

City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections May 2022

The City of Chicago’s monthly comparative estimate of revenue collections provides a summary of revenues received and transfers made in the City’s corporate fund for the current fiscal year. The information contained in these monthly reports is for informational purposes only and does not reflect final audited figures.

Historically, the City has waited until all revenue has been collected before publishing reports. This can delay the City’s ability to share data by up to five months. The changes made with this report allow the City to provide a more current and timely picture of its revenues.

This guide provides information to help read the report and understand the data shared.

READING THE REPORT

Corporate Fund January 2022 (in thousands)	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> 1 2 3 1 2 3 </div> <table style="width: 100%; border-collapse: collapse; border: 1px solid black;"> <tr> <td style="border: 1px solid red; text-align: center; width: 15%;">2021 Month Actuals</td> <td style="border: 1px solid green; text-align: center; width: 15%;">2022 Month Budgeted</td> <td style="border: 1px solid blue; text-align: center; width: 15%;">2022 Month Collections</td> <td style="border: 1px solid red; text-align: center; width: 15%;">2021 YTD Actuals</td> <td style="border: 1px solid green; text-align: center; width: 15%;">2022 YTD Budgeted</td> <td style="border: 1px solid blue; text-align: center; width: 15%;">2022 YTD Collections</td> <td style="width: 10%;">Difference</td> <td style="width: 10%;">Percent</td> </tr> </table>	2021 Month Actuals	2022 Month Budgeted	2022 Month Collections	2021 YTD Actuals	2022 YTD Budgeted	2022 YTD Collections	Difference	Percent	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> 4 2022 Annual Budget </div>
2021 Month Actuals	2022 Month Budgeted	2022 Month Collections	2021 YTD Actuals	2022 YTD Budgeted	2022 YTD Collections	Difference	Percent			

1. **2021 Month Actuals and YTD Actuals:** The actual revenue numbers for the prior year contained in this report remain estimates pending adjustments during the annual audit process.
2. **2022 Month Budgeted and YTD Budgeted:** Month Budgeted refers to the collections that are anticipated for the reporting month. What this means:
 - a. For some tax revenues there can be a 2–3-month difference between the month for which the tax is due and the month in which it is collected. This report pertains to the collection month, which means at the beginning of the fiscal year some tax revenues accrue to the prior fiscal year and do not appear in this report.
 - b. For some non-tax revenues, specifically fines, forfeitures and penalties and charges for service for which the City is reimbursed, the beginning of the fiscal year includes a mix of revenues related to the prior fiscal year as well as the current fiscal year. In those cases, actuals have been adjusted for known prior year collections.
 - c. Monthly budget amounts are created by taking the total revenue anticipated and allocating across months based on historical patterns, seasonality, and in the case of some tax revenues expected economic conditions.
3. **2022 Month Collections and YTD Collections:** Revenues reflect cash collections for the current budget year. 2021 Month Collections reflect the amount collected specifically in the reported month while the YTD Collections reflect the cumulative amount collected for the year, through the reporting month. Due to a lag in collections, some revenue streams do not begin for the current budget year until the second, third, or fourth month. As part of regular activity, the City reviews revenues received to ensure those revenues

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are allocated to the appropriate period. The City could determine after these reports are published that some reported revenue belongs to a prior period and make adjustments to reflect those revenues in the proper period.

4. **2022 Annual Budget:** This column reflects collections expected for the full fiscal year.

UNDERSTANDING THE REPORT

Comparisons between these estimated budget revenues and collections are one indication of revenue performance and can indicate economic developments that may affect the annual revenue forecast. However, while budget estimates take some seasonality into account, there can be significant fluctuations from one month to the next, both in when revenues are received and at times, in the activities from which revenues are derived. Over the course of the year, many of these fluctuations even out. However, early in any fiscal year, these fluctuations can both give the impression of better or worse conditions and could mask underlying risks. As a result, the City intends to update its year end estimate with the annual Budget Forecast to be published in August.

MONTHLY ANALYSIS

This year, as the city continues to recover from the COVID-19 pandemic, the predictability of the path of its economic recovery continues to be uncertain and will likely affect various revenue streams differently. Even during stable economic conditions, seasonality in some revenue streams and the irregular nature of others lead to significant variances from one month to the next that smooth out as the year progresses.

Total collections through May exceeded budget estimates by \$172.4 million. Income tax collections, driven by filing deadline timing shifts and corporate profits, and transaction taxes, supported by a strong real estate market through the first five months of the year, as well as the personal property lease tax continue to perform better than budget. Variances from budget for internal service earnings, charges for services, and other revenue are likely timing related, while transportation taxes continue to show a slower than anticipated recovery. As workers returned to the office this Spring and business and tourism activity rose, collections for this category of taxes improved but we anticipate the first quarter's underperformance to impact year-to-date totals through the year end. As the Office of Budget and Management (OBM) continues to collect data through the second quarter of the year, trends should emerge that will help inform any needed adjustments to the City's budget.

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Corporate Fund (in thousands) May 2022

	2021	2022		2021	YTD	2022	Diff	Percent Diff	2022
	Month Actuals	Month Budgeted	Month Collections	YTD Actuals	Budgeted	YTD Collections			Annual Budget
Local Tax									
Utility Taxes	36,102	38,595	39,624	117,755	116,040	132,426	16,386	14.1%	388,902
Chicago Sales Taxes	3,031	3,571	4,419	10,383	14,861	14,725	(135)	-0.9%	73,055
Transaction Taxes	45,521	45,570	60,996	230,967	187,445	298,963	111,518	59.5%	582,313
Transportation Taxes	19,114	24,041	29,519	73,438	124,740	104,048	(20,692)	-16.6%	336,087
Recreation Taxes	14,320	21,013	25,002	59,486	99,532	100,755	1,223	1.2%	274,350
Business Taxes	2,940	7,661	8,298	8,784	32,909	23,629	(9,280)	-28.2%	112,744
State Taxes/Revenues									
Income Tax	45,359	35,812	87,176	99,390	96,318	150,607	54,289	56.4%	366,600
Personal Property Replacement Tax	59,809	30,101	114,620	106,218	65,724	200,230	134,506	204.7%	163,683
Auto Rental Tax	136	261	237	271	558	476	(81)	-14.6%	3,960
State Reimbursements	66	290	260	232	431	1,150	720	167.1%	2,000
Proceeds and Transfers									
ARP Revenue Replacement	-	-	-	-	-	-	-	NA	385,000
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	40,508	40,011	44,533	65,357	80,147	75,137	(5,010)	-6.3%	569,933
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	75,000
Local Non-Tax									
Licenses, Permits, and Certificates	8,956	10,035	8,310	42,383	50,509	42,668	(7,840)	-15.5%	119,600
Fines, Forfeitures, and Penalties	26,910	31,499	27,869	117,545	154,049	129,818	(24,232)	-15.7%	369,700
Charges for Service	43,331	25,990	24,979	101,921	129,205	100,934	(28,271)	-21.9%	340,400
Municipal Parking	662	569	633	3,065	3,044	3,152	108	3.5%	7,600
Leases, Rentals, and Sales	208	471	825	3,138	4,755	4,683	(72)	-1.5%	29,300
Interest	-	-	-	-	-	-	-	NA	6,500
Internal Service Earnings	21,980	33,679	22,207	102,887	131,967	105,365	(26,602)	-20.2%	485,773
Other Revenue	3,751	4,456	184	71,981	53,296	29,134	(24,162)	-45.3%	124,522
Total Revenue	372,703	353,624	499,691	1,215,199	1,345,529	1,517,901	172,372	12.8%	4,836,022

Month Budgeted refers to the month collections are anticipated. In some instances, there is a 2-3-month difference between the month for which a tax is due and the month in which it is collected.

Revenues are recorded at a point in time may not reflect all adjustments recorded in future periods