



ANNUAL REPORT

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

For The Year Ended December 31, 2023

CHICAGO-GARY REGIONAL AIRPORT AUTHORITY

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CHICAGO-GARY REGIONAL AIRPORT AUTHORITY

AUTHORITY ACTIVITIES SUMMARY – 2023

The Chicago-Gary Regional Airport Authority (the “Authority”) was created by a Compact between the City of Chicago and the City of Gary for the purpose of, among other things, facilitating the development of facilities and operations of the Gary-Chicago International Airport to enable it to function effectively as a reliever airport for the City of Chicago Airports. During 2023, the Board of Directors of the Authority held six separate meetings to conduct the Authority’s business.

Consistent with the Authority’s mission, at its meetings the Board of Directors considered and acted upon a number of requests for reimbursement of expenditures made by the Gary-Chicago International Airport. The Board also approved the reimbursement of Gary-Chicago International Airport expenditures to fund Gary-Chicago International Airport Aircraft Rescue and Fire Fighting personnel. At its other meetings throughout the year, Gary-Chicago International Airport personnel regularly reported to the Authority’s Board on the status and progress of various construction and development projects at Gary-Chicago International Airport.

The Authority expenditures during 2023 were made pursuant to the Authority’s 2023 Budget, which was approved at the Authority’s December 21, 2022 meeting. A copy of the Authority’s 2023 Budget is attached.

Chicago Gary Regional Airport Authority
 Budget Narratives
 Budget for the Fiscal Year Ended December 31, 2023

	Proposed 2023 Budget
<u>Contractual Services</u>	
<u>Aircraft Rescue and Firefighting (ARFF)</u> ARFF expense will pay for ARFF personnel hired by AvPorts/GCIAA, 24 hours per day and ARFF specialized equipment and training. The daily rotating shift will consist of 2 ARFF trained personnel, with our certified ARFF Trainer Monday through Friday	370,000
<u>Chicago Gary Regional Airport Authority Deputy Executive Director</u> This expense is for the CGRAA Deputy Executive Director salary that is related to his/her time spent working on Chicago Gary Regional Airport Authority matters and attendance at CGRAA meetings.	25,000
<u>Legal Fees</u> Legal Fees for CGRAA board matters.	55,000
<u>Annual Audit Fee</u> Annual report audit fees required pursuant to Section 25-15 Annual Report of the Compact between the City of Chicago and the City of Gary.	10,000
<u>Insurance</u> Insurance expense related to Director and Officer's insurance policy.	31,390
<u>Commodities</u>	
<u>Consumable Supplies</u> Runway and equipment related supplies that are generally consumable within one (1) year including but not limited to urea, pavement sand, pavement paint, pavement sealing tar, vehicular fuel and supplies, fire suppression materials, and wildlife deterrents.	13,510
<u>Contingencies</u>	
<u>Contingencies</u> Expenses that are unforeseen and non-recurring in nature.	500
Total	\$ 505,400



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chicago Gary Regional Airport Authority
Chicago, Illinois

Opinions

We have audited the accompanying financial statements of the Chicago Gary Regional Airport Authority, as of and for the years ended December 31, 2023 and December 31, 2022, and the related notes to the financial statements, which comprise the Chicago Gary Regional Airport Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chicago Gary Regional Airport Authority as of December 31, 2023 and December 31, 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chicago Gary Regional Airport Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chicago Gary Regional Airport Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chicago Gary Regional Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chicago Gary Regional Airport Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

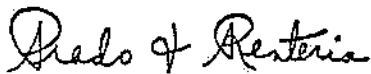
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chicago Gary Regional Airport Authority's basic financial statements. The Schedule of Expenses – Budget to Actual is presented for purposes of additional analysis and is not a required 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 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 Schedule of Expenses – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Chicago Regional Airport Authority’s Activities Summary - 2023 and the Schedule of Expenses-Budget but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe in our report.



Prado and Renteria CPAs

Chicago, Illinois

May 24, 2024

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022 AND 2021**

The following discussion and analysis of Chicago/Gary Regional Airport Authority (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal year ended December 31, 2023. Please read this discussion in conjunction with the Authority's financial statements and the notes to financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2023

- Operating revenues for 2023 of \$473,787 decreased by \$14,684 (3.01 percent) compared to fiscal year 2022.
- Operating expenses for 2023 of \$475,397 decreased by \$13,784 (2.82 percent) compared to fiscal year 2022. This decrease is primarily due to decreased Contractual Service cost and Consumables cost and increased reimbursements associated with the Gary-Chicago International Airport.

2022

- Operating revenues for 2022 of \$488,471 increased by \$661 (0.14 percent) compared to fiscal year 2021.
- Operating expenses for 2022 of \$489,181 increased by \$1,138 (0.23 percent) compared to fiscal year 2021. This increase is primarily due to increased Contractual Service cost and Consumables cost and decreased reimbursements associated with the Gary-Chicago International Airport.

2021

- Operating revenues for 2021 of \$487,810 increased by \$12,425 (2.61 percent) compared to fiscal year 2020.
- Operating expenses for 2021 of \$488,043 increased by \$12,143 (2.55 percent) compared to fiscal year 2020. This increase is primarily due to increased Contractual Service cost and Consumables cost and decreased reimbursements associated with the Gary-Chicago International Airport.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of the Financial Statements and the Notes to the Basic Financial Statements. In addition to the basic financial statements this report also presents Additional Information after the Notes to Financial Statements.

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022 AND 2021**

The *Statements of Net Assets* present all of the Authority's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between assets and liabilities is reported as net assets. The increase or decrease in net assets may serve as an indicator, over time, whether the Authority's financial position is improving or deteriorating.

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

The *Statements of Cash Flows* report how cash and cash equivalents were provided and used by the Authority's operating and investing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash balance at year end.

The *Notes to the Basic Financial Statements* are an integral part of the financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the financial statements. The Notes to the Basic Financial Statements begin on page 14.

In addition to the basic financial statements, this report includes Additional Information. The Additional Information section presents the 2023 Schedule of Expenses – Budget and Actual on page 20.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Authority's revenue sources are the City of Chicago, Illinois and the City of Gary, Indiana. The revenue charged to each City is based upon the ratio of the prior years' total operating expenses of the Cities' airports. The Authority recognizes this revenue when the Authority incurs the related expense. The Authority has no capital assets and has not issued any long-term debt.

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022 AND 2021**

A comparative condensed summary of the Authority's net assets as of December 31, 2023, 2022 and 2021 is as follows:

	Net Assets		
	2023	2022	2021
Current Assets	\$ 135,262	\$ 161,601	\$ 135,978
Total Current Assets	135,262	161,601	135,978
Current Liabilities	<u>135,262</u>	<u>161,601</u>	<u>135,978</u>
Total Current Liabilities	135,262	161,601	135,978
Net Assets:			
Invested in Capital Assets, Net of Related Debt	-	-	-
Restricted Net Assets	-	-	-
Unrestricted Net Assets	-	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2023

Current assets and liabilities decreased by \$26,339 primarily due to a decrease in cash and a corresponding decrease in other liabilities.

2022

Current assets and liabilities increased by \$25,623 primarily due to an increase in cash and an increase in accounts payable respectively.

2021

Current assets and liabilities decreased by \$4,077 primarily due to a decrease in cash and a corresponding decrease in other liabilities.

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022, AND 2021**

A comparative condensed summary of the Airport's changes in net assets for the years ended December 31, 2023, 2022, and 2021 is as follows:

	Changes in Net Assets		
	2023	2022	2021
Operating Revenues	\$ 473,787	\$ 488,471	\$ 487,810
Operating Expenses	<u>475,397</u>	<u>489,181</u>	<u>488,043</u>
Operating Income (Loss)	(1,610)	(710)	(234)
Non-Operating Revenues	<u>1,610</u>	<u>710</u>	<u>234</u>
Changes in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2023

Operating revenues for the years 2023 and 2022 were \$473,787 and \$488,471, respectively. This decrease of \$14,684 in 2023 was directly due to the decrease of revenue based on decreased operating expenses. The \$13,784 decrease in expenses was primarily related to decreases in Contractual Services.

2022

Operating revenues for the years 2022 and 2021 were \$488,471 and \$487,810, respectively. This increase of \$661 in 2022 was directly due to the increase of revenue based on increased operating expenses. The \$1,138 increase in expenses was primarily related to increases in Contractual Services.

2021

Operating revenues for the years 2021 and 2020 were \$487,810 and \$475,385, respectively. This increase of \$12,425 in 2021 was directly due to the increase of revenue based on increased operating expenses. The \$12,143 increase in expenses was primarily related to increases in Contractual Services.

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022 AND 2021**

A comparative summary of the Authority's operating expenses, as classified in the financial statements, for the years ended December 31, 2023, 2022, and 2021 is as follows:

	Operating Expenses		
	2023	2022	2021
Contractual Services and Commodities	<u>\$ 475,397</u>	<u>\$ 489,181</u>	<u>\$ 488,043</u>
Total Operating Expenses	<u>\$ 475,397</u>	<u>\$ 489,181</u>	<u>\$ 488,043</u>

2023

Contractual services and commodities in 2023 and 2022 were \$475,397 and \$489,181, respectively. The decrease in 2023 for contractual services and commodities of \$13,784 is primarily due to decreased professional services costs associated with the Gary-Chicago International Airport.

2022

Contractual services and commodities in 2022 and 2021 were \$489,181 and \$488,043, respectively. The increase in 2022 for contractual services and commodities of \$1,138 is primarily due to increased professional services costs associated with the Gary-Chicago International Airport.

2021

Contractual services and commodities in 2021 and 2020 were \$488,043 and \$475,900, respectively. The increase in 2021 for contractual services and commodities of \$12,143 is primarily due to increased professional services costs associated with the Gary-Chicago International Airport.

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022, AND 2021**

A comparative summary of the Authority's changes in cash flows for the years ended December 31, 2023, 2022, and 2021 is as follows:

	Changes in Cash Flows		
	2023	2022	2021
Cash from Activities:			
Operating	\$ (20,225)	\$ 17,952	\$ (2,890)
Investing	<u>1,610</u>	<u>710</u>	<u>234</u>
Net Change in Cash	(18,615)	18,662	(2,656)
Cash:			
Beginning of the Year	<u>147,688</u>	<u>129,026</u>	<u>131,682</u>
End of the Year	<u>\$ 129,073</u>	<u>\$ 147,688</u>	<u>\$ 129,026</u>

2023

As of December 31, 2023, the Authority's available cash of \$129,073 decreased by \$18,615 compared to \$147,688 at December 31, 2022 primarily due to a decrease in accounts payable and other liabilities. Total cash at December 31, 2023 and 2022 was on deposit in an interest bearing account insured by the Federal Depository Insurance Corporation (FDIC).

2022

As of December 31, 2022, the Authority's available cash of \$147,688 increased by \$18,662 compared to \$129,026 at December 31, 2021 primarily due to an increase in accounts payable and other liabilities. Total cash at December 31, 2022 and 2021 was on deposit in an interest bearing account insured by the Federal Depository Insurance Corporation (FDIC).

2021

As of December 31, 2021, the Authority's available cash of \$129,026 decreased by \$2,656 compared to \$131,682 at December 31, 2020 primarily due to a decrease in accounts payable and other liabilities. Total cash at December 31, 2021 and 2020 was on deposit in an interest bearing account insured by the Federal Depository Insurance Corporation (FDIC).

FACTORS BEARING ON THE FUTURE

Based on the Authority's operating budget for fiscal year 2024, provided in the board minutes, total budgeted operating and maintenance expenses are projected at \$506,010.

**CHICAGO/GARY REGIONAL AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023, 2022, AND 2021**

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chicago/Gary Regional Airport Authority.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

**STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents - Note 4	\$ 129,073	\$ 147,688
Due from other governments - Note 6	<u>6,189</u>	<u>13,913</u>
TOTAL ASSETS	<u><u>135,262</u></u>	<u><u>161,601</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - Note 1	99,850	117,949
Due to other governments - Note 6	<u>35,412</u>	<u>43,652</u>
TOTAL CURRENT LIABILITIES	135,262	161,601
NET ASSETS		
Invested in capital assets, net of related debt	-	-
Restricted net assets	-	-
Unrestricted net assets	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 135,262</u></u>	<u><u>\$ 161,601</u></u>

See notes to basic financial statements.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:		
Fee revenue	\$ 473,787	\$ 488,471
Total operating revenues - Note 6	<u>473,787</u>	<u>488,471</u>
OPERATING EXPENSES:		
Contractual services and commodities	475,397	489,181
Total operating expenses	<u>475,397</u>	<u>489,181</u>
Operating (loss)/income	<u>(1,610)</u>	<u>(710)</u>
NONOPERATING REVENUE:		
Interest and other income	1,610	710
Total nonoperating revenue	<u>1,610</u>	<u>710</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>-</u>
NET ASSETS - Beginning of year	<u>-</u>	<u>-</u>
NET ASSETS - End of year	<u>\$ -</u>	<u>\$ -</u>

See notes to basic financial statements.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES:		
Fee revenue	\$ 503,010	\$ 503,010
Payments for contractual services, commodities and other	<u>(523,235)</u>	<u>(485,058)</u>
Cash flows (used in)/from operating activities	<u>(20,225)</u>	<u>17,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and other revenue:	<u>1,610</u>	<u>710</u>
Cash flows from investing activities	<u>1,610</u>	<u>710</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(18,615)	18,662
CASH AND CASH EQUIVALENTS—Beginning of year	<u>147,688</u>	<u>129,026</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>129,073</u></u>	<u><u>147,688</u></u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss)	(1,610)	(710)
Changes in assets and liabilities:		
Decrease/(Increase) in accounts receivable	7,723	(6,961)
(Decrease)/Increase in accounts payable and Other Liabilities	<u>(26,339)</u>	<u>25,624</u>
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	<u><u>\$ (20,225)</u></u>	<u><u>\$ 17,952</u></u>

See notes to basic financial statements.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Chicago/Gary Regional Airport Authority (the "Authority") is a legally separate organization created on April 15, 1995 through a compact ("Compact") between the City of Chicago ("Chicago") and the City of Gary ("Gary"). The Authority is not a component unit of any other governmental unit. The Authority is empowered to oversee, support, coordinate and plan for the continued development, enhancement and operation of the Chicago airports (Chicago O'Hare International Airport and Chicago Midway International Airport) and the Gary/Chicago International Airport Authority.

The Compact provides for a ten-member Board of Directors. Two directors are appointed by the Mayor of the City of Chicago, together with the Corporation Counsel, Comptroller and Commissioner of Aviation for the City of Chicago, four directors are appointed by the Mayor of the City of Gary, and one director is appointed by the Governor of the State of Indiana. The State of Illinois has not appointed a director as of December 31, 2023. As of December 31, 2023, seven directors had been appointed.

The Authority's expenditures are funded by the City of Chicago and the City of Gary based on the ratio of the prior year's total operating expenses of the Chicago O'Hare and Gary/Chicago International Airport. Operating expenses of the Authority are not to exceed one (1%) percent of the prior year's total operating expenses for Chicago O'Hare International and Gary/Chicago International Airport combined.

Measurement Focus and Basis of Accounting - The accounting policies of the Authority are based upon accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Authority are reported using the flow of economic resources measurement focus. The Authority uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Management's Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash and Cash Equivalents - The Authority has invested in a money market depository account. Cash equivalents are monies located in a money market account or certificate of deposit or similar instruments with maturity of three months or less.

Prepaid Expenses - Prepaid expenses represent payments to vendors, which will reflect costs applicable to subsequent accounting periods. At December 31, 2023 and 2022 there were no prepaid expenses.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Payable - Accounts payables relate to expense items paid in the subsequent fiscal year but relating to the fiscal year under audit. The Authority had an accounts payable balance of \$99,850 and \$117,949 at December 31, 2023 and 2022, respectively.

Non-Operating and Operating Revenue - All funds are accounted for as an enterprise fund, using the accrual basis of accounting whereby revenues and expenses are recognized in the period earned or incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Authority are included in the Statement of Net Assets. The principal operating revenue of the Authority is fee revenue. Operating expenses for the Authority include salaries and wages, contractual services and commodities, and contingency expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Assets—Net Assets are comprised of the net earnings from operating and non-operating revenues, expenses and capital contributions. Net assets are displayed in three components – invested in capital assets, net of related debt; restricted for debt service, capital projects, passenger facility charges, airport use agreement and other requirements; and unrestricted. Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt net of debt service reserve and unspent proceeds. Restricted net assets consist of net assets for which constraints are placed thereon by external parties (such as lenders and grantors) and laws, regulations and enabling legislation. Unrestricted net assets consist of all other net assets not categorized as either of the above.

2. BUDGETARY INFORMATION

Each year, the budget is to be prepared on an accounting basis consistent with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). The budget is adopted by the Board annually. The legal level of budgetary control is at the total fund expenses level.

3. RELATED ORGANIZATIONS

The City of Chicago provides contributions via the Department of Aviation to the Authority as does the City of Gary. The City of Chicago also provides accounting services from the Department of Finance to the Authority related to preparing and maintaining monthly reports and year-end financial statements of the Authority. At December 31, 2023 and 2022, the costs associated with these services were undeterminable.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

4. DEPOSITS

The carrying amounts of the Authority's cash were \$129,073 and \$147,688 at December 31, 2023 and 2022, respectively. Bank balances of \$129,073 and \$147,688 at December 31, 2023 and 2022 were insured up to \$250,000 per depositor by the Federal Depository Insurance Corporation. There was no amount exposed to custodial credit risk at December 31, 2023 and 2022.

5. DEFINED CONTRIBUTION PENSION PLAN

The Authority made its final contribution to the Chicago/Gary Regional Airport Authority Money Purchase Plan & Trust (Plan) in January 2015. The Plan is a defined contribution pension plan. The Plan began on September 1, 1996.

Plan Description - The defined contribution pension plan was established by the Authority to provide benefits at retirement to eligible officers and employees of the Authority. The Plan provides an individual account for each participant and specifies how contributions to the individual's account are to be determined. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full-time employees of the Authority are eligible to participate in the Plan from their date of hire. Contributions made by an employee vest immediately, and contributions made by the Authority vest after three years of full-time employment. The Plan is administered by Public Employees Benefits Services Corporation through Nationwide Retirement Solutions.

6. RELATED PARTY TRANSACTIONS

The Authority's revenue of \$473,787 was from the Cities of Chicago and Gary. In 2023, the Authority recognized \$467,598 of revenue from the City of Chicago and \$6,189 from City of Gary. In 2022, the Authority's revenue of \$488,471 was made up of \$481,510 revenue from the City of Chicago and \$6,961 from City of Gary.

The amount due to other governments at December 31, 2023 represents money the City of Chicago overpaid to the Authority in the amount of \$35,412.

The amount due from other governments at December 31, 2023, represents money the City of Gary owed to the Authority in the amount \$6,189.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

6. RELATED PARTY TRANSACTIONS (Continued)

The amount due to other governments at December 31, 2022 represents money the City of Chicago overpaid to the Authority in the amount of \$43,652. The amount due from other governments at December 31, 2022 represents money the City of Gary owes to the Authority in the amount of \$13,913 for their 2022 contribution.

7. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standards requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The City of Chicago provided 98.69% and 98.57% of the total revenues of the Authority in 2023 and in 2022, respectively.

8. SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2023 through May 24, 2024, which is the date this report was available to be issued. Based upon the evaluation, no events have been noted.

CHICAGO/GARY REGIONAL AIRPORT AUTHORITY

ADDITIONAL INFORMATION SCHEDULE OF EXPENSES – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2023

ACCOUNT DESCRIPTION	2023 Budget	2023 Actual	Variance
CONTRACTUAL SERVICES AND COMMODITIES	<u>505,400</u>	<u>475,397</u>	<u>30,003</u>
TOTAL BUDGET	<u>\$ 505,400</u>	<u>\$ 475,397</u>	<u>\$ 30,003</u>