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CITY RELEASES SECOND QUARTER BUDGET REPORT

Tighter Spending Controls, Greater Efficiencies and Improved Revenue Leave the City on Strong Financial Footing

Chicago - The Office of Budget and Management today issued its budget report for the second quarter of 2012. In addition to providing a progress report on the City's finances, the quarterly update also demonstrates the Emanuel administration's ongoing commitment to transparency and open budgeting, and provides taxpayers with key information about City revenues and expenditures in the first half of the year.

Due to tight fiscal controls and an improving economy, the City's expenditures are at or below expected levels, while key revenue sources have exceeded projections.

"The administration's aggressive fiscal management and ability to deliver services more efficiently has resulted in millions of dollars of savings for taxpayers," said Budget Director Alexandra Holt. "We continue to examine every part of City government to determine how we can better serve residents at a more competitive price."

Expenses for the first half of 2012 are on track, with some expenses coming in below projections, including contractual services and healthcare expenditures. It is expected that the City's wellness program will continue to generate healthcare savings throughout the rest of the year. Commodities and materials expenses for the first half of 2012 were 34 percent lower than for the same period in 2011.

Although utility tax revenues were down in the first half of the year due to the unseasonably mild winter, the City experienced positive growth in a number of other areas during the first half of the year including sales tax revenue, which is \$18 million above budget; transaction tax revenues, including the lease tax and real property transfer tax, which are \$10 million above budget; and revenue from the state income tax, which is \$18



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million above budget. Hotel, amusement, cigarette, liquor and other beverages taxes were also slightly higher than projected.

Since taking office, the Emanuel administration has taken an aggressive approach to fiscal management, including tighter spending controls, that has resulted in substantial savings for taxpayers in 2012 that will continue through 2013. This approach has also reduced the City's structural deficit and the 2013 deficit, which was projected to be \$369 million but has now been reduced to \$298 million--the lowest budget gap since the 2008 recession.

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