and increases in property valuesin TIF districts are reinvested for further development. Increased tax revenues pay for general improvements such as roadways, viaducts, sewers, and sidewalk replacements or for financial assistance for developers.

State law requires the City to call a meeting of the Joint Review Board in order for the City to legally create any TIF.

The Chicago Public Schools serves on this committee.

Source: Office of The County Clerk Tax Increment Agency

Total 2020 EAV for the City of Chicago is $89,514,969,314 - Source: The Cook County Report

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF NEW PROPERTY EAV AS A PERCENTAGE OF OVERALL EAV
Last Ten Fiscal Years
(Thousands of dollars)

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		
2011	2012	$75,127,913	$ 344,503	$ —	$ 2,420	$ 346,923	0.46%
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%

NOTES:

A) Source: Cook County Clerk's Office - Agency Tax Rate Report.

B) Source: Cook County Clerk's Office - PTELL New Property, Annexed Property, Disconnected Property, Recovered Tax Increment Report by Town Within Agency.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

Tax Increment Financing (TIF) Agreements in Support of Chicago Public Schools
Capital Intergovernmental Agreements as of June 30, 2021

School	Total Benefit To CPS From IGA with Interest	Total Benefit Received By CPS	Amounts Pending To Be Paid To CPS	Parent TIF
Modern Schools Across Chicago Program Additional Agreements				
Al Raby	$ 631,434	$ —	$ —	Chicago/ Central Park
Brighton Park II Elementary	25,420,000	7,737,740	17,682,260	Stevenson/ Brighton
Laura Ward Project (Westinghouse High School)	9,181,143	—	2,924,670	Chicago/ Central Park
MSAC Subtotal	**$ 35,232,577**	**$ 7,737,740**	**$ 20,606,930**	
Other Capital Intergovernmental Agreements				
Amundsen Athletic Field	$ 1,400,000	$ —	$ 1,400,000	Western Ave. North
Farnsworth Rehabilitation and Improvements	400,000	—	—	Elston/Armstrong
Foreman Renovation and Improvements	1,842,000	—	1,379,177	Belmont/Cicero
Hibbard/Albany Park/Edison Regional Gifted Playground and Improvements	3,500,000	—	—	Lawrence/Kedzie
Jones/NTA Turf Field	4,600,000	4,116,907	—	Michigan/Cermak
McClellan Rehabilitation and Improvements	4,000,000	1,277,567	—	35th/Wallace
New South Loop School Escrow	48,333,000	48,333,000	—	River South
New South Loop School	10,667,000	9,136,000	—	River South
Peterson Athletic Field	1,000,000	—	127,176	Lawrence/Kedzie
Schurz Athletic Field	2,700,000	1,860,678	—	Portage Park
Senn Rehabilitation and Improvements	3,000,000	3,000,000	—	Clark Street/Ridge Avenue
Vaughn Rehabilitation and Improvements	55,000	—	55,000	West Irving Park
Whitney Young Athletic Field	4,300,000	4,300,000	—	Central West
Other Capital IGA Subtotal	**$ 85,797,000**	**$ 72,024,152**	**$ 2,961,353**	
Grand Total	**$ 121,029,577**	**$ 79,761,892**	**$ 23,568,283**	

NOTES:

Based on intergovernmental agreements approved by City Council and executed by the City of Chicago and Chicago Public Schools as of June 30, 2021.

*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, 2021
(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
2006A	Qualified Zone Academy G.O. Bonds	State Aid	6/7/2006
2006B	Unlimited Tax G.O. Bonds	State Aid	9/27/2006
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
2010F	Unlimited Tax G.O. Bonds	State Aid	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
	Grand Total Direct Debt		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

BOND ISSUES OUTSTANDING RELATED TO THE CHICAGO PUBLIC SCHOOLS
For the Fiscal Year Ended June 30, 2021
(Thousands of dollars)

Final Maturity	Interest Rate	Outstanding at June 30, 2020 (A)	Issued or (Redeemed)	Outstanding at June 30, 2021 (A)
12/1/2031	4.55%-5.22%	$ 210,846	$ (20,686)	$ 190,160
12/1/2031	4.30%-5.3%	299,053	(31,661)	267,392
12/1/2031	5.00%-5.50%	143,665	(8,755)	134,910
6/1/2021	0.00%	6,853	(6,853)	—
12/1/2036	4.25%-5.00%	22,005	(22,005)	—
12/1/2023	1.00%-5.00%	9,650	(7,650)	2,000
12/1/2039	4.682%-6.14%	497,545	(7,340)	490,205
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
12/1/2031	5.00%	119,495	(119,495)	—
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%	328,875	(22,945)	305,930
12/1/2031	5.00%	74,035	(5,445)	68,590
12/1/2021	5.00%	22,180	—	22,180
12/1/2024	5.00%	147,450	(24,760)	122,690
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%	552,030	(21,995)	530,035
12/1/2022	4.00%-5.00%	10,220	(945)	9,275
12/1/2032	5.00%	442,580	(6,750)	435,830
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	—	123,795
12/1/2041	5.00%	—	450,000	450,000
12/1/2036	5.00%	—	107,505	107,505
		$ 8,128,336	**$ 250,220**	**$ 8,378,556**

NOTES: A. Excludes total accreted interest in the following series:

Series	Accreted Interest
1998B-1	$ 421,236
1999A	256,296
2019A	2,367
Total	**$ 679,899**

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES
As of June 30, 2021
(Thousands of dollars)

Bond Authorization	Amount Authorized	Amount Issued	Lien Closed	Retired	Principal Outstanding June 30, 2021[1]		Remaining Authorization[2]
1997 Alternate Bond Authorization	$ 1,500,000	$ 1,497,703	$ —	$1,040,151	$ 457,552	(A)	$ 2,297
2006 Alternate Bond Authorization	750,000	634,258	—	632,258	2,000	(B)	115,742
2008 Alternate Bond Authorization	1,900,000	1,899,990	—	1,155,545	744,445	(C)	10
2009 Alternate Bond Authorization	2,300,000	1,906,180	—	652,730	1,253,450	(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	—	945	944,055	(G)	—
2019 Alternate Bond Authorization	1,900,000	557,505	—	—	557,505	(H)	1,342,495
TOTAL	**$11,205,000**	**$ 9,310,461**	**$ —**	**$3,781,629**	**$ 5,528,832**		**$ 1,894,539**

[1] Debt Reform Act Section 15 of the State of Illinois states that Alternate bonds may, upon meeting certain requirements of the Debt Reform Act, be issued to refund previously issued Alternate Bonds without utilizing additional authorization. CPS currently has outstanding nine series of refunding bonds which met these requirements: $193,585 Series 2005A, of which $134,910 is outstanding; $351,485 Series 2017C, of which $305,930 is outstanding; $79,325 Series 2017D, of which $68,590 is outstanding; $22,180 Series 2017E, of which all is outstanding; $165,510 Series 2017F, of which $122,690 is outstanding; $552,030 Series 2018A, of which $530,035 is outstanding; $450,115 Series 2018C, of which $435,830 is outstanding; $225,284 Series 2019A, of which all is outstanding; and $123,795 Series 2019B, of which all is outstanding. These series are not included in the authorization table above. Total principal amount issued including these series is $15,845,330. Principal outstanding on CPS Alternate Bonds only is $7,498,076.

[2] Remaining authorization not used to issue alternate bonds within three years expires and is no longer available.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)
As of June 30, 2021
(Thousands of dollars)

NOTES:

A. The total issued and outstanding debt for the 1997 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds Series 1997A	12/3/1997	$ 499,995	$ —
Unlimited Tax GO Bonds Series 1998	9/24/1998	14,000	—
Unlimited Tax GO Bonds Series 1998 B-1	10/28/1998	328,714	190,160
Unlimited Tax GO Bonds Series 1999A	2/25/1999	532,554	267,392
Unlimited Tax GO Bonds, IDFA Series 1999A	12/22/1999	12,000	—
Unlimited Tax GO Bonds, Series 2000D	9/7/2000	101,000	—
Unlimited Tax GO Bonds, Series 2001B	10/24/2001	9,440	—
		$ 1,497,703	$ 457,552

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

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2006B	9/27/2006	$ 54,488	$ —
Unlimited Tax GO Refunding Bonds, Series 2007A	9/5/2007	162,785	—
Unlimited Tax GO Refunding Bonds, Series 2007C	9/5/2007	6,870	—
Unlimited Tax GO Bonds, Series 2007D	12/13/2007	238,720	—
Unlimited Tax GO Refunding Bonds, Series 2009B	6/25/2009	75,410	—
Unlimited Tax GO Refunding Bonds, Series 2009C	6/25/2009	20,265	—
Unlimited Tax GO Refunding Bonds, Series 2009D	7/30/2009	75,720	2,000
		$ 634,258	$ 2,000

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

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Refunding Bonds, Series 2008A	5/13/2008	$ 262,785	$ —
Unlimited Tax GO Refunding Bonds, Series 2008B	5/13/2008	240,975	—
Unlimited Tax GO Refunding Bonds, Series 2008C	5/1/2008	464,655	—
Unlimited Tax GO Refunding Bonds, Series 2009A	3/18/2009	130,000	—
Unlimited Taxable GO Bonds, Series 2009E	9/24/2009	518,210	490,205
Unlimited Tax GO Bonds, Series 2009F	9/24/2009	29,125	—
Unlimited Tax GO Bonds, Series 2009G	12/17/2009	254,240	254,240
		$ 1,899,990	$ 744,445

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)
As of June 30, 2021
(Thousands of dollars)

D. The total issued and outstanding debt for the 2009 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Refunding Bonds, Series 2010A	2/17/2010	$ 48,910	$ —
Unlimited Tax GO Refunding Bonds, Series 2010B	2/17/2010	157,055	—
Unlimited Tax GO Bonds, Series 2010C	11/2/2010	257,125	257,125
Unlimited Tax GO Bonds, Series 2010D	11/2/2010	125,000	125,000
Unlimited Tax GO Refunding Bonds, Series 2010F	11/2/2010	183,750	—
Unlimited Tax GO Refunding Bonds, Series 2010G	11/2/2010	72,915	—
Unlimited Tax GO Bonds, Series 2011A	11/1/2011	402,410	402,410
Unlimited Tax GO Refunding Bonds, Series 2011C	12/20/2012	95,100	—
Unlimited Tax GO Refunding Bonds, Series 2011D	12/16/2011	95,000	—
Unlimited Tax GO Bonds, Series 2012A	8/21/2012	468,915	468,915
		$ 1,906,180	$ 1,253,450

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

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Refunding Bonds, Series 2012B	12/21/2012	$ 109,825	$ 109,825
Unlimited Tax GO Short-term Line of Credit, Series 2013B	12/20/2013	150,000	—
Unlimited Tax GO Short-term Line of Credit, Series 2013C	12/20/2013	150,000	—
Unlimited Tax GO Bonds, Series 2015C	4/29/2015	280,000	280,000
Unlimited Tax GO Bonds, Series 2015E	4/29/2015	20,000	20,000
		$ 709,825	$ 409,825

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

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2016A	2/8/2016	$ 725,000	$ 725,000
Unlimited Tax GO Bonds, Series 2016B	7/29/2016	150,000	150,000
Unlimited Tax GO Bonds, Series 2017A	7/11/2017	285,000	285,000
		$ 1,160,000	$ 1,160,000

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

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax GO Bonds, Series 2017B	11/30/2017	$ 215,000	$ 215,000
Unlimited Tax GO Bonds, Series 2017G	11/30/2017	126,500	126,500
Unlimited Tax GO Bonds, Series 2017H	11/30/2017	280,000	280,000
Unlimited Tax GO Bonds, Series 2018B	6/1/2018	10,220	9,275
Unlimited Tax GO Bonds, Series 2018D	12/13/2018	313,280	313,280
		$ 945,000	$ 944,055

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL AUTHORIZED BOND ISSUANCES (continued)
As of June 30, 2021
(Thousands of dollars)

H. The total issued and outstanding debt for the 2019 Authorization is the issuance as outlined below:

	Date Issued	Amount Issued	Principal Outstanding
Unlimited Tax G.O. Bonds, Series 2021A	2/11/2021	$ 450,000	$ 450,000
Unlimited Tax G.O. Bonds, Series 2021B	2/11/2021	107,505	107,505
		$ 557,505	$ 557,505

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

OUTSTANDING DEBT PER CAPITA
Last Ten Fiscal Years
As of June 30, 2021
(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	Capital Leases	Total Primary Government
2012	$ 5,593,686	$ 91,263	$ —	$ 555,856	$ 299,780	$ 1,925	$ 6,542,510
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

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.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

OUTSTANDING DEBT PER CAPITA
Last Ten Fiscal Years
As of June 30, 2021
(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
N/A	$ 6,542,510	4.47%	21.46%	2,695,598	$ 2,187.04	$ 2,075.12
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	N/A	N/A	N/A	N/A	N/A

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
As of June 30, 2021
(Thousands of dollars)

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Debt limit	$ 10,367,652	$ 9,005,479	$ 8,607,088	$ 8,958,101
General obligation	394,793	342,830	290,849	238,820
Less: amount set aside for repayment of bonds	(29,917)	(34,790)	(35,201)	(34,684)
Total net debt applicable to limit (A)	$ 364,876	$ 308,040	$ 255,648	$ 204,136
Legal debt margin	$ 10,002,776	$ 8,697,439	$ 8,351,440	$ 8,753,965
Total net debt applicable to the limit as a percentage of debt limit	3.52 %	3.42 %	2.97 %	2.28 %

(A) Pursuant to Section 15 of the Debt Reform Act, this table does not reflect the following alternate bonds because these bond series do not count against the debt limit until the tax levy supporting them is extended for collection:

$328.7 million Series 1998B-1
$532.5 million Series 1999A
$193.5 million Series 2005A
$75.7 million Series 2009D
$547.3 million Series 2009E
$254.2 million Series 2009G
$257.1 million Series 2010C
$125.0 million Series 2010D
$402.4 million Series 2011A
$468.9 million Series 2012A
$109.8 million Series 2012B
$280.0 million Series 2015C
$20.0 million Series 2015E
$725.0 million Series 2016A
$150.0 million Series 2016B
$285.0 million Series 2017A
$215.0 million Series 2017B
$351.5 million Series 2017C
$79.3 million Series 2017D
$22.2 million Series 2017E
$165.5 million Series 2017F
$126.5 million Series 2017G
$280.0 million Series 2017H
$552.0 million Series 2018A
$10.2 million Series 2018B
$450.1 million Series 2018C
$313.3 million Series 2018D
$225.3 million Series 2019A
$123.8 million Series 2019B
$450.0 million Series 2021A
$107.5 million Series 2021B

(B) Per Illinois School Code Section 19-1, no school districts maintaining grades K through 12 shall become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the a taxable property aggregate exceeding 13.8% on the value of the taxable property therein to be incurring of such indebtedness.ascertained by the last assessment for State and county taxes or, until January 1, 1983, if greater, the sum that is produced by incurred by such indebtedness.

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ 9,793,658	$ 10,214,898	$ 10,594,116	$ 11,914,352	$ 12,119,942	$ 12,354,330
186,823	134,803	82,734	30,636	—	—
(34,866)	(32,761)	(35,452)	(23,173)	—	—
$ 151,957	$ 102,042	$ 47,282	$ 7,463	$ —	$ —
$ 9,641,701	$ 10,112,856	$ 10,546,834	$ 11,906,889	$ 12,119,942	$ 12,354,330
1.55 %	1.00 %	0.45 %	0.06 %	0.00 %	0.00 %

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2021
(Thousands of Dollars)

Governmental Unit	Debt Outstanding (A)	Estimated Percentage Applicable (B)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Chicago	$ 6,707,120	100.00 %	$ 6,707,120
City Colleges of Chicago	309,014	100.00 %	309,014
Chicago Park District	807,420	100.00 %	807,420
Cook County	2,596,352	51.49 %	1,336,862
Forest Preserve District	139,880	51.49 %	72,024
Water Reclamation District	2,659,018	52.38 %	1,392,794
Subtotal, overlapping debt			$ 10,625,234
Chicago Public School Direct Debt			$ 9,190,129
Total Direct and Overlapping Debt			$ 19,815,363

(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 2020 tax extension within the City of Chicago by the total 2020 Cook County extension for the district.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

CPS' DEBT RATING HISTORY
Fiscal Year Ending June 30, 2021

General Obligation Bonds

The following table presents the changes in general obligation credit rating for Chicago Board of Education for the last five years:

	Sept. 2016*	Nov. 2016*	Dec. 2016*	Oct. 2017*	July 2018*	June 2019	June 2020	June 2021
S&P	B+	B	B	B	B+	B+	BB-	BB
Moody's	B3	B3	B3	B3	B2	B2	B1	Ba3
Fitch	B+	B+	B+	BB-	BB-	BB-	BB	BB
Kroll*	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-

Security Structure: All of CPS' general obligation debt that has been issued as alternate revenue bonds are secured by at least one other revenue stream in addition to the Board's unlimited tax general obligation pledge. CPS has pledged revenues from Personal Property Replacement Taxes (PPRT), revenues from an Intergovernmental Agreement (IGA) with the City of Chicago, revenues from City Notes and Intergovernmental Agreements with the City of Chicago, federal subsidies, and both State Aid and State Grant revenues as alternate revenue sources.

*NOTES: *The rating provided by Kroll for CPS general obligation series issued from 2016 through 2019 is BBB. The underlying rating for all other issues is BBB-.*

Capital Improvement Tax Bonds

The following table presents the changes in the dedicated revenue capital improvement tax credit rating for Chicago Board of Education since inception beginning in December 2016:

	June 2017	June 2018	June 2019	June 2020	June 2021
Fitch	A	A	A	A	A-
Kroll	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

	2020 (1)			2011 (3)		
Employer	Number of Employees	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment (2)
Advocate Aurora Health	26,335	1	2.26%	—	—	—%
Northwestern Memorial Healthcare	21,999	2	1.89%	—	—	—%
University of Chicago	18,732	3	1.61%	—	—	—%
Walmart Inc.	16,711	4	1.43%	—	—	—%
Amazon.com Inc.	16,610	5	1.43 %	—	—	—%
Amita Health	14,282	6	1.23 %	—	—	—%
J.P. Morgan & Co. (5)	13,750	7	1.18 %	7,993	1	0.77%
Walgreens Boots Alliance Inc.	13,377	8	1.15 %	4,429	7	0.43%
United Continental Holdings Inc. (4)	11,059	9	0.95%	6,366	2	0.62%
Jewel-Osco, Inc (6)	10,754	10	0.92%	4,799	5	0.46%
Northern Trust	—	—	—%	5,485	3	0.53%
Accenture LLP.	—	—	—%	5,014	4	0.48%
Bank of America NT & SA (7)	—	—	—%	4,557	6	0.44%
CVS Corporation	—	—	—%	4,159	8	0.40%
ABM Janitorial Midwest, Inc.	—	—	—%	3,629	9	0.35%
Ford Motor Company	—	—	—%	3,410	10	0.33%

NOTES:

1) Source: Reprinted with permission from the February 22, 2021 issue of Crain's Chicago Business.
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2) Source: Bureau of Labor Statistics data used in calculation of Total City Employment.
3) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue-Tax Division report, which is no longer available.
4) United Continental Holdings Inc. formerly known as United Airlines.
5) JP Morgan & Co. formerly known as J.P. Morgan Chase.
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 PUBLIC SCHOOLS
Chicago Board of Education

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	City of Chicago Population (A)	Personal Income ($000's)	Per Capita Income (B)	Median Age (C)	Number of Households (C)
2011	2,695,598	$ 126,523,283	$ 46,937	33.20	1,045,666
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	N/A	N/A

NOTES:

A) *Source* : U.S. Census Bureau. The census is conducted decennially 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
1,259,055	46.71%	1,116,216	41.41%	11.30%
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%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

METROPOLITAN CHICAGO TOP PUBLIC COMPANIES RANKED BY 2020 NET REVENUES
(Millions of dollars)

Company Name	2020 Net Revenues	Number of Employees (1)
Walgreens Boots Alliance Inc.	$ 139,537.0	277,000
Archer-Daniels-Midland Co.	64,355.0	38,332
Boeing Co.	58,158.0	141,000
Abbvie Inc.	45,804.0	47,000
Allstate Corp.	44,791.0	42,010
Caterpillar Inc.	41,748.0	97,300
Deere & Co.	35,540.0	69,634
Abbott Laboratories	34,608.0	109,000
Exelon Corp.	33,039.0	32,340
Mondelez International Inc.	26,581.0	79,000
Kraft Heinz Co.	26,185.0	38,000
US Foods Holding Corp.	22,885.0	26,000
McDonald's Corp.	19,207.8	200,000
CDW Corp.	18,467.5	10,000
Jones Lang Lasalle Inc.	16,589.9	90,800
Tenneco Inc.	15,379.0	73,000
United Airlines Holdings Inc.	15,355.0	74,400
Discover Financial Services	12,953.0	17,600
Illinois Tool Works Inc.	12,574.0	43,000
W.W Grainger Inc.	11,797.0	22,450

Source: Crain's Chicago Business, "Chicago's Largest Public Companies", from May 17, 2021 issue. Copyright 2021 Crain Communications Inc.

NOTES:

1) Most recent employee count available

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCE
FINAL APPROPRIATIONS AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Fiscal Year Ended June 30, 2020
(Thousands of Dollars)

	Approved Budget	Transfers In/(Out)	Final Appropriations	Fiscal Year 2021 Actual	Over/ (Under) Budget	Fiscal Year 2020 Actual	2021 Over (under) 2020
Revenues:							
Property taxes	$ 3,203,960	$ —	$ 3,203,960	$ 3,097,307	$ (106,653)	$ 3,014,452	$ 82,855
Replacement taxes	155,475	—	155,475	242,643	87,168	139,729	102,914
State aid	1,845,888	—	1,845,888	1,817,275	(28,613)	1,846,012	(28,737)
Federal aid	1,301,791	—	1,301,791	1,116,343	(185,448)	722,420	393,924
Interest and investment earnings	500	—	500	584	84	6,000	(5,416)
Other	386,356	—	386,356	470,381	84,025	469,328	1,053
Total revenues	$ 6,893,970	$ —	$ 6,893,970	$ 6,744,533	$ (149,437)	$ 6,197,941	$ 546,592
Expenditures:							
Teachers' salaries.	$ 2,224,491	$ —	$ 2,224,491	$ 2,133,813	$ (90,678)	$ 1,990,348	$ 143,465
Career service salaries	782,405	—	782,405	723,876	(58,529)	706,758	17,118
Energy	69,436	—	69,436	63,294	(6,142)	70,935	(7,641)
Food	136,904	—	136,904	51,663	(85,241)	94,333	(42,670)
Textbook	86,905	—	86,905	65,859	(21,046)	57,664	8,195
Supplies	136,279	—	136,279	109,334	(26,945)	60,024	49,310
Other	769	—	769	609	(160)	229	380
Professional and special services	737,000	—	737,000	540,289	(196,711)	506,269	34,020
Charter Schools	810,983	—	810,983	820,187	9,204	768,328	51,859
Transportation	119,372	—	119,372	67,948	(51,424)	103,693	(35,745)
Tuition	76,214	—	76,214	68,264	(7,950)	64,063	4,201
Telephone and telecommunications	17,856	—	17,856	27,752	9,896	16,581	11,171
Other	27,420	—	27,420	18,787	(8,633)	25,508	(6,721)
Equipment - educational	90,135	—	90,135	61,102	(29,033)	48,384	12,718
Repair and replacements	39,417	—	39,417	36,222	(3,195)	45,592	(9,370)
Capital outlay	—	—	—	12	12	6	6
Teachers' pension	1,015,297	—	1,015,297	1,003,935	(11,362)	968,083	35,852
Career service pension	177,803	—	177,803	221,022	43,219	188,977	32,045
Hospitalization and dental insurance	396,312	—	396,312	398,385	2,073	347,073	51,312
Medicare	45,896	—	45,896	40,797	(5,099)	38,702	2,095
Unemployment compensation	9,362	—	9,362	1,490	(7,872)	5,452	(3,962)
Workers compensation	22,905	—	22,905	17,619	(5,286)	22,602	(4,983)
Rent	19,948	—	19,948	17,151	(2,797)	17,350	(199)
Debt service	20,562	—	20,562	8,527	(12,035)	7,364	1,163
Other	(147,701)	—	(147,701)	9,921	157,622	9,329	592
Total expenditures.	$ 6,915,970	$ —	$ 6,915,970	$ 6,507,858	$ (408,112)	$ 6,163,647	$ 344,211
Revenues in excess of (less than) expenditures	$ (22,000)	$ —	$ (22,000)	$ 236,675	$ 258,675	$ 34,294	$ 202,381
Other financing sources (uses):							
Transfers in / (out)	$ —	$ —	$ —	$ —	$ —	$ 11,010	$ (11,010)
Total other financing sources (uses)	$ —	$ —	$ —	$ —	$ —	$ 11,010	$ (11,010)
Net change in fund balances	$ (22,000)	$ —	$ (22,000)	$ 236,675	$ 258,675	$ 45,304	$ 191,371
Fund balances, beginning of period as restated	567,093	—	567,093	567,093	—	471,766	148,002
Fund balances, end of period	$ 545,093	$ —	$ 545,093	$ 803,768	$ 258,675	$ 517,070	$ 339,373

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF REVENUE - BY PROGRAM
For the Fiscal Year Ended June 30, 2021
(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	$ 2,563,305	$ 489,345	$ —	$ —	$ —
Replacement taxes	242,643	—	—	—	—
State aid	1,070,062	—	—	—	337,887
Federal aid	50,003	—	—	110,091	87,348
Interest and investment income	574	8	—	—	—
Other	410,916	25,488	17,167	—	8,241
Total revenues	$ 4,337,503	$ 514,841	$ 17,167	$ 110,091	$ 433,476

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
$ —	$ —	$ 44,657	$ —	$ —	$ 3,097,307
—	—	—	—	—	242,643
—	867	—	408,459	—	1,817,275
248,740	104,918	—	—	515,243	1,116,343
—	—	2	—	—	584
—	333	—	8,236	—	470,381
$ 248,740	$ 106,118	$ 44,659	$ 416,695	$ 515,243	$ 6,744,533

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND
SCHEDULE OF EXPENDITURES - BY PROGRAM
For the Fiscal Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	Educational Program	CTPF Pension Levy	Internal School Accounts	Workers' Unemployment Comp / Tort Program
Teachers' salaries	$ 1,623,773	$ —	$ —	$ 104
Career service salaries	491,231	—	—	55,223
Energy	157	—	—	—
Food	317	—	—	—
Textbooks	56,747	—	—	—
Supplies	45,356	—	—	24
Other commodities	592	—	—	—
Professional fees	136,628	—	9,750	1,593
Charter schools	769,801	—	—	—
Transportation	67,084	—	—	7
Tuition	62,371	—	—	—
Telephone and telecommunications	27,588	—	—	5
Other services	13,305	—	—	2,123
Equipment - educational	42,313	—	—	46
Repairs and replacements	6,614	—	—	579
Capital outlay	12	—	—	—
Teachers' pension	400,163	524,948	—	23
Career service pension	141,131	—	—	20,216
Hospitalization and dental insurance	280,122	—	—	12,688
Medicare	30,298	—	—	919
Unemployment compensation	1,100	—	—	27
Workers' compensation	13,023	—	—	322
Rent	680	—	—	—
Debt Service	8,527	—	—	—
Other fixed charges	(63,489)	—	—	—
Total expenditures	$ 4,155,444	$ 524,948	$ 9,750	$ 93,899

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
$ 79,075	$ —	$ —	$ 225,128	$ 104,451	$ 101,281	$ 2,133,812
1,389	37,517	8,028	73,080	13,706	43,701	723,875
—	63,137	—	—	—	—	63,294
—	—	39,009	11,408	14	915	51,663
2	170	—	1,413	3,088	4,439	65,859
96	245	34	52,137	4,626	6,816	109,334
—	—	—	—	6	11	609
2,290	247,759	4,208	17,613	21,213	99,237	540,291
—	—	—	—	41,273	9,113	820,187
—	80	(4)	7	(777)	1,552	67,949
5,240	—	—	—	—	653	68,264
—	—	3	—	156	—	27,752
20	895	27	442	172	1,803	18,787
10	117	629	11,366	1,454	5,167	61,102
—	28,446	—	516	9	59	36,223
—	—	—	—	—	—	12
12,152	—	—	34,313	16,953	15,384	1,003,936
215	13,672	2,448	27,557	3,926	11,855	221,020
9,961	8,026	1,570	51,666	15,330	19,021	398,384
1,107	515	112	4,165	1,663	2,018	40,797
44	21	4	159	64	71	1,490
517	243	45	1,885	753	831	17,619
—	15,853	2	—	—	616	17,151
—	—	—	—	—	—	8,527
1,673	—	2,599	61,337	4,513	3,288	9,921
$ 113,791	$ 416,696	$ 58,714	$ 574,192	$ 232,593	$ 327,831	$ 6,507,858

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF REVENUES - ALL FUNDS
Last Ten Fiscal Years and 2022 Budget
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	2012	2013	2014 (as restated)	2015	2016	2017
Local revenue:						
Property taxes	$ 2,352,136	$ 2,211,568	$ 2,204,252	$ 2,304,656	$ 2,408,416	$ 2,714,956
Replacement taxes	181,927	185,884	188,041	202,148	161,535	227,921
Investment income	20,760	7,303	15,596	(92,825)	(95,650)	5,442
Other	303,744	322,128	286,472	377,286	437,042	387,045
Total local	$ 2,858,567	$ 2,726,883	$ 2,694,361	$ 2,791,265	$ 2,911,343	$ 3,335,364
State revenue:						
Evidence based funding	$ 1,136,472	$ 1,094,732	$ 1,089,673	$ 1,014,395	$ 971,642	$ 1,074,021
Teachers' pension	10,449	10,931	11,903	62,145	12,105	1,016
Capital	—	—	—	—	—	—
Other	818,980	710,135	739,229	770,529	568,578	633,828
Total state	$ 1,965,901	$ 1,815,798	$ 1,840,805	$ 1,847,069	$ 1,552,325	$ 1,708,865
Federal revenue:						
Elementary and Secondary Education Act (ESEA)	$ 283,681	$ 264,600	$ 342,915	$ 253,514	$ 150,477	$ 278,136
Individuals with Disabilities Education Act (IDEA)	84,385	106,902	100,092	103,899	93,483	93,096
School lunchroom	182,836	190,093	181,902	200,412	202,943	198,440
Medicaid	92,736	41,523	44,801	42,524	34,806	37,108
Other	292,313	242,678	237,531	198,582	327,290	177,163
Total federal	$ 935,951	$ 845,796	$ 907,241	$ 798,931	$ 808,999	$ 783,943
Total revenue	$ 5,760,419	$ 5,388,477	$ 5,442,407	$ 5,437,265	$ 5,272,667	$ 5,828,172
Change in revenue from previous year	$ 100,422	$ (371,942)	$ 53,930	$ (5,142)	$ (164,598)	$ 555,505
Percent change in revenue	1.8 %	(6.5)%	1.0 %	(0.1)%	(3.0)%	10.5 %

Note - General State Aid changed to Evidence Based Funding in FY18.

2018	2019	2020	2021	Budget 2022	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$ 2,897,870	$ 2,984,026	$ 3,074,091	$ 3,157,474	$ 3,384,200	3.7 %	4.5 %
168,254	187,232	202,451	282,075	234,900	2.6 %	0.6 %
19,022	47,250	47,514	2,883	500	(31.1)%	(135.0)%
461,692	536,349	622,101	573,898	553,500	6.2 %	7.4 %
$ 3,546,838	$ 3,754,857	$ 3,946,157	$ 4,016,330	$ 4,173,100	3.9 %	4.6 %
$ 1,540,295	$ 1,605,783	$ 1,579,631	$ 1,549,592	$ 1,665,800	3.9 %	9.2 %
232,992	238,869	257,349	266,893	266,900	38.3 %	204.7 %
6,908	—	10,741	17,463	47,300	— %	N/A
416,761	338,290	392,086	455,240	350,877	(8.1)%	(11.2)%
$ 2,196,956	$ 2,182,942	$ 2,239,807	$ 2,289,188	$ 2,330,877	1.7 %	6.4 %
$ 259,691	$ 229,952	$ 285,457	$ 290,131	$ 252,231	(1.2)%	(1.9)%
92,655	93,185	94,434	110,091	108,870	2.6 %	3.2 %
198,304	198,294	183,073	104,918	244,495	2.9 %	4.3 %
32,392	34,975	32,847	34,417	35,200	(9.2)%	(1.1)%
184,886	148,949	151,545	609,388	1,497,555	17.7 %	53.3 %
$ 767,928	$ 705,355	$ 747,356	$ 1,148,945	$ 2,138,351	8.6 %	22.2 %
$ 6,511,722	$ 6,643,154	$ 6,933,320	$ 7,454,463	$ 8,642,328	4.1 %	8.2 %
$ 683,550	$ 131,432	$ 290,166	$ 521,143	$ 1,187,865		
11.7 %	2.0 %	4.4 %	7.5 %	15.9 %		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF EXPENDITURES - ALL FUNDS
Last Ten Fiscal Years and 2022 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014	2015	2016	2017
Compensation:						
Teacher salaries	$ 2,026,832	$ 1,942,007	$ 1,921,969	$ 1,953,938	$ 1,869,683	$ 1,815,309
ESP salaries	618,265	633,489	619,462	622,591	605,817	581,665
Total salaries	$ 2,645,097	$ 2,575,496	$ 2,541,431	$ 2,576,529	$ 2,475,500	$ 2,396,974
Teacher pension	335,657	374,567	740,419	826,304	811,051	853,474
ESP pension	100,026	102,342	101,885	102,012	102,762	99,428
Hospitalization	324,918	319,792	343,308	357,124	348,083	306,871
Medicare	34,900	36,404	35,951	36,557	34,824	33,658
Unemployment insurance	17,141	9,134	16,426	8,138	9,438	7,040
Workers' compensation	26,042	23,967	25,646	25,926	20,337	20,531
Total benefits	$ 838,684	$ 866,206	$ 1,263,635	$ 1,356,061	$ 1,326,495	$ 1,321,002
Total compensation	$ 3,483,781	$ 3,441,702	$ 3,805,066	$ 3,932,590	$ 3,801,995	$ 3,717,976
Non-compensation:						
Energy	$ 73,409	$ 76,559	$ 87,547	$ 74,516	$ 70,227	$ 69,067
Food	104,245	106,650	96,816	99,573	98,777	94,911
Textbooks	49,147	68,969	52,871	55,254	54,856	43,255
Supplies	45,521	52,925	55,223	50,571	47,085	44,040
Commodities - other	583	408	648	474	294	221
Professional fees	412,072	398,064	441,667	395,221	314,732	357,258
Charter schools	424,423	498,162	580,652	662,553	704,981	668,412
Transportation	109,368	106,861	104,430	103,891	104,450	95,974
Tuition	55,001	54,626	66,396	90,901	61,028	53,668
Telephone and telecommunications	23,451	23,642	30,297	28,061	24,579	21,998
Services - other	11,010	12,438	14,126	14,133	16,471	13,814
Equipment	40,938	59,654	62,757	60,962	45,407	30,967
Repairs and replacements	33,912	26,449	31,679	27,291	18,853	18,319
Capital outlays	576,925	493,532	486,986	374,758	294,446	205,852
Rent	11,745	10,547	12,164	13,030	16,012	14,638
Debt service	374,494	390,409	467,904	523,113	480,288	569,694
Other	9,679	8,639	7,792	11,340	8,961	13,488
Total non-compensation	$ 2,355,923	$ 2,388,534	$ 2,599,955	$ 2,585,642	$ 2,361,447	$ 2,315,576
Total expenditures	$ 5,839,704	$ 5,830,236	$ 6,405,021	$ 6,518,232	$ 6,163,442	$ 6,033,552
Change in expenditures from previous year	$ 34,270	$ (9,468)	$ 574,785	$ 113,211	$ (354,790)	$ (129,890)
Percent change in expenditures	0.6%	(0.2)%	9.8%	1.8%	(5.4)%	(2.1)%

2018	2019	2020	2021	Budget 2022	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$ 1,841,295	$ 1,928,020	$ 1,990,348	$ 2,133,813	$ 2,267,962	1.1 %	4.6 %
595,467	620,004	706,758	723,876	803,984	2.7 %	6.7 %
$ 2,436,762	$ 2,548,024	$ 2,697,106	$ 2,857,689	$ 3,071,946	1.5 %	5.1 %
900,791	924,209	968,083	1,003,935	1,109,185	12.7 %	5.4 %
113,882	143,486	188,977	221,022	125,568	2.3 %	4.8 %
319,344	304,917	347,073	398,385	419,417	2.6 %	6.4 %
34,601	36,294	38,702	40,797	46,405	2.9 %	6.6 %
6,604	4,146	5,452	1,490	8,656	(6.6)%	4.2 %
23,546	23,973	22,602	17,619	22,015	(1.7)%	1.4 %
$ 1,398,768	$ 1,437,025	$ 1,570,889	$ 1,683,248	$ 1,731,246	7.5 %	5.6 %
$ 3,835,530	$ 3,985,049	$ 4,267,995	$ 4,540,937	$ 4,803,192	3.3 %	5.3 %
$ 60,813	$ 75,408	$ 70,935	$ 63,294	$ 70,335	(0.4)%	0.4 %
94,512	100,030	94,333	51,663	106,989	0.3 %	2.4 %
50,296	98,607	55,380	65,859	52,588	0.7 %	4.0 %
46,683	56,202	60,024	109,334	39,095	(1.5)%	(2.4)%
301	301	229	609	965	5.2 %	34.3 %
410,175	480,301	499,520	540,289	447,948	0.8 %	4.6 %
703,124	736,530	768,328	820,187	908,286	7.9 %	6.3 %
106,021	107,373	103,693	67,948	120,459	1.0 %	4.6 %
50,181	55,333	64,063	68,264	73,881	3.0 %	6.6 %
23,718	20,447	16,581	27,752	19,977	(1.6)%	(1.9)%
26,819	35,483	25,508	18,787	34,882	12.2 %	20.4 %
35,214	49,973	48,384	61,102	17,648	(8.1)%	(10.6)%
13,214	8,995	45,592	36,222	34,675	0.2 %	13.6 %
340,482	613,138	592,418	565,708	704,797	2.0 %	27.9 %
16,840	16,691	17,350	17,151	21,036	6.0 %	7.5 %
652,532	638,830	661,182	670,068	774,747	7.5 %	6.3 %
7,045	22,782	9,329	9,921	1,060,147	59.9 %	139.4 %
$ 2,637,970	$ 3,116,424	$ 3,132,849	$ 3,194,158	$ 4,488,455	6.7 %	14.2 %
$ 6,473,500	$ 7,101,473	$ 7,400,844	$ 7,735,095	$ 9,291,647	4.8 %	9.0 %
$ 439,948	$ 627,973	$ 299,371	$ 334,251	$ 1,556,552		
7.3 %	9.7 %	4.2 %	4.5 %	20.1 %		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - ALL FUNDS
Last Ten Fiscal Years and 2022 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014 (as restated)	2015	2016
Revenues:					
Local	$2,858,567	$2,726,883	$2,694,361	$2,791,265	$2,911,343
State	1,965,901	1,815,798	1,840,805	1,847,069	1,552,325
Federal	935,951	845,796	907,241	798,931	808,999
Total revenues	$5,760,419	$5,388,477	$5,442,407	$5,437,265	$5,272,667
Total expenditures	5,839,704	5,830,236	6,405,021	6,518,232	6,163,442
Revenues less expenditures	$ (79,285)	$ (441,759)	$ (962,614)	$(1,080,967)	$ (890,775)
Other Financing Sources (Uses):					
Bond proceeds	$ 592,510	$ 982,720	$ 131,600	$ 561,880	$ 724,999
Net premiums/discounts	1,229	47,271	—	(12,502)	(110,071)
Insurance proceeds	—	—	—	—	—
Sales of general capital assets	—	723	7,301	37,504	15,012
Payment to bond escrow agent	(190,100)	(480,597)	—	(397,090)	(120,856)
Total other financing sources (Uses)	$ 403,639	$ 550,117	$ 138,901	$ 189,792	$ 509,084
Change in fund balance	$ 324,354	$ 108,358	$ (823,713)	$ (891,175)	$ (381,691)
Fund balance - beginning of period	1,426,320	1,750,674	2,546,502	1,722,789	831,614
Fund balance - end of period	$1,750,674	$1,859,032	$1,722,789	$ 831,614	$ 449,923
Revenues as a percent of expenditures	98.6%	92.4%	85.0%	83.4%	85.5%
Composition of fund balance:					
Nonspendable	$ 9,003	$ 6,108	$ 429	$ 429	$ 429
Restricted for grants and donations	69,873	63,434	61,022	64,155	64,854
Restricted for workers' comp/tort immunity	92,680	64,985	19,838	41,373	35,116
Restricted for capital improvement program	88,762	169,368	—	—	107,248
Restricted for debt service	332,517	466,966	491,552	545,383	535,116
Restricted for teacher' pension contributions service	—	—	—	—	—
Restricted for school internal accounts	—	—	—	—	—
Assigned for appropriated fund balance	348,900	562,682	267,652	79,225	—
Assigned for debt service	254,967	269,167	193,877	57,057	—
Assigned for commitments and contracts	110,397	105,664	87,067	73,101	—
Unassigned	443,575	150,658	(91,953)	(29,109)	(292,840)
Total fund balance	$1,750,674	$1,859,032	$1,029,484	$ 831,614	$ 449,923
Unreserved/Unassigned fund balance as a percentage of revenues	7.7 %	2.8 %	(1.7)%	(0.5)%	(5.6)%
Total fund balance as a percentage of revenues	30.4 %	34.5 %	18.9 %	15.3 %	8.5 %

2017	2018	2019	2020	2021	Budget 2022
$3,335,364	$3,546,838	$3,754,857	$3,946,157	$4,016,330	$4,172,702
1,708,865	2,196,956	2,182,942	2,239,807	2,289,188	2,331,275
783,943	767,928	705,355	747,356	1,148,945	2,107,856
$5,828,172	$6,511,722	$6,643,154	$6,933,320	$7,454,463	$8,611,833
6,033,552	6,473,500	7,101,473	7,400,844	7,735,095	9,291,647
$(205,380)	$ 38,222	$(458,319)	$(467,524)	$(280,632)	$(679,814)
$ 879,580	$2,152,150	$ 849,395	$ 349,079	$ 557,505	$ 450,000
(36,097)	31,921	22,871	50,391	139,132	—
223	—	—	—	—	—
6,273	9,442	1,251	166	—	—
—	(1,321,865)	(457,035)	(401,956)	(132,560)	—
$ 849,979	$ 871,648	$ 416,482	$ (2,320)	$ 564,077	$ 450,000
$ 644,599	$ 909,870	$ (41,837)	$(469,844)	$ 283,445	
449,923	1,094,522	2,004,392	1,962,555	1,542,734	
$1,094,522	$2,004,392	$1,962,555	$1,492,711	$1,826,179	
96.6%	100.6%	93.5%	93.7%	96.4%	
$ 2,785	$ 429	$ 429	$ 429	$ 429	
51,858	52,333	16,183	13,518	12,143	
27,344	—	—	—	—	
792,586	895,111	716,747	182,101	188,819	
660,501	785,176	753,962	747,627	769,537	
—	9,287	14,125	14,324	4,217	
—	—	—	—	48,230	
—	—	—	—	—	
—	341	20,080	45,913	64,055	
—	18,044	94,733	109,944	135,314	
(440,552)	243,671	346,296	378,855	603,435	
$1,094,522	$2,004,392	$1,962,555	$1,492,711	$1,826,179	
(7.6)%	3.7 %	5.2 %	5.5 %	8.1 %	
18.8 %	30.8 %	29.5 %	21.5 %	24.5 %	

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND REVENUES
Last Ten Fiscal Years and 2022 Budget
(Modified Accrual Basis of Accounting)
(Thousands of Dollars)

	2012	2013	2014 (as restated)	2015	2016
Local revenue:					
Property taxes	$ 2,295,178	$ 2,157,777	$ 2,152,753	$ 2,252,828	$ 2,313,470
Replacement taxes	126,786	128,212	131,075	143,867	115,961
Investment income	4,363	2,207	4,458	198	1,347
Other	142,160	132,717	156,115	165,819	271,858
Total local	$ 2,568,487	$ 2,420,913	$ 2,444,401	$ 2,562,712	$ 2,702,636
State Revenue:					
General state aid	$ 989,943	$ 945,651	$ 972,572	$ 847,420	$ 857,601
Teacher pension	10,449	10,931	11,903	62,145	12,105
Capital	—	—	—	—	—
Other	756,774	642,842	645,417	669,759	529,148
Total state	$ 1,757,166	$ 1,599,424	$ 1,629,892	$ 1,579,324	$ 1,398,854
Federal revenue:					
Elementary and Secondary Education Act (ESEA)	$ 283,681	$ 264,600	$ 342,915	$ 253,514	$ 293,302
Individuals with Disabilities Education Act (IDEA)	84,385	106,902	100,092	103,899	93,483
School lunch program	182,836	190,093	189,336	200,412	202,943
Medicaid	92,736	41,523	40,879	42,524	34,806
Other	247,349	202,865	194,290	167,199	151,743
Total federal	$ 890,987	$ 805,983	$ 867,512	$ 767,548	$ 776,277
Total revenue	$ 5,216,640	$ 4,826,320	$ 4,941,805	$ 4,909,584	$ 4,877,767
Change in revenue from previous year	$ 100,753	$ (390,320)	$ 115,485	$ (32,221)	$ (31,817)
Percentage change in revenue	2.0 %	(7.5)%	2.4 %	(0.7)%	(0.6)%

2017	2018	2019	2020	2021	Budget 2022	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$2,613,889	$2,794,613	$2,896,823	$3,014,452	$3,097,307	$3,318,089	3.8%	4.9%
169,637	109,997	152,319	139,729	242,643	195,458	4.4%	2.9%
1,964	6,099	6,798	6,000	584	100	-31.4%	-44.9%
265,099	332,323	383,654	469,328	470,381	397,243	10.8%	8.4%
$3,050,589	$3,243,032	$3,439,594	$3,629,509	$3,810,915	$3,910,890	4.3%	5.1%
$ 683,008	$1,216,940	$1,323,126	$1,274,067	$1,203,827	$1,225,348	2.2%	12.4%
1,016	232,992	238,869	257,349	266,893	277,497	38.8%	207.1%
—	6,908	—	—	—	—	—%	—%
603,678	402,742	324,775	314,596	346,555	324,745	-8.1%	-11.7%
$1,287,702	$1,859,582	$1,886,770	$1,846,012	$1,817,275	$1,827,590	0.4%	7.3%
$ 357,715	$ 320,005	$ 231,693	$ 244,027	$ 319,938	$ 257,200	-1.0%	-6.4%
93,096	92,655	93,185	94,352	110,091	108,800	2.6%	3.2%
198,440	196,495	196,553	182,033	105,672	214,000	1.6%	1.5%
37,108	32,392	34,975	32,847	34,417	35,400	-9.2%	-0.9%
65,936	81,885	123,584	169,161	546,225	1,457,724	19.4%	85.7%
$ 752,295	$ 723,432	$ 679,990	$ 722,420	$1,116,343	$2,073,124	8.8%	22.5%
$5,090,586	$5,826,046	$6,006,354	$6,197,941	$6,744,533	$7,811,604	4.1%	8.9%
$ 212,819	$ 735,460	$ 180,308	$ 191,587	$ 546,592	$1,067,071		
4.4%	14.4%	3.1%	3.2%	8.8%	15.8%		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF COMPOUNDED GROWTH OF GENERAL OPERATING FUND EXPENDITURES
Last Ten Fiscal Years and 2022 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014 (as restated)	2015	2016	2017
Compensation:						
Teachers' salaries	$2,026,832	$1,942,007	$ 1,921,969	$1,953,938	$1,869,683	$1,815,309
ESP salaries	618,265	633,489	619,462	622,591	605,817	581,665
Total salaries	$2,645,097	$2,575,496	$ 2,541,431	$2,576,529	$2,475,500	$2,396,974
Teachers' pension	$ 335,657	$ 374,567	$ 740,419	$ 826,304	$ 811,051	$ 853,474
ESP pension	100,026	102,342	101,885	102,012	102,762	99,428
Hospitalization	324,918	319,792	343,308	357,124	348,083	306,871
Medicare	34,900	36,404	35,951	36,557	34,824	33,658
Unemployment insurance	17,141	9,134	16,426	8,138	9,438	7,040
Workers' compensation	26,042	23,967	25,646	25,926	20,337	20,531
Total benefits	$ 838,684	$ 866,206	$ 1,263,635	$1,356,061	$1,326,495	$1,321,002
Total compensation	$3,483,781	$3,441,702	$ 3,805,066	$3,932,590	$3,801,995	$3,717,976
Non-compensation:						
Energy	$ 73,409	$ 76,559	$ 87,547	$ 74,516	$ 70,227	$ 69,067
Food	104,245	106,650	96,816	99,573	98,777	94,911
Textbooks	49,147	68,969	52,871	55,254	54,856	43,255
Supplies	45,521	52,925	55,223	50,571	47,085	44,040
Commodities - other	583	408	648	474	294	221
Professional fees	412,072	398,064	441,667	395,221	314,732	357,258
Charter schools	424,423	498,162	580,652	662,553	704,981	668,412
Transportation	109,368	106,861	104,430	103,891	104,450	95,974
Tuition	55,001	54,626	66,396	90,901	61,028	53,668
Telephone and telecommunications	23,451	23,642	30,297	28,061	24,579	21,998
Services - other	11,010	12,438	14,126	14,133	16,471	13,814
Equipment	40,938	59,654	62,757	60,962	45,407	30,967
Repairs and replacements	33,912	26,449	31,679	27,291	18,853	18,319
Capital outlays	43	75	—	5	1,135	1,017
Rent	11,745	10,547	12,164	13,030	16,012	14,638
Debt service	—	—	—	—	25,003	38,735
Other	9,679	8,639	7,792	11,340	8,961	13,487
Total non-compensation	$1,404,547	$1,504,668	$ 1,645,065	$1,687,776	$1,612,851	$1,579,781
Total expenditures	$4,888,328	$4,946,370	$ 5,450,131	$5,620,366	$5,414,846	$5,297,757
Change in expenditures from previous year	$ (21,624)	$ 58,042	$ 503,761	$ 170,235	$ (205,520)	$ (117,089)
Percent change in expenditures	(0.4)%	1.2 %	10.2 %	3.1 %	(3.7)%	(2.2)%

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.

2018	2019	2020	2021	Budget 2022	Ten Year Compounded Growth Rate	Five Year Compounded Growth Rate
$ 1,841,295	$ 1,928,020	$ 1,990,348	$ 2,133,813	$ 2,267,962	1.1%	4.6%
595,467	620,004	706,758	723,876	802,537	2.6%	6.6%
$ 2,436,762	$ 2,548,024	$ 2,697,106	$ 2,857,689	$ 3,070,499	1.5%	5.1%
$ 900,791	$ 924,209	$ 968,083	$ 1,003,935	$ 1,109,185	12.7%	5.4%
113,882	143,486	188,977	221,022	125,388	2.3%	4.7%
319,344	304,917	347,073	398,385	419,285	2.6%	6.4%
34,601	36,294	38,702	40,797	46,384	2.9%	6.6%
6,604	4,146	5,452	1,490	8,651	-6.6%	4.2%
23,546	23,973	22,602	17,619	22,002	-1.7%	1.4%
$ 1,398,768	$ 1,437,025	$ 1,570,889	$ 1,683,248	$ 1,730,895	7.5%	5.6%
$ 3,835,530	$ 3,985,049	$ 4,267,995	$ 4,540,937	$ 4,801,394	3.3%	5.2%
$ 60,813	$ 75,408	$ 70,935	$ 63,294	$ 70,335	-0.4%	0.4%
94,512	100,030	94,333	51,663	106,989	0.3%	2.4%
50,296	98,607	57,664	65,859	52,588	0.7%	4.0%
46,683	56,202	60,024	109,334	39,095	-1.5%	-2.4%
301	301	229	609	965	5.2%	34.3%
410,175	480,301	506,269	540,289	447,948	0.8%	4.6%
703,124	736,530	768,328	820,187	908,286	7.9%	6.3%
106,021	107,373	103,693	67,948	120,459	1.0%	4.6%
50,181	55,333	64,063	68,264	73,881	3.0%	6.6%
23,718	28,784	16,581	27,752	19,977	-1.6%	-1.9%
26,819	27,146	25,508	18,787	34,382	12.1%	20.0%
35,214	49,973	48,384	61,102	17,648	-8.1%	-10.6%
13,214	8,995	45,592	36,222	34,675	0.2%	13.6%
1,293	80	6	12	—	-100.0%	-100.0%
16,840	16,691	17,350	17,151	21,036	6.0%	7.5%
32,101	9,275	7,364	8,527	11,800	—%	-21.2%
7,045	22,782	9,329	9,921	1,060,146	59.9%	139.4%
$ 1,678,350	$ 1,873,811	$ 1,895,652	$ 1,966,921	$ 3,020,210	8.0%	13.8%
$ 5,513,880	$ 5,858,860	$ 6,163,647	$ 6,507,858	$ 7,821,604	4.8%	8.1%
$ 216,123	$ 344,980	$ 295,755	$ 344,211	$ 1,313,746		
4.1%	6.3%	5.0%	5.6%	20.2%		

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

GENERAL OPERATING FUND REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)
Last Ten Fiscal Years and 2022 Budget
(Modified Accrual Basis of Accounting)
(Thousands of dollars)

	2012	2013	2014 (as restated)	2015	2016
Revenues:					
Local	$2,568,487	$2,420,913	$ 2,444,401	$2,562,712	$2,702,635
State	1,757,166	1,599,424	1,629,892	1,579,324	1,398,855
Federal	890,987	805,983	867,512	767,548	776,277
Total revenues	$5,216,640	$4,826,320	$ 4,941,805	$4,909,584	$4,877,767
Total expenditures	4,888,328	4,946,370	5,450,131	5,620,366	5,414,846
Revenues less expenditures	$ 328,312	$ (120,050)	$ (508,326)	$ (710,782)	$ (537,079)
Other financing sources (uses) less transfers	62	439	161	(12,915)	50,162
Change in fund balance	$ 328,374	$ (119,611)	$ (508,165)	$ (723,697)	$ (486,917)
Fund balance - beginning of period	740,380	1,068,754	1,592,147	1,083,982	360,285
Fund balance - end of period	$1,068,754	$ 949,143	$ 1,083,982	$ 360,285	$ (126,632)
Revenues as a percent of expenditures	106.7 %	97.6 %	90.7 %	87.4 %	90.1 %
Classification of fund balance:					
Nonspendable	$ 3,329	$ 1,720	$ 429	$ 429	$ 429
Restricted for grants and donations	69,873	63,434	61,022	64,155	64,854
Restricted for workers' comp/tort immunity	92,680	64,985	19,838	41,373	35,116
Restricted for teachers' pension contributions	—	—	—	—	—
Restricted for school internal accounts	—	—	—	—	—
Assigned for appropriated fund balance	348,900	562,682	267,652	79,225	—
Assigned for commitments and contracts	110,397	105,664	87,067	73,101	—
Unassigned	443,575	150,658	—	102,002	(227,031)
Total fund balance	$1,068,754	$ 949,143	$ 436,008	$ 360,285	$ (126,632)
Unreserved/unassigned fund balance as a percent of revenues	8.5 %	3.1 %	— %	2.1 %	(4.7)%
Total fund balance as a percentage of revenues	20.5 %	19.7 %	8.8 %	7.3 %	(2.6)%

NOTE:

The classification of fund balances for fiscal year 2011 was modified to comply with GASB 54, which was adopted in July 2010.

2017	2018	2019	2020	2021	Budget 2022
$ 3,050,589	$ 3,243,032	$ 3,439,594	$ 3,629,509	$ 3,810,915	$ 3,910,904
1,287,702	1,859,582	1,886,770	1,846,012	1,817,275	1,827,600
752,295	723,432	679,990	722,420	1,116,343	2,073,100
$ 5,090,586	$ 5,826,046	$ 6,006,354	$ 6,197,941	$ 6,744,533	$ 7,811,604
5,297,758	5,513,880	5,858,860	6,163,647	6,507,858	7,821,604
$ (207,172)	$ 312,166	$ 147,494	$ 34,294	$ 236,675	$ (10,000)
58,574	286,828	508	11,010	—	
$ (148,598)	$ 598,994	$ 148,002	$ 45,304	$ 236,675	
(126,632)	(275,230)	323,764	471,766	567,093	
$ (275,230)	$ 323,764	$ 471,766	$ 517,070	$ 803,768	
96.1%	105.7%	102.5%	100.6%	103.6%	
$ 429	$ 429	$ 429	$ 429	$ 429	
51,858	52,333	16,183	13,518	12,143	
27,344	—	—	—	—	
—	9,287	14,125	14,324	4,217	
—	—	—	—	48,230	
—	—	—	—	—	
—	18,044	94,733	109,944	135,314	
(354,861)	243,671	346,296	378,855	603,435	
$ (275,230)	$ 323,764	$ 471,766	$ 517,070	$ 803,768	
-7.0%	4.2%	5.8%	6.1%	8.9%	
-5.4%	5.6%	7.9%	8.4%	12.0%	

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, 2021

Eligible Expenditures:		
Other General Charges	$	741,000
Physical Education - Athletic Claims		16,476
Summer School		3,660,592
Tort Claims - Admin Fee		590,110
Tort Claims - Major Settlements		1,567,076
Tort Claims - Casualty		415,844
General Liability Insurance		4,871,511
Property Damage Insurance		4,362,556
Property Loss Reserve Fund		2,913
Investigations - Admin		73,765
Telecom (Non E-Rate)		5,050
School Safety Services		4,764,522
School Security Personnel		71,945,896
Central Service Security		4,653,795
Security Services		5,294,595
Network Services (Non E-Rate)		170,455
Risk Management Administration		1,088
Total Eligible Expenditures	$	103,137,244

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF STUDENT ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2021
CASH AND INVESTMENTS HELD FOR STUDENT ACTIVITIES

Checking:	Beginning Balance	Cash Receipts	Cash Disbursements	Amounts Held for Student Activities
Elementary Schools	$ 24,387,714	$ 2,229,155	$ 3,793,667	$ 22,823,202
High Schools	25,634,930	5,643,632	5,956,403	25,322,159
	$ 50,022,644	$ 7,872,787	$ 9,750,070	$ 48,145,361

Investments:	
Elementary Schools	$ 24,828
High Schools	59,771
Total Cash and Investments Held for Student Activities	$ 48,229,960

STUDENT FEES

	Graduation Fees (A)	Student Activity Fees (B)	Total
Total Elementary School Fees	$ 617,739	$ 1,200,534	$ 1,818,273
Total Elementary Students	204,899	204,899	204,899
Average Fee per Student	$ 3.01	$ 5.86	$ 8.87
Total High School Fees	$ 498,417	$ 6,023,272	$ 6,521,689
Total High School Students	84,395	84,395	84,395
Average Fee per Student	$ 5.91	$ 71.37	$ 77.28

NOTES:

A) Graduation fees are defined as all mandatory graduation fees, including cap and gown.

B) Student activity fees are defined as fees collected from students to cover activities and items necessary to complete a given curriculum and fees collected from students to cover the cost of extra-curricular activities and items.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2021

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
BROKER SERVICES	Mesirow Insurance Services, Inc. an Alliant-owned company	$ 126,250	Insurance placement and consultation. The contract with Mesirow for these services continues until Feb 28, 2022 with no further renewal options.
PROPERTY INSURANCE			
All Risk-Property Insurance layers	Various Carriers Listed Below		Total Bound Capacity $100M subject to $500,000 deductible/retention, including Layer
	Starr Surplus Lines Ins. Company	$ 728,525	$20,000,000 $100M Primary
	Everest Indemnity Insurance Company	364,263	$10,000,000 $100M Primary
	Lexington Insurance Company	436,491	$7,500,000 $50M Primary
	Underwriters at Lloyd's (London)	1,147,739	$7,500,000 $25M Primary
	Underwriters at Lloyd's (Beazley)	382,580	$2,500,000 $25M Primary
	Indian Harbor Insurance Company (XL)	227,460	$750,000 $10M Primary
	Steadfast Insurance Company (Zurich)	222,460	$750,000 $10M Primary
	Ironshore Insurance Company	148,308	$3,000,000 $40M xs $10M
	Princeton Excess & Surplus Lines Insurance Company (Munich)	148,308	$3,000,000 $40M xs $10M
	Evanston Insurance Company (Markel)	61,144	$2,500,000 $25M xs $25M
	RSUI Indemnity Company	117,500	$5,000,000 $25M xs $25M
	Endurance Insurance Company (Sompo)	57,241	$2,500,000 $25M xs $25M
	Mitsui Sumitomo Insurance Company of America	46,250	$10,000,000 $50M xs $50M
	Underwriters at Lloyd's (London)	22,665	$3,000,000 $50M xs $50M
	Hallmark Specialty	26,569	$5,000,000 $50M xs $50M
	James River	130,187	$17,000,000 $50M xs $50M
		$ 4,267,690	
Boiler & Machinery Insurance	Federal Insurance Company (Chubb)	$ 94,866	$100M subject to $50,000 deductible/retention
Total Property Program		$ 4,362,556	Total Property, Boiler & Machinery for year end 06/30/21

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2020 and June 30, 2021.
(B) This policy was active between August 4, 2020 and June 30, 2021.
(C) This policy was active between January 1, 2021 and June 30, 2021.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2021

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
LIABILITY INSURANCE			
General Liability Insurance Layers (GL, Auto, SBLL, EPL, Abuse)			
Excess Liability I	Gemini Insurance Co. (Berkley)	$ 676,620	$5M excess $10M Self Insured Retention
	Lexington Insurance Company	1,605,413	$20M excess of $15M Self Insured Retention (does not follow form of Gemini)
	AXIS Surplus Insurance Company	507,518	$10M excess of $20M excess of $15M Self Insured Retention (follows form of Lexington)
	Westchester Fire Insurance Company	650,000	$10M excess of $30M excess of $15M Self Insured Retention (follows form of Lexington)
Sexual Abuse & Molestation	Underwriters at Lloyd's (Non-Admitted)	326,261	$10M xs $20M xs $15M SIR -vs $15M xs $15M retained limit - Lexington / $5M xs $20M xs $15M retention - Axis
Employment Related Practices	RSUI	145,000	$10M xs $15M
	Nationwide	120,147	$10M xs $25M
	Ironshore	46,400	$5M xs $35M
		$ 4,077,359	
Special Events CGL	National Casualty Insurance Company	$ 52,499	$1M/no deductible/$5M Product Agg
Special Events Excess CGL	National Casualty Insurance Company	17,236	$5M excess of $5M no deductible
		$ 69,735	
Fiduciary	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	$ 65,000	$5 million $25,000 deductible
Excess Fiduciary	Hudson Insurance Company	52,000	$5,000,000 in Excess of $5,000,000
		$ 117,000	
Student Catastrophic	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	$ 91,472	$6M 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)	3,958	$1M/deductible varies/$4M master control program agg
Cyber Liability	Allied World Assurance Co (US) Inc	248,477	$10 million ($250,000 self insured retention)
Cyber/Privacy Excess	Endurance American Insurance Company	140,283	$10 million excess of $10 million ($250,000 self insured retention)
		$ 388,760	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2020 and June 30, 2021.
(B) This policy was active between August 4, 2020 and June 30, 2021.
(C) This policy was active between January 1, 2021 and June 30, 2021.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2021

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
Auto - Primary Student Travel	National Liability & Fire Insurance Company (B)	$ 100,522	$2 million dollar combined single limit for Board owned student travel vehicles
Cost		$ 4,848,806	
Total Insurance Cost		$ 9,211,362	
SELF INSURANCE PROGRAMS			
General Liability Self Insurance Claims	Cannon Cochran Management Services, Inc.	$ 5,029,037	TOTAL: Claim administration services including investigation and adjustment of liability claims; interscholastic, medical costs, legal expenses 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		5,629,037	
Workers' Compensation Claims	Cannon, Cochran, Management Services, Inc.	988,000	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.	17,219,838	Amounts paid through escrow accounts to claimants, attorneys, medical treatment and expenses.
Total Workers Compensation Claims and Expenses		$ 18,207,838	
Total Self Insured Program		$ 23,836,875	
HEALTH INSURANCE HMO/PPO			
Medical-Administrative Services	Blue Cross Blue Advantage HMO	$ 55,614,429	HMO health care for eligible employees and dependents
	Blue Cross PPO	8,691,016	PPO health care for eligible employees and dependents
	Blue Cross PPO with HSA	1,145,972	PPO health care for eligible employees and dependents that includes a health savings account.
	Blue Cross HMO Illinois	(27,864)	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		$ 65,423,553	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2020 and June 30, 2021.
(B) This policy was active between August 4, 2020 and June 30, 2021.
(C) This policy was active between January 1, 2021 and June 30, 2021.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2021

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
Medical PPO Claims	Blue Cross PPO and PPO with HSA	$216,366,782	PPO and PPO with HSA health care for eligible employees and dependents
Medical Total PPO Claims		$216,366,782	
Medical HMO Claims	Blue Cross Blue Advantage HMO	$ 73,811,269	HMO health care for eligible employees and dependents and Claims and Physician Service Fees
	Blue Cross HMO Illinois	6,560	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 FY21.
Medical Total HMO Claims		$ 73,817,829	
Medical Claims Total		$290,184,611	
Health Savings Account	HSA Bank	$ 2,641,819	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		$358,249,983	
Flexible Spending Program	Benefits Express	$ 220,794	Administration of the flexible spending program for employees. Contributions to the plan are made by employees.
COBRA Program	Payflex	164,875	Administration of the COBRA program for former employees continuing insurance coverage. COBRA contributions are made by former employees.
Prescription Drugs	Caremark	99,940,633	Pharmaceutical services for PPO and HMO eligible employees and dependents
Total Medical Expenses		$458,576,285	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2020 and June 30, 2021.
(B) This policy was active between August 4, 2020 and June 30, 2021.
(C) This policy was active between January 1, 2021 and June 30, 2021.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF INSURANCE AND INSURANCE SERVICES
For the Fiscal Year Ended June 30, 2021

Type of Coverage	Provider Broker/Insurer/ TPA (A)	Annual Expense	Coverage Details Limits of Liability
OTHER INSURANCE			
Dental Insurance	Delta Dental HMO	$ 2,424,479	Dental HMO for eligible employees and dependents
	Delta Dental PPO	10,618,734	Dental PPO for eligible employees and dependents
Dental Insurance Total		$ 13,043,213	
Vision Plan	EyeMed	$ 3,072,776	Vision services for eligible employees and dependents
Term Life Insurance	Hartford Life Insurance	260,733	Life insurance policy at $25,000 per eligible employee. Company name changed from Aetna to Hartford during FY20. As of 12/31/20 Hartford no longer provides life insurance services to CPS.
	Standard Insurance (C)	249,015	Standard Insurance began providing insurance services to CPS on 01/01/21
		$ 509,748	
Total Dental/Vision/Life		$ 16,625,737	
Total Health/Life Benefit Expenses		$475,202,022	

NOTES:
(A) Unless otherwise noted, the policies listed were active between July 1, 2020 and June 30, 2021.
(B) This policy was active between August 4, 2020 and June 30, 2021.
(C) This policy was active between January 1, 2021 and June 30, 2021.

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, 2021
(Millions of dollars)

	2012	2013 (B)	2014 (C)
Unexpended (over expended)	$ 182.2	$ 88.1	$ 174.2
Proceeds available from bond issuance	402.4	508.9	131.3
Property taxes	—	—	—
State aid	1.3	6.9	37.8
Federal aid	18.1	13.6	14.9
Investment income	5.5	1.9	0.8
Other income	54.2	88.0	31.3
Total	$ 663.7	$ 707.4	$ 390.3
Expenditures	576.8	493.4	482.2
Operating transfers in (out)	1.2	(41.6)	—
Unexpended	$ 88.1	$ 172.4	$ (91.9)
Encumbrances	88.1	172.4	(91.9)
Available balance	$ —	$ —	$ —

NOTES:

A) The above amounts do not include construction expenditures made by the Public Building Commission.

B) Beginning in FY2013, the proceeds available from bond issuance includes both premiums and gross amounts from debt issuances.

C) In FY2015, CPS changed its revenue recognition policy resulting in a restatement to FY2014 balances.

2015	2016	2017	2018	2019	2020	2021
$ (91.9)	$ (157.1)	$ 66.4	$ 745.4	$ 839.0	$ 659.3	$ 124.5
148.5	364.0	775.5	355.4	356.6	—	532.2
—	42.5	48.4	8.1	10.1	8.7	8.7
31.6	39.4	30.1	14.0	13.5	10.7	17.5
6.5	7.7	6.7	19.5	0.5	—	7.6
0.4	0.1	2.0	7.3	16.9	12.8	1.1
107.2	62.9	21.1	28.6	36.0	16.1	4.0
$ 202.3	$ 359.5	$ 950.2	$ 1,178.3	$ 1,272.6	$ 707.7	$ 695.6
359.4	293.1	204.8	338.9	613.1	583.4	565.7
—	—	—	(0.5)	(0.2)	0.2	1.3
$ (157.1)	$ 66.4	$ 745.4	$ 838.9	$ 659.3	$ 124.5	$ 131.2
(157.1)	66.4	745.4	838.9	659.3	124.5	131.2
$ —	$ —	$ —	$ —	$ —	$ —	$ —

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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

	2017	2018	2019	2020	2021
PUPIL LUNCHES SERVED:					
Paid lunches (regular)	25,308	39,434	21,943	71,521	—
Reduced lunches (regular)	—	—	—	—	—
Free lunches (regular)	40,402,957	38,924,836	37,007,190	31,732,827	12,158,970
TOTAL PUPIL LUNCHES SERVED	40,428,265	38,964,270	37,029,133	31,804,348	12,158,970
Change from Previous Year	2,006,771	(1,463,995)	(1,935,137)	(5,224,785)	(19,645,378)
PUPIL BREAKFASTS SERVED:					
Paid breakfasts (regular)	4,927	12,461	7,483	1,305	—
Reduced breakfasts (regular)	—	—	—	—	—
Free breakfasts (regular)	23,512,505	22,481,817	22,556,302	22,460,204	11,643,441
TOTAL PUPIL BREAKFASTS SERVED	23,517,432	22,494,278	22,563,785	22,461,509	11,643,441
Change from Previous Year	(1,482,466)	(1,023,154)	69,507	(102,276)	(10,818,068)
PUPIL SNACKS SERVED:					
Pupil snacks	650,894	621,297	600,251	349,283	—
Head Start snacks	717,815	656,869	516,915	—	2,917
Pre-K snacks	304,184	537,272	1,071,812	1,156,938	230,019
Ala-Carte items sold	1,351,788	1,780,051	1,851,589	869,746	—
Free Saturday snacks	10,536	2,547	5,539	2,205	—
TOTAL PUPIL SNACKS SERVED	3,035,217	3,598,036	4,046,106	2,378,172	232,936
Change from Previous Year	600,072	562,819	448,070	(1,667,934)	(2,145,236)
PUPIL AFTERSCHOOL MEALS:					
Free afterschool meals	2,012,991	2,165,111	2,228,225	1,529,385	5,082,608
Free Saturday meals	41,019	20,503	22,591	13,055	—
TOTAL PUPIL AFTERSCHOOL MEALS SERVED	2,054,010	2,185,614	2,250,816	1,542,440	5,082,608
Change from Previous Year	(175,644)	131,604	65,202	(708,376)	3,540,168
NUMBER OF ADULT MEALS:					
Number of adult breakfasts	499,578	490,476	444,524	152,220	58,630
Number of adult lunches	274,779	264,890	236,531	104,224	60,687
TOTAL NUMBER OF ADULT MEALS SERVED	774,357	755,366	681,055	256,444	119,317
Change from Previous Year	20,241	(18,991)	(74,311)	(424,611)	(137,127)
TOTAL MEALS SERVED:	69,809,281	67,997,564	66,570,895	58,442,913	29,237,272
Change from Previous Year	(3,044,568)	(1,811,717)	(1,426,669)	(8,127,982)	(29,205,641)

NOTES:

1) In recent years, CPS has begun providing additional meal services that were previously excluded from reporting, CPS determined it appropriate to break out these meals for fiscal years 2020 and beyond.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

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

	2017	2018	2019	2020	2021
REVENUE:					
Federal and State Sources	$ 203,003	$ 197,854	$ 214,153	$ 184,300	$ 105,785
Local Sources	8,704	13,420	16,706	19,988	334
Total Revenue	$ 211,707	$ 211,274	$ 230,859	$ 204,288	$ 106,119
EXPENDITURES:					
Career Service Salaries	$ 62,551	$ 67,015	$ 70,461	$ 72,171	$ 8,028
Career Service Pension	11,359	13,678	18,688	23,864	2,447
Hospitalization	21,351	21,867	20,111	22,615	1,570
Food	92,500	91,099	96,833	91,837	39,009
Professional and Special Services	4,909	6,101	5,611	4,844	4,208
Administrative Allocation	9,205	6,657	5,834	5,287	852
Other	5,878	4,856	—	12,830	2,599
Total Expenditures	$ 207,753	$ 211,273	$ 217,538	$ 233,448	$ 58,714
Revenues in excess of Expenditures	$ 3,954	$ 1	$ 13,321	$ (29,160)	$ 47,405
PERCENTAGE CHANGE:					
Revenues	(2.0)%	(0.2)%	9.3 %	(11.5)%	(48.1)%
Expenditures	(1.0)%	1.7 %	3.0 %	7.3 %	(74.8)%

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

ANALYSIS OF UTILITY CONSUMPTION
For Fiscal Year Ended June 30, 2021
With Comparative Amounts for the Period Ended June 30, 2020

	2021 Schools	2021 Administrative Center	Total
Electricity			
Total Electricity Charges	$ 42,376,802	$ 118,567	$ 42,495,369
Kilowatt Hours	499,764,967	1,046,104	500,811,071
Charge per Kilowatt Hour	$ 0.08479	$ 0.11334	$ 0.08485
Gas			
Total Gas Charges	$ 21,017,863	$ —	$ 21,017,863
Therms	30,982,863	—	30,982,863
Charge per Therm	$ 0.67837	$ —	$ 0.67837

	2020 Schools	2020 Administrative Center	Total
Electricity			
Total Electricity Charges	$ 48,475,666	$ 142,889	$ 48,618,555
Kilowatt Hours	488,793,698	1,255,577	490,049,275
Charge per Kilowatt Hour	$ 0.09917	$ 0.11380	$ 0.09921
Gas			
Total Gas Charges	$ 20,433,913	$ —	$ 20,433,913
Therms	31,035,291	—	31,035,291
Charge per Therm	$ 0.65841	$ —	$ 0.65841

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

PROPERTY SALES AND PURCHASES
For the Fiscal Year Ended June 30, 2021

Sales

Unit Location	Date Acquired	Net Book Value	Gross/Sales Proceeds	Gain / (Loss) on Sale
N/A		$ —	$ —	$ —
		$ —	$ —	$ —

Purchases

Unit Location	Date Acquired	School	Purchase Cost
Bridgeport Office at 501 W. 35th Street (TAMS)	2/17/2021	N/A	$ 3,700,000
3001 W. 59th Street	6/2/2021	Vick Village Pre-K	620,000
Revere School Parking Lot- 7146 S. Ellis Avenue	1/1/2021	N/A	1
			$ 4,320,001

NOTE:

***Date reflects retirement date

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 (B)	Percent Change (C)
2012	$ 47,268	$ 68,474	$ 89,680	— %
2013	48,686	70,644	92,602	3.00 %
2014	49,660	72,163	94,666	2.00 %
2015	50,653	73,706	96,759	2.00 %
2016	50,653	73,706	96,759	— %
2017	50,653	73,706	96,759	— %
2018	51,666	75,180	98,694	2.00 %
2019	52,958	77,060	101,161	2.50 %
2020	54,547	79,585	104,622	3.00 %
2021	56,183	81,972	107,761	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) The percent change is the official CTU (Chicago Teachers Union) agreed to minimum salary increase for that year, net of any changes to the salary schedule or step advances on the pay schedule.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TEACHERS' PENSION FUNDING ANALYSIS
Last Five Fiscal Years
(Thousands of dollars)

Fiscal Year	Employer Contribution and Contribution On-Behalf of Employees	Net Assets of Plan (Actuarial Value of Assets)		Unfunded Obligation (Assets at Fair Value)	% Funded of Pension Obligation Fund at Year End (Assets at Fair Value)	% Unfunded (Assets at Fair Value)
2016	$ 811,051	$ 10,610,747		$ 9,635,393	52.4 %	47.6 %
2017	853,474	10,933,032	(A)	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 %

NOTES:

A) The actuarial value includes assets previously restricted for OPEB benefits.

B) The actuarial assumption used for FY18 changed due to changes in the discount rate and mortality table.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

AVERAGE DAILY ATTENDANCE AND PER PUPIL COSTS
Last Five Fiscal Years

Fiscal Year	School Year	Average Daily Attendance (A)	Operating Expenses Per Pupil (B)	Per Capita Tuition Charge (C)
2017	2016-17	347,001	$ 15,419	$ 12,243
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	297,389	N/A	N/A

NOTES:

A) Source: Department of Finance, Grants Management.

B) Source: Illinois State Board of Education - Operating Expense Pupil is the total operating cost of regular K-12 programs divided by the nine-month average daily attendance. This measure excludes expenditures related to Pre-school, Summer School, Adult Education, Capital Expenditures, and Board Principal and Interest.

C) Source: Illinois State Board of Education - Per Capita Tuition Charge is the amount a local school district charges as tuition for non-resident students per Section 18-3 of the School Code. It is a reasonable measure of basic education program costs. Per Capita Tuition is calculated by deducting the costs of supplemental programs from operating expenses and dividing the result by the nine-month average daily attendance.

N/A: Not available at publishing.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

TOTAL STUDENT MEMBERSHIP
Last Ten Fiscal Years

	2012	2013	2014	2015	2016
Elementary					
Pre-Kindergarten	24,232	24,507	23,671	22,873	22,555
Kindergarten	29,594	30,936	30,166	28,978	27,651
Grades 1-3	92,302	91,880	92,251	92,526	91,347
Grades 4-6	87,630	86,966	86,244	86,066	85,391
Grades 7-8	56,520	56,773	56,184	54,233	54,174
Total Elementary	290,278	291,062	288,516	284,676	281,118
Secondary					
9th Grade	30,336	29,812	30,069	30,366	29,130
10th Grade	32,230	31,343	30,963	31,130	31,189
11th Grade	27,039	26,610	26,500	26,378	26,714
12th Grade	24,268	24,634	24,497	24,133	24,134
Total Secondary	113,873	112,399	112,029	112,007	111,167
Grand Total	404,151	403,461	400,545	396,683	392,285

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

2017	2018	2019	2020	2021
20,673	19,441	17,668	17,492	11,494
26,093	24,963	24,128	24,241	21,960
86,610	82,188	78,084	75,345	71,544
85,022	84,478	83,026	79,915	76,692
53,898	52,960	52,541	53,430	53,771
272,296	264,030	255,447	250,423	235,461
27,623	27,566	27,296	26,378	25,845
29,704	28,453	28,502	27,515	27,291
27,284	26,279	25,603	25,904	26,160
24,442	25,054	24,466	24,936	25,901
109,053	107,352	105,867	104,733	105,197
381,349	371,382	361,314	355,156	340,658

CHICAGO PUBLIC SCHOOL
Chicago Board of Education

TEACHER - TO - STUDENT RATIO
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary	23.3	24.6	25.2	25.4	25.8	24.7	24.5	21.9	21.0	19.0
Secondary	19.2	19.8	21.5	21.9	20.3	23.7	24.4	22.0	20.6	21.0

Source: Illinois State Board of Education

NOTE:

The ratio includes Charter Schools.

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

SCHEDULE OF GOVERNMENT EMPLOYEES BY FUNCTION
Last Five Fiscal Years
As of June 30, 2021

Functions	2017	2018	2019	2020	2021
Instruction	25,044	24,010	24,509	24,853	25,943
Support services:					
Pupil support services	4,476	4,357	4,436	4,739	5,636
Administrative support services	821	925	1,081	1,226	1,322
Facilities support services	1,417	1,144	910	931	36
Instructional support services	2,671	2,515	2,616	2,571	2,564
Food services	2,712	2,700	2,718	2,734	2,745
Community services	204	197	184	192	187
Total government employees	37,345	35,848	36,454	37,246	38,433

CHICAGO PUBLIC SCHOOLS
Chicago Board of Education

NUMBER OF SCHOOLS, SCHOOL ENROLLMENT AND HIGH SCHOOL GRADUATES
Last Ten Fiscal Years

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Number of Schools					
Elementary (A)	473	468	422	426	425
Special (C)	12	12	5	—	—
High School	103	98	109	121	122
Vocational/Technical (C)	8	8	—	—	—
Charter Schools	87	95	126	131	129
Kindergarten to H.S. (K-12) (C)	—	—	5	—	—
Total Schools	683	681	667	678	676
School Enrollment (B)					
Elementary (A)	263,540	261,638	254,864	251,554	247,487
Special (C)	1,839	1,961	907	—	—
High School	85,068	81,735	86,184	88,183	86,208
Vocational/Technical (C)	8,226	7,927	—	—	—
Charter Schools	45,478	50,200	54,572	56,946	58,590
Kindergarten to H.S. (K-12) (C)	—	—	4,018	—	—
Total School Enrollment	404,151	403,461	400,545	396,683	392,285
Number of High School Graduates	20,914	22,447	22,817	22,825	22,839

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.

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
424	424	424	423	423
—	—	—	—	—
118	115	113	102	101
—	—	—	—	—
122	121	120	117	114
—	—	—	—	—
664	660	657	642	638
239,606	231,470	223,571	224,829	204,899
—	—	—	—	—
83,739	82,511	80,686	78,355	84,395
—	—	—	—	—
58,004	57,401	57,057	51,972	51,364
—	—	—	—	—
381,349	371,382	361,314	355,156	340,658
22,805	23,230	23,107	22,500	22,605

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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.

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, 2018, 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, such as the Bonds. A governmental unit may levy a tax for the payment of principal of and interest on general obligation bonds, including Alternate Revenue Bonds, at any time prior to March 1 of the calendar year during which the tax will be collected. The County Clerk is required to accept the filing of the ordinance levying such tax notwithstanding that such time is subsequent to the end of the calendar year next preceding the calendar year during which such tax will be collected.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law. Pursuant to the Debt Reform Act, in extending taxes for general obligation bonds, including Alternate Revenue Bonds, such as the Bonds, the County Clerk is required to increase the levy for debt service on such bonds to provide an allowance for loss in collections, in an amount sufficient, in view of all losses and delinquencies in tax collection, to produce tax receipts adequate for the prompt payment of such debt service.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared for the County Collector (the **"Warrant Books"**) the tax (determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel), along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law (the **"Truth in Taxation Law"**) contained within the Property Tax Code imposes procedural limitations on a Unit's real estate taxing powers and requires that a notice in a prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service (including debt service on Alternate Revenue Bonds, such as the Bonds), levies made for the purpose of paying amounts due under public building commission leases and election costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. The Truth in Taxation Law does not impose any limitations on the rate or amount of the levy to pay principal of and interest on the Unit's general obligations bonds and notes (including payment of debt service on Alternate Revenue Bonds, such as the Bonds).

<u>Collection</u>. Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and historically the second on the later of August 1 or 30 days after the mailing of the tax bills. Because of the COVID-19 pandemic that began at the beginning of calendar year 2020, the tax penalty dates for the second installment of 2019, the first installment of 2020 and the second installment of 2020 real estate property taxes levied in the County were extended to October 1, 2020, May 3, 2021 and October 1, 2021, respectively. 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 years 2010 to 2020; except for the first installment penalty date for tax year 2020 of May 3, 2021, the first installment penalty date has been March 1, 2 or 3 for all years.

Second Installment

Tax Year	**Penalty Date**
2020	October 1, 2021
2019	October 1, 2020
2018	August 1, 2019
2017	August 1, 2018
2016	August 1, 2017
2015	August 1, 2016
2014	August 3, 2015
2013	August 1, 2014
2012	August 1, 2013
2011	November 1, 2012
2010	November 1, 2011

The County may provide for tax bills to be payable in four installments instead of two. The County has not determined to require payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit not less than weekly.

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, including the Bonds.

APPENDIX E

FORMS OF DEPOSIT DIRECTIONS TO COUNTY COLLECTORS REGARDING PLEDGED TAXES

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APPENDIX E-1

FORM OF DIRECTION REGARDING THE DIRECT DEPOSIT OF TAXES EXTENDED AND COLLECTED FOR THE PAYMENT OF UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2022A OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

To: The County Treasurers of The Counties of Cook and DuPage, Illinois, acting as the County Collectors for said respective Counties

Please be advised that pursuant to authority contained in Resolution No. 21-1027-RS3, adopted by the Chicago Board of Education of the Board of Education of the City of Chicago (the "*Board*") on October 27, 2021 being entitled:

> "RESOLUTION PROVIDING FOR THE ISSUE OF ONE OR MORE SERIES OF UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $500,000,000 FOR THE PURPOSE OF PAYING THE COSTS OF CAPITAL IMPROVEMENTS"

(the "*Bond Resolution*"), a certified copy of which has been filed in each of your offices, the Board authorized the issuance, from time to time, of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), in the maximum principal amount of $500,000,000 in one or more series (the "*Bonds*") and levied a direct annual tax for each of the levy years 2021 to 2047, inclusive, on all taxable property within the school district governed by the Board (the "*School District*") sufficient to pay the principal of and interest on the Bonds issued pursuant to the Bond Resolution.

The Bond Resolution further authorized the direct deposit of such direct annual tax, if and when extended for collection, with an escrow agent designated by the Chief Financial Officer of the Board and the undersigned hereby designates the hereinafter defined Trustee as escrow agent for application of collections of such direct annual tax to the payment of the principal of and interest on the Bonds. Such authorization by the Board is pursuant to the authority contained in Section 20-90 of the Property Tax Code of the State of Illinois, as amended.

Pursuant to the authority granted in the Bond Resolution, the Board has authorized the issuance and delivery of its $500,000,000 Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2022A (the "*Series 2022A Bonds*"). The Chief Financial Officer of the Board, pursuant to authority granted in the Bond Resolution, has allocated portions of the Pledged Taxes to pay the principal of and interest on the Series 2022A Bonds (the "*Series 2022A Pledged Taxes*").

You are each hereby directed, pursuant to authority granted in the Bond Resolution, that the Series 2022A Pledged Taxes, if and when extended for collection, are to be deposited directly by each of you upon collection thereof into the respective account of The Bank of New York Mellon Trust Company, N.A., as

Trustee (the "*Trustee*") under the Indenture securing the Series 2022A Bonds for application as described in said Indenture.

Prior to the receipt of the first distribution of collections of property taxes in each year for which the Series 2022A Pledged Taxes are to be extended, commencing with the taxes levied for the year 2022 (collectible in 2023), the Board shall file in your office (i) evidence of the abatement in full of such Series 2022A 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 2022A 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 2022A Pledged Taxes subject to such Segregation Order.

If in any year for which any of the Series 2022A 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 2022A Pledged Taxes received for the Board during such year on a pro rata basis based upon the percentage that the amount of the Series 2022A 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 2022A 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 2022A Pledged Taxes to be paid directly to the Trustee shall be paid to:

The Bank of New York Mellon Trust Company, N.A.
ABA# ___________
Further Credit to: ___________
Final Credit to: _____________
Reference: _________________________
Attention: _____________ (312) _________

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 2022A 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 2022A Bonds have the right to specifically enforce this Direction.

[Signature Page follows]

Respectfully submitted this ____ day of January, 2022.

____

Chief Financial Officer
Board of Education of the City of Chicago

EXHIBIT A

SERIES 2022A PLEDGED TAXES

LEVY YEAR	TAX LEVY
2022	$ 21,874,800
2023	21,874,800
2024	21,874,800
2025	21,874,800
2026	21,874,800
2027	21,874,800
2028	21,874,800
2029	21,874,800
2030	21,874,800
2031	21,874,800
2032	21,874,800
2033	21,874,800
2034	21,874,800
2035	21,874,800
2036	21,874,800
2037	21,874,800
2038	21,874,800
2039	21,874,800
2040	21,874,800
2041	57,949,800
2042	95,386,800
2043	116,448,800
2044	113,609,100
2045	131,959,550
2046	67,850,000

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Chicago, Illinois, as trustee under that certain Trust Indenture, dated as of February 1, 2022 (the "*Series 2022A Indenture*"), with the Board of Education of the City of Chicago (the "*Board*"), providing for the issuance of $500,000,000 Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2022A, of the Board (the "*Series 2022A Bonds*"), does hereby acknowledge receipt of the Direction Regarding the Direct Deposit of Taxes with respect to the Series 2022A Bonds described in said Direction and will apply all collections of the Series 2022A Pledged Taxes as provided in the Direction and the Series 2022A Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., 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 January, 2022, 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 2022A, 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 2022 to 2046, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of January, 2022.

____
County Collector,
The County of Cook, Illinois

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, the undersigned, being the duly qualified and acting County Collector of The County of DuPage, Illinois, do hereby certify that on this ____ day of January, 2022, 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 2022A, 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 2022 to 2046, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of January, 2022.

____
County Collector,
The County of DuPage, Illinois

(SEAL)

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APPENDIX E-2

FORM OF DIRECTION REGARDING THE DIRECT DEPOSIT OF TAXES EXTENDED AND COLLECTED FOR THE PAYMENT OF UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (DEDICATED REVENUES), SERIES 2022B OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

To: The County Treasurers of The Counties of Cook and DuPage, Illinois, acting as the County Collectors for said respective Counties

Please be advised that pursuant to authority contained in Resolution No. 21-1027-RS2, adopted by the Chicago Board of Education of the Board of Education of the City of Chicago (the "*Board*") on October 27, 2021 being entitled:

> "RESOLUTION PROVIDING FOR THE ISSUE OF ONE OR MORE SERIES OF UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $985,000,000 FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING OUTSTANDING BONDS"

(the "*Bond Resolution*"), a certified copy of which has been filed in each of your offices, the Board authorized the issuance, from time to time, of its Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), in the maximum principal amount of $985,000,000 in one or more series (the "*Bonds*") and levied a direct annual tax for each of the levy years 2021 to 2041, inclusive, on all taxable property within the school district governed by the Board (the "*School District*") sufficient to pay the principal of and interest on the Bonds issued pursuant to the Bond Resolution.

The Bond Resolution further authorized the direct deposit of such direct annual tax, if and when extended for collection, with an escrow agent designated by the Chief Financial Officer of the Board and the undersigned hereby designates the hereinafter defined Trustee as escrow agent for application of collections of such direct annual tax to the payment of the principal of and interest on the Bonds. Such authorization by the Board is pursuant to the authority contained in Section 20-90 of the Property Tax Code of the State of Illinois, as amended.

Pursuant to the authority granted in the Bond Resolution, the Board has authorized the issuance and delivery of its $372,170,000 Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2022B (the "*Series 2022B Bonds*"). The Chief Financial Officer of the Board, pursuant to authority granted in the Bond Resolution, has allocated portions of the Pledged Taxes to pay the principal of and interest on the Series 2022B Bonds (the "*Series 2022B Pledged Taxes*").

You are each hereby directed, pursuant to authority granted in the Bond Resolution, that the Series 2022B Pledged Taxes, if and when extended for collection, are to be deposited directly by each of you upon collection thereof into the respective account of The Bank of New York Mellon Trust Company, N.A., as

Trustee (the "*Trustee*") under the Indenture securing the Series 2022B Bonds for application as described in said Indenture.

Prior to the receipt of the first distribution of collections of property taxes in each year for which the Series 2022B Pledged Taxes are to be extended, commencing with the taxes levied for the year 2021 (collectible in 2022), the Board shall file in your office (i) evidence of the abatement in full of such Series 2022B 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 2022B 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 2022B Pledged Taxes subject to such Segregation Order.

If in any year for which any of the Series 2022B 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 2022B Pledged Taxes received for the Board during such year on a pro rata basis based upon the percentage that the amount of the Series 2022B 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 2022B 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 2022B Pledged Taxes to be paid directly to the Trustee shall be paid to:

The Bank of New York Mellon Trust Company, N.A.
ABA# _____________
Further Credit to: _____________
Final Credit to: _______________
Reference: _______________________
Attention: _____________ (312) ___________

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 2022B 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 2022B Bonds have the right to specifically enforce this Direction.

[Signature Page follows]

Respectfully submitted this ____ day of January, 2022.

____

Chief Financial Officer
Board of Education of the City of Chicago

[SIGNATURE PAGE TO 2022B DEPOSIT DIRECTIONS]

EXHIBIT A

SERIES 2022B PLEDGED TAXES

LEVY YEAR	TAX LEVY
2021	$ 21,125,666.67
2022	14,538,000.00
2023	14,538,000.00
2024	14,538,000.00
2025	14,538,000.00
2026	14,538,000.00
2027	14,538,000.00
2028	14,538,000.00
2029	14,538,000.00
2030	14,538,000.00
2031	14,538,000.00
2032	14,538,000.00
2033	14,538,000.00
2034	23,498,000.00
2035	37,434,600.00
2036	60,879,400.00
2037	61,299,200.00
2038	61,756,000.00
2039	62,249,600.00
2040	131,289,600.00

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Chicago Illinois, as trustee under that certain Trust Indenture, dated as of February 1, 2022 (the "*Series 2022B Indenture*"), with the Board of Education of the City of Chicago (the "*Board*"), providing for the issuance of $372,170,000 Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2022B, of the Board (the "*Series 2022B Bonds*"), does hereby acknowledge receipt of the Direction Regarding the Direct Deposit of Taxes with respect to the Series 2022B Bonds described in said Direction and will apply all collections of the Series 2022B Pledged Taxes as provided in the Direction and the Series 2022B Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 January, 2022, 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 Refunding Bonds (Dedicated Revenues), Series 2022B, 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 2021 to 2040, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of January, 2022.

____
County Collector,
The County of Cook, Illinois

(SEAL)

[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 January, 2022, 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 Refunding Bonds (Dedicated Revenues), Series 2022B, 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 2021 to 2040, inclusive, such provisions will be recognized.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal, this ____ day of January, 2022.

____
County Collector,
The County of DuPage, Illinois

(SEAL)

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

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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-l+" 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 60th 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 15th 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 15th, 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 thc 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 10th 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 10th 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 2nd 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]

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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: Michele Martelli
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 by 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, 2021 (the "Board's ACFRs"), 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, 2021 (the "2021 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 comprehensive annual financial report of the Pension Fund for its Fiscal Year ending June 30, 2020 (the "Pension Fund 2020 CAFR"), prepared by the Pension Fund's administrative staff and its independent auditors Plante & Moran, PLLC Southfield, MI (the "Pension Fund Auditors"). The 2021 Actuarial Valuation Report and the Pension Fund 2020 CAFR are referred to herein as the "Pension Fund Source Information."

Information in the 2021 Actuarial Valuation Report provides information regarding results in the Pension Fund's fiscal year ended June 30, 2021 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 2021 Actuarial Valuation Report will be audited and included as part of the Pension Fund's 2021 CAFR. What follows in this paragraph is selected information from the 2021 Actuarial Valuation Report. Reference should be made to the full 2021 Valuation Report for complete information. In the Pension Fund's fiscal year ending June 30, 2021, the Pension Fund reported an investment return of approximately 10.78%. Since 10.78% is more than the assumed rate of return of 6.75% for FY21, 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, 2021 based on the actuarial value of assets is reported to be 47.5%, versus 46,7% in the Pension Fund fiscal year ended June 30, 2020. As a result, the Board's Fiscal Year 2022 Pension Fund contribution is projected to decrease by $115.5 million and the State's contribution is projected to decrease by $31.2 million. The Board's Fiscal Year 2021 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 2020 CAFR and the 2021 Actuarial Valuation are the most recent audit and actuarial valuations pertaining to the Pension Fund available to the Board. Copies of the Pension Fund 2020 CAFR and the 2021 Actuarial Valuation, as well as Pension Fund CAFRs 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 comprehensive annual financial reports of the Annuity Fund for its Fiscal Years ending December 31, 2020 and December 31, 2019 (the "Annuity Fund 2020 CAFR"), prepared by the Annuity Fund's administrative staff and its independent auditors, Bansley and Kiener, L.L.P., Chicago, Illinois, and (ii) the actuarial valuation of the Annuity Fund as of December 31, 2020 (the "2020 Annuity Fund Actuarial Valuation" and, together with the Annuity Fund 2020 CAFR, 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 Disclosure, the Annuity Fund 2020 CAFR and the 2020 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 2020 CAFR and the 2020 Annuity Fund Actuarial Valuation, as well as Annuity Fund CAFRs 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 Disclosure 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 2020 CAFR, as well as the 2021 Actuarial Valuation Report and, together with relevant information in the Pension Fund 2020 CAFR, the "Health Insurance Plan Source Information"). At the time of the preparation of this Disclosure, the Pension Fund 2020 CAFR and the 2021 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, 2021.

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 early payments effective with the 2017 Actuarial Valuation Report. Certain contributions with respect to the 2021 Actuarial Valuation Report 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, annually
   a.) 55 percent of prior year's pension property tax levy is assumed to occur each March 1st
      i). The March 1st payment amount provided as provided by Staff is $245,254,621 for fiscal year 2021.
5.) Remaining Board contribution — June 30th (end of fiscal year)

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, 2020, according to the most recently available information, the Pension Fund had 40 participating employers consisting of the primary employer, Chicago Public Schools, 36 charter schools, the Illinois Federation of Teachers, the Chicago Teacher's Union and the Pension Fund itself. As of June 30, 2021 the Pension Fund included 65,493 members consisting of 27,620 retirees and beneficiaries currently receiving benefits, 6,658 vested terminated members entitled to benefits but not yet receiving them, 16,382 total active vested current members and 14,833 nonvested current members. An additional 24,997 non-vested, former members are eligible for refunds of contributions.

Governance of the Pension Fund. The Pension Fund is governed by a 12 member Board of Trustees (the "Pension Fund Board") including six trustees elected by the active teacher membership, three trustees elected by the retired teacher membership, one trustee elected by the active principals and administrators, and two trustees appointed by the Board. The Pension Fund Board is authorized by State law to make investments, pay benefits, hire staff and consultants, and carry out all necessary functions in compliance with the Pension Code.

The Pension Fund Board is a fiduciary of the Pension Fund and is authorized to perform all functions necessary for operation of the Pension Fund. The Pension Code authorizes each pension board to make certain decisions, including decisions regarding the investment of funds, the management of assets, the disbursement of benefits, and the hiring of staff, financial advisors and asset managers.

The Pension Fund Board is authorized to promulgate rules and procedures regarding their administration of benefits and other matters in accordance with the Illinois Administrative Procedure Act, and their decisions in awarding, limiting, or denying benefits are subject to the Illinois Administrative Procedure Act. Certain aspects of the Pension Fund, however, including the defined benefits and the employer and employee contribution levels, are established in the Pension Code and may be amended only by an amendment to the Pension Code.

The Pension Code provides that the expenses incurred in connection with the administration of the Pension Fund are not construed to be debt imposed upon the Board. Such expenses are the obligation of the Pension Fund exclusively, as separate bodies politic and corporate.

The Illinois Attorney General and annuitants may bring a civil action to obtain relief for violations of a fiduciary duty to the Pension Fund or any act or practice which violates any provision of the Pension Code.

Benefits and Contributions. Article 17 of the Pension Code governs the retirement, survivor and disability benefits provided by the Pension Fund and establishes the statutorily required contributions from the Board, the State and participating employees. The amount of the periodic benefit is generally determined on the basis of service credits and salary. Eligible employees receive the defined benefit on a periodic basis for life, along with certain benefits to spouses and children that survive the death of the employee.

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan. Generally in a defined-benefit pension plan, employees contribute a fixed percentage of their annual salary and employers contribute the additional amounts required (which amounts may be determined pursuant to statute, as in the case of the Board), when combined with the investment earnings on plan assets, to pay the benefits under the pension plan. The benefits available under the Pension Fund accrue throughout the time a member is employed by the Board. Although the benefits accrue during employment, certain age and service requirements must be achieved by an employee to generate a retirement or survivor's periodic defined benefit payment upon retirement or termination from the Board. The Pension Fund also provides certain disability benefits and retiree healthcare benefits to eligible members. Section 5 of Article XIII of the Illinois Constitution (the "Illinois Pension Clause") provides as follows:

"Membership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

For purposes herein, references to "*employee*" or "*member*" are references to the employees of the Board; the employees of the Pension Fund and approved City charter school employees that also participate in the Pension Fund.

PENSION FUND CONTRIBUTIONS

Required Contributions. The Pension Code requires funding of the Pension Fund from contributions by the Board (the employer), the State and employees. Board (and State) contributions are required (the "Statutory Required Contributions") only if the actuarially determined value of the assets as a percentage of its actuarially determined accrued liabilities (the "Funded Ratio") is less than 90%. The

Pension Code does not require that assets of the Pension Fund at any time equal or exceed the actuarially determined accrued liabilities of the Pension Fund. On an annual basis, an actuarial valuation is performed by an independent actuary firm retained by the Pension Fund Board (each an "Actuarial Valuation") in order to determine the amount of required contributions. The Pension Code provides for an actuarially based funding ramp intended to accumulate the actuarial assets of the Pension Fund at a level equal to 90% of the actuarial liabilities of the Pension Fund beginning in the 2059 Fiscal Year and to maintain the actuarial assets of the Pension Fund equal to 90% of the actuarial liabilities in the fiscal years after 2059.

Member Contributions. The Pension Fund's active contributors make biweekly contributions to the Pension Fund from their salaries which contributions are currently set at 9% of covered payroll. Historically, as part of its collective bargaining agreement with the Chicago Teachers' Union ("CTU"), the Board paid a substantial portion of the employee contribution in an amount equal to 7% of covered payroll**.** This contribution arrangement for current CTU Pension Fund members hired before January 1, 2017 is still in place. However, new CTU Pension Fund members hired since January 1, 2017 make their entire 9% employee contribution.

Employer Required Annual Statutory Contributions. Prior to the enactment of P.A. 96-0889, the Pension Code required that the Board's minimum contributions for each Fiscal Year be in an amount sufficient to bring the Funded Ratio to equal 90% by Fiscal Year 2045. P.A. 96-0889 extended the deadline to achieve the required 90% Funding Ratio by fourteen years from Fiscal Year 2045 to Fiscal Year 2059. In addition P.A. 96-0889 specified fixed Board contribution amounts for Fiscal Years 2011, 2012 and 2013 ($187,000,000, $192,000,000 and $196,000,000, respectively) which are substantially lower than the amounts which would otherwise be required by the Pension Code (required contributions were decreased approximately $400,000,000 for each of those years). This reduction in required contributions by the Board further increased the Unfunded Actuarial Liability of the Pension Fund. See Table 2 – "Actuarial Value of Assets, Actuarial Accrued Liability, Unfunded Actuarial Accrued Liability and Funded Ratio of the Pension Fund Based on Statutory Actuarial Valuations for Fiscal Years 2007-2018."

Beginning in Fiscal Year 2014, Required Annual Statutory contributions from the Board (and State) for Fiscal Years 2014 through 2059, as determined by the actuary for the Pension Fund, are required to be sufficient to bring the Actuarial Funded Percentage to 90% by the end of Fiscal Year 2059, and Required Annual Statutory contributions will be required thereafter to maintain the 90% Funded Percentage in each fiscal year. See Table 4 – "Projections of Contributions, Liabilities and Assets."

State "Normal Cost" Contributions. Under P.A. 100-465, the Pension Fund expects to receive annual State funding of the employer normal cost and the amount allowed under paragraph (3) of Section 17-142.1 to defray health insurance costs costs (i.e., the annual retiree healthcare reimbursement subsidy). The total amount of additional State funding under P.A. 100-465 was approximately $255 million in FY 2021 and is expected to be approximately $265 million in FY 2022.

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 2021 were $12,333,000 for the State and $13,149,000, for the Board. The required contributions made based on payroll for Fiscal Year 2022 are expected to be $12,649,000 for the State and $13,486,000 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 2010-2021.

Table 1

Historical Contributions
(All dollar amounts are in millions)

		Employer Contributions			
Fiscal Year	**Employee Contributions**	**State Appropriations and Payroll Contributions[(1)]**	**BOE Contributions[(2)]**	**Total Employer Contributions**	**Actuarially Determined Contribution (ARC)[(3)]**
2010	161.2	37.6	324.6	362.2	355.8
2011	167.0	10.4	168.0	178.4	425.6
2012	167.7	10.4	195.8	206.2	510.1
2013	165.9	10.9	234.5	245.4	585.5
2014	163.8	11.9	601.6	613.0	719.8
2015	168.1	62.2	634.4	696.5	728.5
2016	158.2	12.1	675.9	688.0	749.8
2017	153.3	12.2	733.2	745.4	754.8
2018	149.6	233.0	551.4	784.4	855.8
2019	148.7	238.9	569.7	808.6	1,032.2
2020	146.0	257.3	597.2	854.5	1,147.0
2021	151.8	266.9	619.0	885.9	1,219.9

Sources: Chicago Public Schools Annual Comprehensive Financial Report for Fiscal Years ended June 30, 2010-2021. Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2009-2020.

(1) FY 2018 includes amounts contributed by the State pursuant to P.A. 100-465 which are in addition to discretionary and payroll contributions.

(2) "**BOE Contributions"** are comprised of a number of contributions that are described in Note 13 to the Chicago Public School Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020 and are included in the **"Total Employer Contributions"** (**"Total Employer Contributions" – total "State Appropriations" = "BOE Contributions"**). The numbers may differ from actuarially or statutorily required contribution amounts and have been the subject of various litigation proceedings.

(3) **"Actuarially Determined Contributions"** do not include the required contributions associated with the Health Insurance Program, i.e., the amount described in P.A. 100-465 as allowed under paragraph (3) of Section 17-142.1 to defray health insurance costs, which is $51.4 million for FY 2021, 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 Comprehensive Annual 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 2021, the Pension Fund had liabilities of $25,117,988,742 and assets (excluding any amounts dedicated to retiree health insurance subsidies) of: (i) $ 11,925,535,283 if valued on an actuarial basis (using the "Asset Smoothing Method" (as described below), or (ii) $13,373,042,592 if valued based on market value. This results in an aggregate Unfunded Actuarial Liability of the Pension Fund of approximately $13.19 billion on an actuarial basis (using the Asset Smoothing Method), and $11.74 billion on a market value basis and Funded Percentages of 47.4% on an actuarial basis (using the Asset Smoothing Method) and 53.2% on a market value basis. The Fiscal Year 2021 Actuarial Liability of $25,117,988,742 represents a net increase of $1.04 billion compared to the Actuarial Liability as of June 30, 2020. Additional information regarding the financial condition of the Pension Fund, including the actuarial value of assets and actuarial liability can be found in the 2021 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 2010-2021and 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 2010-2021

Actuarial Valuation Date	Actuarial Value of of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2010	10,917,416,993	16,319,743,665	5,402,326,672	66.90%	2,107,934,080	256.3%
06/30/2011	10,109,314,922	16,940,626,445	6,831,311,523	59.67%	2,090,131,858	326.8%
06/30/2012	9,364,076,672	17,375,660,369	8,011,583,697	53.89%	2,224,903,121	360.1%
06/30/2013	9,422,519,190	19,044,533,016	9,622,013,826	49.48%	2,239,347,051	429.7%
06/30/2014	10,045,542,575	19,503,893,632	9,458,351,057	51.51%	2,233,280,995	423.5%
06/30/2015	10,344,375,122	19,951,289,974	9,606,914,852	51.85%	2,273,551,432	422.6%
06/30/2016	10,610,746,831	20,246,140,298	9,635,393,467	52.41%	2,281,268,890	422.4%
06/30/2017	10,933,031,685	21,822,010,297	10,888,978,612	50.10%	2,221,849,230	490.1%
06/30/2018	10,969,085,523	22,922,992,558	11,953,907,035	47.85%	2,180,577,527	548.2%
06/30/2019	11,021,811,634	23,252,163,307	12,230,351,673	47.40%	2,267,106,915	539.5%
06/30/2020	11,240,208,045	24,073,482,607	12,833,274,562	46.69%	2,325,129,719	551.9%
06/30/2021	11,925,535,283	25,117,988,742	13,192,453,459	47.48%	2,457,910,229	536.7%

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2010-2021.

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 2014-2020 (1)

Actuarial Valuation Date	Fiduciary Net Position (FNP) (a)	Pension Total Liability (TPL) (b)	Net Pension Liability (NPL) (b) - (a)	GASB 67 Funded Ratio (a) ⁄ (b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll [(b) - (a)] ⁄ (c)
06/30/2014	$10,815,694,614	$20,316,899,952	$9,501,205,338	53.23%	$2,233,280,995	425.40%
06/30/2015	10,689,954,320	20,713,217,296	10,023,262,976	51.61%	2,273,551,432	440.90%
06/30/2016	10,093,067,588	21,124,697,012	11,031,629,424	47.78%	2,281,268,890	483.57%
06/30/2017	10,793,173,927	23,175,590,999	12,382,417,072	46.57%	2,030,175,116	609.92%
06/30/2018	11,104,765,514	24,547,482,873	13,442,717,359	45.24%	2,094,830,446	641.71%
06/30/2019	11,038,837,459	25,166,179,329	14,127,341,870	43.86%	2,179,054,844	648.32%
06/30/2020	10,937,062,021	26,377,865,250	15,440,803,229	41.46%	2,249,491,403	686.41%

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Comprehensive Annual Financial Report for Fiscal Years ended June 30, 2014-2020.

(1) Excludes Health Insurance Fund Assets.

Table 4 shown on the following page presents projected required contributions, liabilities, assets, unfunded liability and funded ratios in the Fiscal Years 2022 through 2059 for the Pension Fund prepared by the Actuaries and which reflect the impact of P.A. 96-0889.

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Table 4

Projection of Contributions, Liabilities and Assets[1]

(Board contributions are based on P. A. 96-0889)

(All dollar amounts are in millions. Actuarial Liability and asset figures as of end of Fiscal Year.)

Fiscal Year	Employee Contribution	Required Statutory Employer Contribution	State Normal Cost Contribution	Additional State Contribution	Additional Board Contribution	Required Board of Education Contribution[2]	Total Actuarial Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Percentage
2022	$215.8	$944.7	$264.8	$12.6	$13.5	$653.7	$25,550.7	$12,600.4	$12,950.3	49.32%
2023	221.2	860.3	295.3	13.4	14.3	537.4	25,989.4	13,287.0	12,702.4	51.12%
2024	226.3	880.1	299.1	13.7	14.6	552.8	26,434.7	14,098.0	12,336.7	53.33%
2025	231.4	899.8	302.1	14.0	14.9	568.8	26,885.3	14,404.3	12,481.0	53.58%
2026	236.3	919.1	304.4	14.3	15.2	585.2	27,339.4	14,699.0	12,640.4	53.76%
2027	241.3	938.5	306.2	14.6	15.6	602.1	27,797.5	14,987.4	12,810.1	53.92%
2028	246.3	957.7	307.4	14.9	15.9	619.6	28,258.3	15,275.2	12,983.1	54.06%
2029	251.2	976.9	307.9	15.2	16.2	637.6	28,720.4	15,570.5	13,149.9	54.21%
2030	256.1	996.1	307.7	15.5	16.5	656.4	29,182.5	15,873.9	13,308.6	54.40%
2031	261.1	1,015.6	307.0	15.8	16.8	675.9	29,641.9	16,184.4	13,457.5	54.60%
2032	266.2	1,035.4	305.8	16.1	17.2	696.4	30,117.6	16,522.7	13,594.9	54.86%
2033	271.3	1,055.3	304.0	16.4	17.5	717.4	30,590.4	16,871.0	13,719.4	55.15%
2034	276.5	1,075.3	301.5	16.7	17.8	739.3	31,058.7	17,229.7	13,829.0	55.47%
2035	281.7	1,095.5	298.3	17.0	18.2	761.9	31,521.1	17,598.7	13,922.4	55.83%
2036	286.9	1,115.8	294.6	17.3	18.5	785.4	31,976.2	17,978.7	13,997.5	56.23%
2037	292.2	1,136.3	288.3	17.7	18.8	811.5	32,422.6	18,372.2	14,050.4	56.66%
2038	297.5	1,156.9	281.4	18.0	19.2	838.4	32,859.0	18,779.9	14,079.1	57.15%
2039	302.8	1,177.6	274.1	18.3	19.5	865.8	33,283.3	19,202.2	14,081.1	57.69%
2040	308.2	1,198.8	266.4	18.6	19.9	893.9	33,693.6	19,639.3	14,054.3	58.29%
2041	313.8	1,220.6	258.1	19.0	20.2	923.3	34,088.0	20,092.6	13,995.4	58.94%

Source: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Year ended June 30, 2021.

(1) Total Actuarial Liability, Actuarial Value of Assets and Unfunded Actuarial Liability reflect the combined actuarial valuation of the pension and retiree health insurance benefits performed by the Actuaries. The projected amounts shown above assume that all of the actuarial assumptions from the June 30, 2021 actuarial valuation, including the 6.50% assumed rate of investment return, are exactly realized each year.

(2) Any discretionary contributions by the State of Illinois (other than the State "Normal Cost" and Additional State Contributions shown above) will replace amounts otherwise that are required to be contributed by the Board.

Table 4 (Continued)

Projection of Contributions, Liabilities and Assets[1]
(Board contributions are based on P. A. 96-0889)
(All dollar amounts are in millions. Actuarial Liability and asset figures as of end of Fiscal Year.)

Fiscal Year	Employee Contribution	Required Statutory Employer Contribution	State Normal Cost Contribution	Additional State Contribution	Additional Board Contribution	Required Board of Education Contribution[2]	Total Actuarial Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Percentage
2042	$319.5	$1,242.7	$249.6	$19.3	$20.6	$953.2	$34,464.0	$20,562.4	$13,901.6	59.66%
2043	325.5	1,265.9	241.5	19.7	21.0	983.7	34,822.2	21,051.9	13,770.3	60.46%
2044	331.8	1,290.3	234.0	20.1	21.4	1,014.9	35,162.8	21,564.8	13,598.0	61.33%
2045	338.4	1,316.0	227.6	20.5	21.8	1,046.2	35,488.2	22,105.9	13,382.3	62.29%
2046	345.4	1,343.3	222.6	20.9	22.3	1,077.6	35,801.8	22,682.0	13,119.8	63.35%
2047	352.7	1,371.9	219.1	21.3	22.7	1,108.7	36,106.0	23,298.1	12,807.9	64.53%
2048	360.4	1,401.6	217.3	21.8	23.2	1,139.3	36,406.0	23,962.1	12,443.9	65.82%
2049	368.3	1,432.4	216.9	22.3	23.7	1,169.5	36,705.5	24,680.9	12,024.6	67.24%
2050	376.4	1,463.7	217.2	22.7	24.3	1,199.6	37,005.9	25,459.1	11,546.8	68.80%
2051	384.4	1,495.0	218.0	23.2	24.8	1,228.9	37,307.1	26,300.1	11,007.0	70.50%
2052	392.4	1,526.2	219.4	23.7	25.3	1,257.8	37,608.4	27,206.6	10,401.8	72.34%
2053	400.5	1,557.5	221.2	24.2	25.8	1,286.3	37,908.8	28,181.3	9,727.5	74.34%
2054	408.7	1,589.3	223.6	24.7	26.3	1,314.7	38,206.7	29,277.2	8,979.5	76.50%
2055	417.0	1,621.6	226.5	25.2	26.9	1,343.1	38,498.4	30,345.4	8,153.0	78.82%
2056	425.4	1,654.3	229.9	25.7	27.4	1,371.3	38,780.7	31,537.7	7,243.0	81.32%
2057	433.9	1,687.5	233.6	26.2	28.0	1,399.7	39,052.3	32,808.3	6,244.0	84.01%
2058	442.5	1,721.0	237.8	26.7	28.5	1,428.0	39,314.1	34,163.8	5,150.3	86.90%
2059	451.2	1,754.7	242.2	27.3	29.1	1,456.2	39,568.4	35,612.8	3,955.6	90.00%

Source: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Year ended June 30, 2021.

(1) Total Actuarial Liability, Actuarial Value of Assets and Unfunded Actuarial Liability reflect the combined actuarial valuation of the pension and retiree health insurance benefits performed by the Actuaries. The projected amounts shown above assume that all of the actuarial assumptions from the June 30, 2021 actuarial valuation, including the 6.50% assumed rate of investment return, are exactly realized each year.

(2) Any discretionary contributions by the State of Illinois (other than the State "Normal Cost" and Additional State Contributions shown above) will replace amounts otherwise that are required to be contributed by the Board.

The projections in Table 4 rely on information produced by the Pension Fund's Actuaries (based on the actuarial assumptions employed by the Pension Fund) and were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. This information is not fact and should not be relied upon as being necessarily indicative of future results (including results of Fiscal Year 2021), and readers are cautioned not to place undue reliance on the prospective financial information. Neither the Board nor the Board's independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Investment Authority, Performance and Valuation of Assets. Investment authority for the Pension Fund is found in the Illinois Compiled Statutes, Chapter 40, Act 5, Articles 1 and 17. A discussion of the specific investment authority, policy provisions, diversification posture, performance objective and asset allocation is available in the Pension Fund 2020 CAFR. The Pension Fund maintains a highly diversified portfolio of investments among U.S. stocks, real estate, fixed income, private equity, and international investments.

Investment Return. The 2021 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, 2021, was 10.78%. Since the 10.78% actual return on an actuarial basis was greater than the 6.75% assumed return that was assumed for the year ending June 30, 2021, 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 20122021.

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Table 5

Investment Returns for Past 10 Years

Fiscal Year	**Market Value**	**Actuarial Value**	**Assumed Rate of Return**
2012	-0.4%	1.0%	8.00%
2013	13.1%	11.2%	8.00%
2014	17.9%	12.8%	7.75%
2015	3.6%	8.2%	7.75%
2016	-0.3%	8.6%	7.75%
2017	12.5%	8.3%	7.25%
2018	8.5%	5.8%	7.00%
2019	4.7%	5.9%	7.00%
2020	4.1%	7.1%	6.75%
2021	27.5%	10.8%	6.50%
Average Returns Last 10 years:	8.8%	7.9%	

Sources: Public School Teachers' Pension and Retirement Fund of Chicago Actuarial Valuation for Fiscal Years ended June 30, 2021

Asset Smoothing. See "– Actuarial Methods – Actuarial Value of Assets" below for a discussion of the impact of Asset Smoothing on the valuation of investment returns.

Risks and Uncertainties. The Pension Fund invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Pension Fund's assets and impact required contributions.

THE ACTUARIAL VALUATION

General. In addition to the process outlined herein, the Pension Code requires that the Pension Fund annually submit to the Board a report containing a detailed statement of the affairs of the Pension Fund, its income and expenditures, and assets and liabilities, which consists of the Actuarial Valuation. The Actuarial Valuation measures the funded status of the plan and establishes the statutorily required contribution amount. To calculate these amounts, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. Overall experience that is more favorable than anticipated (an actuarial gain), will have a decreasing effect on the contribution requirement. On the other hand, overall experience that is less favorable than expected (an actuarial loss) will have an increasing effect. A description of the statistics generated by the Pension Fund actuaries in the Actuarial Valuations follows in the next few paragraphs. The Governmental Accounting Standards Board ("GASB"), which is part of a private non-profit entity known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. These GASB principles impact financial reporting by the Pension Fund and the employer but have no legal effect and do not impose any legal liability on the Board. Moreover, these GASB principles have no effect on the Pension Fund's statutorily required contribution amount. The references to GASB principles in this section do not suggest any legal effect or legal liability and should not be construed to suggest otherwise.

Actuarial Process. Under the Pension Code, the required employer contributions to fund the Pension Fund are determined by independent actuaries on an annual basis within nine months of the end of the Pension Fund's Fiscal Year. To meet the requirements of the Pension Code, the actuaries use demographic and other data (such as employee age, salary and service credits) and various assumptions (such as assumed investment return, estimated salary increases, interest rates, employee turnover, mortality and disability rates) to determine the amount that must be contributed in a given year. Because actuarial calculations reflect a long-term perspective, actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates are made about the future. On an annual basis, the Pension Fund's actuary then produces a report called the "Actuarial Valuation," in which the actuary reports on the Pension Fund's assets, liabilities and the Required Annual Statutory Contribution for the following fiscal year.

ACTUARIAL METHODS

Pension Fund actuaries can employ a variety of actuarial methods to arrive at the Actuarial Value of Assets and the Actuarial Accrued Liability.

Actuarial Value of Assets. The Pension Fund calculates the respective Actuarial Value of Assets by smoothing investment gains and losses over a period of four years, a method of valuation referred to as the "Asset Smoothing Method." Under the Asset Smoothing Method, the Retirement Funds recognize in the current year 25% of the investment gain or loss realized in that year and each of the previous three years. "Asset Smoothing" is an allowable method of determining the actuarial contribution and expense levels according to GASB; however, note that GASB No. 67 reporting now uses the market value of plan assets in order to calculate the NPL. As a result of the use of the Asset Smoothing Method, only a portion of investment gains or losses will be recognized in the year when realized. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. The smoothing of unexpected gains and losses occurs over a period of 4 years. The gain or loss for a year is calculated as the total investment income on the market value of assets, minus expected investment return on the prior actuarial value of assets. The final actuarial value is equal to the expected actuarial value plus (or minus) 25% of the calculated gain (or loss) in the prior 4 years. "Asset Smoothing" lessens the immediate impact of market fluctuations on the Actuarial Value of Assets, which is used to calculate the Unfunded Actuarial Accrued Liability ("UAAL") and the Funded Ratio that may otherwise occur as a result of market volatility. However, "Asset Smoothing" delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that does not reflect the true market value of pension plan assets at the time of the measurement. As a result, presenting the Actuarial Value of Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually (e.g., GASB No. 67 for reporting of the NPL).

ACTUARIAL ASSUMPTIONS

Use of Estimates and Assumptions. The Actuarial Valuations of the Pension Fund use a variety of estimates and assumptions to calculate the Actuarial Liability and the Actuarial Value of Assets. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Pension Fund. Actual results almost always differ from those estimates and assumptions. Variances between the assumptions and actual results may cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Liability, the Unfunded Actuarial Liability, the Funded Ratio or the actuarially calculated contributions and expense levels. Certain of these assumptions include the assumed rate of return on investments, mortality rates, termination rates, disability rates, retirement rates, salary progression, other interest rates used in the valuation, marital status, spouse's age and total service credit at retirement. The 2020 Actuarial Valuation Report, a copy of which may be viewed as described in "– Introduction" above, contains additional information on these assumptions.

The Pension Code requires the Pension Fund to conduct an actuarial experience review every five years. The purpose of the experience review is to determine the adequacy of the actuarial assumptions regarding mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the Pension Fund. Based upon the results of this review, the Pension Fund may change the actuarial assumptions as it deems appropriate.

Actuarial Valuation. The primary purpose of the Actuarial Valuation is to determine the amount the Board must contribute to the Pension Fund in a given fiscal year as provided in the Pension Code (the "Required Annual Statutory Contribution"). To determine the Required Annual Statutory Contribution, the actuary calculates both the "Actuarial Liability" and the "Actuarial Value of Assets." The Actuarial Liability is an estimate of the portion of the present value of the benefits that is attributable to the past service of the current employees and the retired members, which the Pension Fund is obligated to pay over time as those benefits become due. The Actuarial Liability is calculated by use of the Projected Unit Credit cost method and a variety of demographic assumptions (such as estimated salary increases, interest rates, employee turnover, mortality and disability rates). See Table 4, "Projection of Contributions, Liabilities and Assets" herein**.**

Any shortfall between the Actuarial Value of Assets and the Actuarial Liability is referred to as the "Unfunded Actuarial Liability" and represents the excess of the portion of the present value of benefits that is attributed to past service over the actuarial value of plan assets. In addition, the actuary will compute the "Funded Ratio," which is the result obtained by dividing the Actuarial Value of Assets by the Actuarial Liability and is expressed as a percentage. An increasing Unfunded Actuarial Liability and a decreasing Funded Ratio from year to year signals a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liability without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing Unfunded Actuarial Liability and an increasing Funded Ratio indicates an improvement in the financial health of a pension plan because such change reflects a closing gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due.

The Actuaries use the Actuarial Liability, the Actuarial Value of Assets and the Unfunded Actuarial Liability to compute the Required Annual Statutory Contribution for the Pension Fund in accordance with the Pension Code. See "– State and Board Required Payroll Contributions" herein.

GASB STATEMENTS 67, 68 AND 71

On June 25, 2012, GASB approved two new standards for employee pension accounting and financial reporting by state and local governments. The two new GASB statements, Nos. 67 and 68 ("GASB 67" and "GASB 68" and collectively, the "Statements"), replace some of the requirements of previous GASB statements (Nos. 25, 27, and 50) related to pension plans. Some of the key changes imposed by the Statements include: (1) requiring governments for the first time to recognize a Net Pension Liability ("NPL"), which is the difference between the Total Pension Liability ("TPL"; i.e., the portion of the present value of projected benefit payments to employees that is attributed to their past service under the level percentage of payroll Entry Age Normal cost method and the blended discount rate as described in GASB 67 and 68) and pension assets (mostly investments reported at fair market value) as a liability of the employer; (2) immediate recognition of annual service cost (net of employee contributions), interest on the Total Pension Liability, expected return on assets (a negative component of expense), and immediate recognition of the effect on net pension liability of changes in benefit terms, and amortization of gains and losses (including changes in assumptions); (3) the effects on net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed 5-year period (previously 15-30-year period); (4) with respect to benefits not covered by projected plan assets, the use of a discount rate based on a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds rather than the expected rate of return on plan investments; and (5) revising the presentation of pension liabilities in a government's financial statements. The use of the Statements will have an impact on the Unfunded Actuarial Liability. However, because the Board contributes to the Pension Fund pursuant to methods established by the Pension Code, the Statements would not impact the contributions made by the Board without legislative action. GASB 67 went into effect for Fiscal Year 2014 and GASB 68 became effective for Fiscal Year 2015.

GASB 68, Accounting and Financial Reporting for Pensions, was effective for the Board beginning with its Fiscal Year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The implementation of this standard will result in an unfunded pension liability to be recognized on the Statement of Net Position.

GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, was effective for the Board with Fiscal Year 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or 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 $51.4 million for FY 2020.

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 Disclosure 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 Disclosure 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 31,327 active members as of December 31, 2020 contribute 8.5% of their salary. Under P.A. 100-0023 effective July 7, 2017, active members whose contributions for age and service annuities are governed by 40 ILCS 5/8-174(a-10) will contribute the lesser of 11.5% of their salary or the normal cost accrual rate but at least 8.5% of their salary (see "- Legislation and Litigation Relevant to the Retirement Funds" herein). The Pension Code (40 ILCS 5/8-173; P.A. 100-0023) provides for fixed-dollar Statutory Required employer funding in payment years 2018 to 2022 followed by a Statutory Required actuarially based funding ramp beginning in payment year 2023 which is intended to accumulate the actuarial assets of the Annuity Fund at a level equal to 90% of the actuarial liabilities of the Annuity Fund by the beginning of the 2058 Fiscal Year and to maintain the actuarial assets of the Annuity Fund equal to 90% of the actuarial liabilities in Fiscal Years after 2058. However, the Pension Code does not require that the Annuity Fund Statutory Required Contributions be sufficient to cover the actuarially determined contribution requirement (the "Annual Determined Contribution"). For the past ten years the Annuity Fund Statutory Required Contribution has been less than the Annual Determined Contribution and does not conform to the requirements of GASB No. 25 as superseded by GASB No. 67 beginning in FY 2014. Beginning in Fiscal Year 2020 the Board entered an intergovernmental agreement with the City of Chicago to contribute to the Annuity Fund. The agreement will renew annually until 2059. The Board contributed $60M in FY20 and $100M in FY21. In future years, the amounts contributed by the Board are intended to cover the current liability portion of employees of the Board which participate in the Annuity Fund.

Members. As of December 31, 2020, the Annuity Fund had 76,937 total members including 25,471 retirees and beneficiaries, 20,139 inactive members entitled to benefits and 31,327 active members (of which 13,707 were vested and 17,620 were non-vested). As of December 31, 2020, the most recently available information, CPS employees comprised about 56% of the Annuity Fund's active participants.

Experience Study. The Annuity Fund Actuaries prepared an experience study based on census information provided by the Annuity Fund for the period from January 1, 2012 through December 31, 2016. The primary purpose of the study was to evaluate actuarial assumptions to be used in the annual actuarial valuation. Based on the results of the experience study, the Annuity Fund Actuaries recommended modifying some of the actuarial assumptions. Starting with the year ended December 31, 2017 the Annuity Fund adopted recommendations in the demographic assumptions and economic assumptions, and in regards to investment rate of return, the Annuity Fund adopted a change of investment rate of return from 7.5% to 7.0% per year (collectively, the "New Assumptions").

Funded Status of Annuity Fund. As of the end of its' Fiscal Year 2020, based on the New Assumptions, the Annuity Fund had actuarial accrued liabilities of $17,847,226,393, compared to $17,296,295,382 as of the end of Fiscal Year 2019, and assets of: (i) $3,977,037,893 as of the end of Fiscal Year 2020, compared to $4,012,852,196 as of the end of Fiscal Year 2019, if valued on an actuarial basis (using the Asset Smoothing Method as required by the Pension Code, or (ii) $4,090,239,084 as of the end of Fiscal Year 2020, compared to $4,080,642,490 as of the end of Fiscal Year 2019, if valued based on market value. This results in an aggregate Unfunded Actuarial Liability of the Annuity Fund of approximately $13,870,189,046 as of the end of Fiscal Year 2020, compared to $13,283,443,186 as of the end of Fiscal Year 2019, on an actuarial basis (using the Asset Smoothing Method), and $13,756,987,855 as of the end of Fiscal Year 2020, compared to $13,215,652,892 as of the end of Fiscal Year 2019, on a market value basis; and Funded Percentages of 22.28% as of the end of Fiscal Year 2020 compared to 23.20% as of the end of Fiscal Year 2019, on an actuarial basis (using the Asset Smoothing Method) and 22.92% as of the end of Fiscal Year 2020 compared to 23.59% as of the end of Fiscal Year 2019, on a market value basis.

OTHER POST-EMPLOYMENT BENEFITS AND OTHER BOARD LIABILITIES

Retiree Health Insurance Program. Healthcare benefits for certified teachers and administrators are provided under a cost sharing multiple-employer plan administered by the Pension Fund (the "Health Insurance Program"). A recipient of a retirement pension, survivor pension, or disability pension may be eligible to participate in the Health Insurance Program and premium rebate sponsored by the Pension Fund, provided the Pension Fund is the recipient's final pension system prior to retirement. The purpose of this program is to help defray the retired member's premium cost for health insurance. The member is responsible for paying the cost of the insurance and may purchase insurance from the Pension Fund's providers or other outside providers.

For financial reporting purposes, the assets of the Health Insurance Program are maintained in a separate fund (the "Health Insurance Fund"). The Health Insurance Fund consists of benefits to subsidize healthcare premiums for members receiving pension benefits. No direct contributions are currently being made by the Pension Fund for other post-employment benefits ("OPEB"). Each year, the Board of Trustees of the Pension Fund establishes a rebate percentage that is used to defray a portion of the cost of the insurance. The Pension Fund then makes transfers into the Health Insurance Fund equal to the amount of OPEB expenses for that year. There was no rebate for calendar years 2019 or 2020. In accordance with Illinois Compiled Statutes (ILCS) Article 40 Chapter 5 Article 17 Section 142.1, the total health insurance benefits provided in any one year may not exceed $65.0 million plus any previous year amounts authorized but not yet expended (carryover). This spending limit has changed several times within the last twenty years and is subject to further change if new legislation is passed. The statutory threshold, however, does not fall under the definition of a funding cap as set forth in GASB Statement No. 45, *Accounting and Financial Reporting of Employers for Postemployment Benefits Other than Pension*.

The Pension Fund has total discretion over the program. Beginning with fiscal years on and after 2018, as a result of the implementation of P.A. 100-0465, the State will pay the Pension Fund's certification of the projected normal cost contribution and any required healthcare contributions (i.e., the annual retiree healthcare reimbursement subsidies) which have historically been capped at $65 million annually. See, "–Legislation and Litigation Relevant to the Retirement Funds" herein. Although the Board does not contribute directly to retirees' health care premiums, the impact of the annual retiree healthcare payments from the Pension Fund does require increased contributions to the Pension Fund in order to build assets to the 90% funded percentage requirement since the annual amounts diverted from the Pension Fund to the Health Insurance Program reduce the available assets of the Pension Fund and require subsequently increased Required Statutory contributions to build assets to the 90% funded percentage requirement in FY 2059 for the Pension Fund.

Sick Pay Benefits. In addition to the Pension and Health Insurance benefits noted above, as of June 30, 2021, the Board had $236,727,000 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 Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

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 Disclosure.

Public Act 96-0889. On April 14, 2010, Public Act 96-0889 ("P.A. 96-0889") became effective. P.A. 96-0889 was designed in part to provide relief to the Board from its pension funding obligations by extending the statutory deadline for the Board to bring the ratio of the actuarially determined value of the assets of the Pension Fund to its actuarially determined accrued liabilities to 90% and substantially reducing the Board's contribution requirements for Fiscal Years 2011, 2012 and 2013. In addition it provided reduced retirement benefits for future employees who become members of the Pension Fund after January 1, 2011. P.A. 96-0889 established a "*two-tier*" benefit system with less generous benefits for future employees who become members of the Pension Fund after January 1, 2011, as compared to those provided to current Board employees. Among other reforms, P.A. 96-0889:

- Increased the minimum age at which an employee may retire with unreduced benefits to age 67, from age 60 (or even younger based on a formula combining the age of the employee and the number of years of service);
- Reduced the Automatic Annual Increase adjustment for beneficiaries in retirement to the lower of 3% or 50% of the change in the Consumer Price Index for all urban consumers, whichever is lower, for employees hired after January 1, 2011;
- Increased the minimum age for eligibility of the Automatic Annual Increase adjustment stated above from age 61 to age 67
- Calculated benefits based on the highest continuous eight years of compensation in the employee's last 10 years of employment for employees hired after January 1, 2011;
- Capped the salary on which a pension may be calculated at $106,800 in 2011 (subject to certain adjustments for future inflation); and
- Suspended retirement annuities if the annuitant accepts another public sector job covered by a public retirement system.

Public Act 099-0521. On June 1, 2016, Public Act 099-0521 ("P.A. 099-0521") became effective and authorized the Board to annually levy a new property tax on all real property within the boundaries of the School District at a rate not to exceed 0.383% (the "Pension Property Tax Levy"). The proceeds from this additional Pension Property Tax Levy are paid directly to the Pension Fund. They are credited toward the Board's annual required contribution. The pension property tax levy is not subject to the limitations of PTELL and does not impact State Aid Revenues received by the Board. P.A. 099–0521 became effective June 1, 2017. The Board first authorized the levy of this additional tax for tax year 2016 and applied a credit of $250 million toward the Fiscal Year 2017 required contribution.

Public Act 100-0023. On July 7, 2017, Public Act 100-0023 (P.A. 100-0023") became effective. It provides for a new third tier of benefits ("Tier 3") under most Illinois pension systems, including the Pension Fund and the Annuity Fund. The Tier 3 benefit plan applicable to the Pension Fund is a hybrid plan comprised of a defined benefit and defined contribution plan, which would apply to new hires and any Tier 2 member who irrevocably elects to be subject to the Tier 3 benefit structure. The availability of the

Pension Fund to offer a Tier 3 benefit plan relies on the adoption of a resolution by the Board to opt into the Tier 3 benefit plans structure. As of the date of the Disclosure, the Board has not passed such a resolution and the Pension Fund has not valued the benefits provided under P.A. 100-0023, and currently, members hired on or after the approval of P.A. 100-0023 continue to be valued under P.A. 96-0889 Tier 2 benefit provisions by the Pension Fund. The availability of the Annuity Fund to offer a Tier 3 benefit defined benefit plan relies on the adoption of an ordinance by the City of Chicago to opt into the Tier 3 benefit plans structure. The City passed such an ordinance, and any person who becomes a contributing member to the Annuity Fund on or after July 6, 2017; or any Tier 2 member who irrevocably elected, between October 1, 2017 and November 15, 2017, to be subject to the Tier 3 benefit structure will now be part of the Tier 3 benefit structure. As of December 31, 2020, the Annuity Fund had 8,013 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 $489 million in Fiscal Year 2021 and is expected to produce $463.8 million in Fiscal Year 2022. 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 $267 million in Fiscal Year 2021 and will be $277 million in Fiscal year 2022. 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 Disclosure, 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 4.5 million employees.[1,2] Chicago's large and diverse economy contributed to a gross regional product of more than $600 billion in 2020.[3]

Chicago's transportation and distribution network offers access to air, rail, and water, with two ports capable of handling ocean-going ships and barges, and an airport system that moves approximately two million tons of freight, mail, and goods annually.[4]

The Chicago Public School system is the third largest school district in the nation and the City Colleges of Chicago operate seven colleges and serve approximately 60,889.[5]

The Chicago metropolitan area's largest industry sectors by employment include trade, transportation and utilities, professional and business services, education and health services, government, leisure and hospitality, and manufacturing.[6]

Transportation

According to statistics compiled by the U.S Department of Transportation in 2020, O'Hare ranked fourth in the United States in terms of total passengers while Midway ranked 25th in the United States. [7]

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1 U.S. Census Bureau (2019). American Community Survey 1-year estimates. Retrieved from Census Reporter Profile page for Chicago-Naperville-Elgin, IL-IN-WI Metro Area. https://censusreporter.org/profiles/31000US16980-chicago-joliet-naperville-il-in-wi-metro-area/

2 U.S. Bureau of Labor Statistics, "Chicago Area Employment – August 2021" https://www.bls.gov/regions/midwest/news-release/areaemployment_chicago.htm

3 U.S. Bureau of Economic Analysis, " Current-Dollar Gross Domestic Product (GDP) by Metropolitan Area," https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&acrdn=5

4 Chicago Department of Aviation, "Monthly Operations, Passengers, Cargo Summary by Class, December 2020," http://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx

5 City Colleges of Chicago, "Fiscal Year 2021 Statistical Digest," http://www.ccc.edu/menu/pages/facts-statistics.aspx

6 U.S. Bureau of Labor Statistics, "Chicago Area Economic Summary, December 1, 2021," https://www.bls.gov/regions/midwest/summary/blssummary_chicago.pdf

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

According to the Chicago Department of Aviation, O'Hare and Midway had 27.2 and 8.6 million in total passenger volume in 2020 as of December 2020, respectively. O'Hare supports substantial international service with international passengers constituting approximately 11% of total enplaned passengers in 2020.[8]

The Chicago Transit Authority operates the second largest public transportation system in the nation, with: 1,864 buses operating over 129 routes and 1,536 route miles, making 19,237 trips per day and serving 10,768 bus stops; 1,492 rail cars operating over 8 routes and 224 miles of track, making 2,318 trips each day and serving 145 stations; and 1.6 million rides on an average weekday and over 497 million rides a year (bus and train combined).[9]

Population

Chicago is home to over 2.7 million people that live in more than one million households.[10] The City's population decreased 0.1% since the 2010 Census.[11]

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[12]
1980—2020

Year	United States	State of Illinois	Cook County	Chicago
1980	226,545,805	11,427,409	5,253,655	3,005,072
1990	248,709,873	11,430,602	5,105,067	2,783,726
2000	281,421,906	12,419,293	5,376,741	2,896,016
2010	308,745,538	12,830,632	5,194,675	2,695,598
2020	331,449,281	12,812,508	5,275,541	2,746,388

39.5% of Chicago's residents (age 25 or older) have bachelor's degrees, which is higher than the national average of 32.1%.[13]

8 Chicago Department of Aviation Airport Budget Statistics, "Monthly Operations, Passengers, Cargo Summary by Class, December 2020," http://www.flychicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx

9 Chicago Transit Authority, "CTA Facts at a Glance" http://www.transitchicago.com/about/facts.aspx

10 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/fact/table/chicagocityillinois,US/PST045216 (accessed January 13, 2022).

11 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/table/PST045215/1714000,00 (accessed January 13, 2022)

12 U.S. Census Bureau, "State and County QuickFacts—USA," https://www.census.gov/quickfacts/table/PST045216/00; "State and County QuickFacts—Cook County, Illinois," https://www.census.gov/quickfacts/table/RHI805210/17031; "State and County QuickFacts—Illinois (State)," https://www.census.gov/quickfacts/table/PST045215/17 (accessed January 13, 2022)

13 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/table/PST045215/1714000,00 (accessed January 13, 2022)

Per Capita Income and Wages

The per capita personal income (estimated annual earnings) for the United States, the State of Illinois, Cook County and the Chicago Metropolitan Statistical Area ("MSA") is set forth below for the years 2009 through 2019.

Per Capita Income[14]
2007—2019

Year	United States	State of Illinois	Cook County	Chicago MSA
2009	39,284	41,071	43,289	43,264
2010	40,545	42,088	43,662	43,801
2011	42,727	44,172	45,341	45,815
2012	44,582	46,067	47,897	48,302
2013	44,826	47,160	49,201	49,105
2014	47,025	49,530	52,872	52,006
2015	48,940	51,648	55,506	54,518
2016	49,831	52,473	56,669	55,621
2017	52,118	54,252	59,443	58,331
2018	54,606	57,145	63,436	61,642
2019	56,490	58,764	65,306	63,500

Chicago's 2019 median household income is $58,247, compared to $65,886 in Illinois and $62,843 in the United States, and Chicago ranks 7th among other major metropolitan areas on the cost of living index.[15, 16]

14 U.S. Bureau of Economic Analysis, "Interactive Data," https://apps.bea.gov/itable/index.cfm (accessed January 13, 2021)

15 U.S. Census Bureau, "State and County QuickFacts—Chicago (city), Illinois," https://www.census.gov/quickfacts/table/RHI805210/1714000; "State and County QuickFacts—USA," https://www.census.gov/quickfacts/table/PST045216/00; "State and County QuickFacts—Illinois (State)," https://www.census.gov/quickfacts/table/PST045215/17 (accessed January 13, 2021)

16 World Business Chicago, "Demographics" http://www.worldbusinesschicago.com/research-data/demographics/ (accessed January 13, 2021)

Employment

Total employment for the State of Illinois, Cook County, the Chicago MSA, and the City for the years 2009 through 2019 is set forth below.

Employment (in thousands)[17,18]
2009—2019

Year	State of Illinois	Cook County	Chicago MSA	Chicago
2009	5,656	2,376	4,288	1,174
2010	5,611	2,346	4,242	1,206
2011	5,676	2,377	4,302	1,208
2012	5,750	2,406	4,373	1,228
2013	5,804	2,426	4,441	1,236
2014	5,879	2,468	4,508	1,257
2015	5,969	2,531	4,593	1,273
2016	6,013	2,562	4,658	1,286
2017	6,063	2,572	4,700	1,288
2018	6,117	2,625	4,745	1,285
2019	6,191	2,636	4,848	1,286
2020	5,822*		4,477*	

*October 2020 data.

[17] U.S. Bureau of Labor Statistics, "State and Metro Area Employment, Hours, & Earnings," https://www.bls.gov/bls/employment.htm (accessed January 13, 2021)

[18] US Bureau of Labor Statistics, "Local Area Unemployment Statistics," https://www.bls.gov/lau/home.htm#cntyaa5 (accessed January 13, 2021)

The percentage of total (nonfarm) employment by sector for the Chicago MSA, State of Illinois and the United States for October 2020 is shown in the following table.

Percentage of Total Non-Farm Employment by Major Industry Sector
October 2020*[19]

Sector	United States	State of Illinois	Chicago MSA
Trade, transportation, and utilities	18.70%	20.30%	20.18%
Education and health services	16.37%	15.61%	16.49%
Government	15.28%	13.81%	11.04%
Professional and business services	14.40%	15.40%	18.79%
Leisure and hospitality	9.31%	8.60%	8.49%
Manufacturing	8.52%	9.71%	7.59%
Financial activities	6.08%	7.03%	7.56%
Construction	5.23%	3.72%	3.74%
Other services	3.84%	4.20%	4.16%
Information	1.83%	1.51%	1.93%
Mining and logging	0.44%	0.11%	0.03%
Total	100.0%	100.0%	100.0%

*not seasonally adjusted

[19] U.S. Bureau of Labor Statistics, http://www.bls.gov/regions/midwest/il_chicago_md.htm https://www.bls.gov/eag/eag.il.htm (accessed January 13, 2021)

The City's average annual unemployment rate decreased from 11.2% in 2010 to 3.6% in 2019, while statewide, Illinois' unemployment rate dropped from 10.4% in 2010 to 4.0% in 2019.[20] As of October 2020, the Chicago MSA's annual unemployment rate was 8.0% and Illinois' annual unemployment rate was 7.2%.[21]

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 2009 through 2020.

Annual Unemployment Rates [22]
2009—2020

Year	United States	State of Illinois	Cook County	Chicago MSA	Chicago
2009	9.3	10.2	10.5	10.2	11.1
2010	9.6	10.4	10.9	10.6	11.2
2011	8.9	9.7	10.4	9.9	10.9
2012	8.1	9.0	9.6	9.1	10.0
2013	7.4	9.1	9.7	9.1	10.1
2014	6.2	7.1	7.5	7.1	7.8
2015	5.3	6.0	6.2	5.9	6.6
2016	4.9	5.8	6.1	5.8	6.5
2017	4.4	5.0	5.2	4.9	5.4
2018	3.9	4.3	4.0	4.0	4.2
2019	3.3	4.0	3.8	3.8	4.0
2020*	6.6	7.2	9.4	8.0	8.6

*October 2020 data.

20 U.S. Bureau of Labor Statistics, "State and Metro Area Employment, Hours, & Earnings," https://data.bls.gov/pdq/SurveyOutputServlet (accessed January 13, 2021)

21 Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/CHIC917URN (accessed January 13, 2021)

22 Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/ILCOOK1URN (accessed January 13, 2021)

Employers

The principal non-governmental employers in the Chicago MSA for 2020 are set forth below.

Principal Chicago MSA Non-Governmental Employers[23]

2020

Employer	Number of Employees	Percentage of Total Employment
Advocate Health Care	26,335	2.26%
Northwestern Memorial Healthcare	21,999	1.89
University of Chicago	18,732	1.61
Walmart Inc.	16,711	1.43
Amazon.com Inc.	16,610	1.43
Amita Health	14,282	1.23
J.P. Morgan & Co.	13,750	1.18
Walgreens Boots Alliance Inc.	13,377	1.15
United Continental Holdings Inc.	11,059	0.95
Jewel-Osco, Inc.	10,754	0.92

[23] 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, 2021.

Top Taxpayers

The top property taxpayers in Chicago in 2019 based on 2019 EAV are shown in the following table.

Top Ten Property Taxpayers 2019[24]
($ in thousands)

Rank	**Property**	**2019 EAV**	**% of Total EAV**
1	Willis Tower	$ 508,113	0.58%
2	Prudential Plaza	285,768	0.33
3	HCSC Blue Cross	284,469	0.32
4	400 W Lake	279,379	0.32
5	AON Building	261,081	0.30
6	Merchandise Mart – 222 Mer Mart Plaza	236,312	0.27
7	300 Lasalle LLC	234,831	0.27
8	Marchandise Mart – 320 N Wells	234,798	0.27
9	Franklin Center	234,424	0.27
10	Water Tower Place	231,664	0.26
	Total	$2,790,840	3.18%

As shown in the table, the top ten taxpayers account for less than 3.5% of the City's total tax base.

24 Chicago Public Schools Annual Financial Report for the year ended June 30, 2020, https://www.cps.edu/globalassets/cps-pages/about/finance/annual-financial-report/fy20-cafr.pdf

APPENDIX J

FORMS OF OPINIONS OF BOND COUNSEL

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APPENDIX J-1

FORM OF OPINION OF BOND COUNSEL FOR THE SERIES 2022A BONDS

February 1, 2022

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 $500,000,000 principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2022A (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 19-0828-RS7, adopted by the Chicago Board of Education on August 28, 2019 (the "2019 Authorizing Resolution"), Resolution 21-1027-RS3, adopted by the Chicago Board of Education on October 27, 2021 (the "Bond Resolution") and a Trust Indenture dated as of February 1, 2022 securing the Bonds (the "Indenture") by and between the Board and The Bank of New York Mellon Trust Company, N.A., 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 February 1, 2022. 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, 2022 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:

Year	Principal Amount	Interest Rate
2042	$ 36,075,000	4.00%
2043	37,475,000	4.00
2043	37,480,000	5.00
2047	238,970,000	4.00
2047	150,000,000	5.00

The Bonds maturing on December 1, 2047 and bearing interest at 4.00% 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 of the years and in the respective principal amounts set forth in the following table, each constituting a sinking fund installment for the retirement of such Bonds:

Year	Principal Amount
2044	$61,980,000
2045	61,545,000
2046	75,445,000

The Bonds maturing on December 1, 2047 and bearing interest at 5.00% 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 of the years and in the respective principal amounts set forth in the following table, each constituting a sinking fund installment for the retirement of such Bonds:

Year	Principal Amount
2044	$37,410,000
2045	39,355,000
2046	48,235,000

The Bonds 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 and interest rate, in part by lot, on December 1, 2031 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 2019 Authorizing Resolution and the Bond Resolution, to enter into the Indenture and to authorize the Bonds.

2. The 2019 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. The Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. 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 2019 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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APPENDIX J-2

FORM OF OPINION OF BOND COUNSEL
FOR THE SERIES 2022B BONDS

February 1, 2022

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 $372,170,000 principal amount of Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2022B (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 21-1027-RS2, adopted by the Chicago Board of Education on October 27, 2021 (the "Bond Resolution") and a Trust Indenture dated as of February 1, 2022 securing the Bonds (the "Indenture") by and between the Board and The Bank of New York Mellon Trust Company, N.A., 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 February 1, 2022. The Bonds bear interest from their date at the rate of four percent (4.00%) per annum, payable on June 1, 2022 and semiannually thereafter on June 1 and December 1 of each year. 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:

Year	Principal Amount
2022	$ 8,720,000
2035	8,960,000
2036	23,255,000
2037	47,630,000
2038	35,225,000
2039	37,000,000
2040	55,000,000
2041	156,380,000

The Bonds maturing on December 1, 2041 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, 2038 in the principal amount of $14,730,000 and on December 1, 2039 in the principal amount of $15,410,000, each constituting a sinking fund installment for the retirement of such Bonds.

The Bonds maturing on or after December 1, 2035 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 and by lot within a maturity, on December 1, 2031 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 refunding alternate bonds of the Board issued 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 Bond Resolution, to enter into the Indenture and to authorize the Bonds.

2. The Bond Resolution has been duly adopted, is presently in full force and effect, is valid and binding upon the Board and is enforceable in accordance with its 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. The Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference

for purposes of computing alternative minimum taxable income. 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 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,

APPENDIX K

REFUNDED BONDS TABLE

BONDS TO BE REFUNDED WITH THE PROCEEDS OF THE SERIES 2022B BONDS

Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2011A

Series Designation	Maturity Date	Interest Rate (%)	Aggregate Principal Amount(s)	CUSIP†
2011A	12/1/41	5.250	$ 50,000,000	167505PB6
2011A	12/1/39	5.500	176,775,000	167505PC4
2011A	12/1/41	5.000	175,635,000	167505PA8

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