

Quarterly City Council Budget Report

This report contains an overview of the City's operating Corporate Fund revenues and expenditures for January through June 2021 as compared to budgeted amounts. The information in this report is the most accurate and up-to-date information available at the time of publication. However, this report is not an audited financial statement; the numbers provided herein are preliminary and subject to change as the year progresses. No data on revenues and expenditures is final until the City has completed its annual audit and finalized its Annual Financial Report (Annual Report), which is released in the summer of each year for the prior year.

It should be noted that the City balances its budget on an annual basis, and that the revenues and expenditures do not balance on a monthly or quarterly basis. This is the result of the inherent seasonality of many of these revenue streams and expenditures.

With respect to revenues, the City estimates monthly revenue amounts based on the overall expected revenue and historical monthly averages. These monthly estimates reflect historical patterns, seasonality, and other known factors that may affect certain revenue streams. The actual revenues contained in this report remain estimates pending adjustments that will be made as additional information and collections are received by the City.

One significant change between revenues reported here and how revenues have historically been reported is this report includes cash received during the reporting period as it relates to the current fiscal year.

One additional note on revenues: 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 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.

With respect to expenditures, the budget amounts presented in the expenditure table reflect the total department budget from the 2021 Annual Appropriation Ordinance. The City does not provide monthly or quarterly expenditure budget estimates as many expenditures are cyclical, seasonal, or otherwise fluctuate and are managed on an ongoing basis to not exceed the total annual appropriations. The expenditure data is extracted directly from the City's financial management system. Expenditures include funds that are encumbered but may not yet have been spent, such as the full-year cost of property rentals and payments under certain technology maintenance and licensing contracts. These figures represent a snapshot of City expenditures at a certain point in time and do not reflect final adjustment made to prepare the City's Annual Report.

Certain Finance General expenditures, such as debt payments and transfers to other funds, are not entered into the City's financial management system until the end of the year and may not be captured in this report.

Comparative Estimate of Revenue Collections

The City of Chicago’s monthly comparative estimate of revenue collections provides a summary of revenues received and transfers made into 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

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

Corporate Fund February 2021 (in thousands)	1	2	3	1	2	3	Difference	Percent	4
	2020 Month Actuals	2021 Month Budgeted	2021 Month Collections	2020 YTD Actuals	2021 YTD Budgeted	2021 YTD Collections			2021 Annual Budget
Local Tax									
Utility Taxes	6,103	5,859	5,064	6,103	5,859	5,064	(794)	-13.6%	390,803
Chicago Sales Taxes	3,048	2,145	1,824	3,048	2,145	1,824	(321)	-15.0%	63,639
Transaction Taxes	41,780	35,676	44,623	49,015	44,841	56,408	11,567	25.8%	478,129
Transportation Taxes	33,303	20,217	13,981	33,303	20,217	13,981	(6,236)	-30.8%	308,693
Recreation Taxes	24,823	13,703	13,491	26,069	15,099	14,234	(865)	-5.7%	223,911
Business Taxes	5,462	1,741	1,433	5,462	1,741	1,433	(307)	-17.7%	66,122
State Taxes/Revenues									
Income Tax	24,790	28,316	29,592	24,790	28,316	29,592	1,275	4.5%	262,279
Personal Property									

1. **2020 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. **2021 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. **2021 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 City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections June 2021 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 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. **2021 Annual Budget:** This column reflects collections that are 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.

Most of the City's sales tax revenues collected by the State go first to the Sales Tax Securitization Corporation (STSC), which issues bonds on the City's behalf and "withholds" a portion of the sales tax revenue for debt service. Revenues not withheld for debt service are then passed to the city as "residual" revenue and are reported here under Proceeds and Transfers. In the 2021 budget appropriation the City anticipated refinancing existing bonds, which would have decreased debt service and increased the residual to the City. The anticipated refinancing has not occurred, so the budgeted and actual revenues reported reflect increased withholdings for STSC debt service and decreased residual to the City compared to what would have occurred under the refinancing scenario.

MONTHLY ANALYSIS

Even during stable economic conditions, seasonality in some revenue streams and the irregular nature of others lead to significant variances from one year to the next that smooth out as the year progresses. This year, as the City entered a recovery from the COVID-19 pandemic, the predictability of the path of that recovery is still uncertain and likely to affect various revenue streams differently.

Total collections for the first half of 2021 are above budget expectations due to strong transaction tax performance, including the personal property lease tax and real property transaction tax, as well as income tax revenue and personal property replacement tax revenue. Reimbursements for charges for service, while also higher than expected, is likely due to timing of when reimbursements have occurred. Other revenues continue to show the effects of the pandemic and resulting economic downturn but are showing signs of recovery as the pandemic impacts have waned and as lagging revenues are received. However, the resurgence of the pandemic resulting from the delta variant could hinder continued recovery in the second half of 2021.

Corporate Fund
June 2021
(in thousands)

	2020	2021		2020	2021		Difference	Percent	2021
	Month Actuals	Month Budgeted	Month Collections	YTD Actuals	YTD Budgeted	YTD Collections			Annual Budget
Local Tax									
Utility Taxes	28,966	29,812	30,161	144,699	148,851	145,305	(3,545)	-2.4%	390,803
Chicago Sales Taxes	1,663	3,009	3,485	11,554	12,189	13,373	1,184	9.7%	63,639
Transaction Taxes	28,480	38,411	55,191	175,911	188,912	240,273	51,361	27.2%	478,129
Transportation Taxes	8,975	23,663	21,311	106,032	107,978	93,422	(14,556)	-13.5%	308,693
Recreation Taxes	15,642	18,377	19,253	88,572	80,977	77,209	(3,768)	-4.7%	223,911
Business Taxes	991	5,867	4,208	16,682	17,551	12,796	(4,755)	-27.1%	66,122
State Taxes/Revenues									
Income Tax	16,834	18,023	39,798	90,667	101,347	139,188	37,841	37.3%	262,279
Personal Property Replacement Tax	-	-	-	58,837	61,115	106,218	45,103	73.8%	147,000
Auto Rental Tax	89	244	206	578	636	477	(158)	-24.9%	3,332
State Reimbursements	4	421	40	530	729	327	(402)	-55.2%	2,000
Proceeds and Transfers									
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	46,453	40,310	61,513	131,966	112,172	129,074	16,902	15.1%	570,179
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	23,000
Local Non-Tax									
Licenses, Permits, and Certificates	8,583	9,736	11,104	54,990	59,838	53,828	(6,010)	-10.0%	119,200
Fines, Forfeitures, and Penalties	14,317	33,122	34,547	110,812	176,851	144,328	(32,523)	-18.4%	381,500
Charges for Service	29,071	20,367	22,343	78,052	84,706	107,027	22,321	26.4%	277,900
Municipal Parking	716	755	742	3,383	3,713	3,990	276	7.4%	7,600
Leases, Rentals, and Sales	1,789	896	712	3,943	7,358	3,728	(3,630)	-49.3%	39,300
Interest	-	-	-	-	-	-	-	NA	6,500
Internal Service Earnings	22,701	26,739	20,103	117,602	125,055	122,990	(2,065)	-1.7%	410,732
Other Revenue	365	18,200	3,581	69,134	87,400	72,670	(14,730)	-16.9%	125,820
Total Revenue	225,640	287,952	328,298	1,263,945	1,377,376	1,466,223	88,847	6.5%	3,926,639

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

Sales Tax Corporation Residual Annual Budget amount anticipated reductions in withholding resulting from the refinancing proposal included with the 2021 appropriation. Expected and actuals instead reflect current withholding schedule.

CORPORATE FUND ENCUMBERANCES & EXPENDITURES: THRU JUNE 2021

	2021 Budget	ENCUMBERANCES & EXPENDITURES THROUGH JUNE 2021	% SPENT
FINANCE AND ADMINISTRATION			
001 - OFFICE OF THE MAYOR	\$9.91M	\$4.29M	43.3%
005 - OFFICE OF BUDGET AND MANAGEMENT	\$2.92M	\$1.32M	45.2%
025 - CITY CLERK	\$3.80M	\$1.66M	43.6%
027 - DEPARTMENT OF FINANCE	\$64.94M	\$25.65M	39.5%
028 - CITY TREASURER	\$1.61M	\$0.72M	44.9%
030 - DEPARTMENT OF ADMINISTRATIVE HEARINGS	\$7.77M	\$2.94M	37.8%
031 - DEPARTMENT OF LAW	\$29.82M	\$12.95M	43.4%
033 - DEPARTMENT OF HUMAN RESOURCES	\$6.20M	\$2.66M	42.9%
035 - DEPARTMENT OF PROCUREMENT SERVICES	\$6.12M	\$2.49M	40.8%
038 - DEPARTMENT OF ASSETS, INFORMATION, AND SERVICES	\$229.92M	\$121.63M	52.9%
Total	\$363.00M	\$176.30M	48.6%
INFRASTRUCTURE SERVICES			
081 - DEPARTMENT OF STREETS AND SANITATION	\$170.13M	\$82.90M	48.7%
084 - CHICAGO DEPARTMENT OF TRANSPORTATION	\$45.17M	\$17.27M	38.2%
Total	\$215.30M	\$100.18M	46.5%
PUBLIC SAFETY			
051 - OFFICE OF PUBLIC SAFETY ADMINISTRATION	\$30.63M	\$11.26M	36.8%
055 - POLICE BOARD	\$0.56M	\$0.16M	28.5%
057 - CHICAGO POLICE DEPARTMENT	\$1,556.83M	\$748.82M	48.1%
058 - OFFICE OF EMERGENCY MANAGEMENT AND COMMUNICATIONS	\$10.67M	\$5.42M	50.8%
059 - CHICAGO FIRE DEPARTMENT	\$644.44M	\$300.17M	46.6%
060 - CIVILIAN OFFICE OF POLICE ACCOUNTABILITY	\$13.31M	\$5.31M	39.9%
Total	\$2,256.44M	\$1,071.14M	47.5%
COMMUNITY SERVICES			
041 - DEPARTMENT OF PUBLIC HEALTH	\$57.34M	\$36.15M	63.0%
045 - COMMISSION ON HUMAN RELATIONS	\$1.07M	\$0.40M	37.5%
048 - MAYOR'S OFFICE FOR PEOPLE WITH DISABILITIES	\$1.87M	\$0.94M	50.4%
050 - DEPARTMENT OF FAMILY AND SUPPORT SERVICES	\$95.39M	\$71.12M	74.6%
Total	\$155.67M	\$108.61M	69.8%

	2021 Budget	ENCUMBERANCES & EXPENDITURES THROUGH JUNE 2021	% SPENT
LEGISLATIVE AND ELECTIONS			
015 - CITY COUNCIL	\$27.76M	\$11.84M	42.6%
039 - BOARD OF ELECTION COMMISSIONERS	\$13.91M	\$4.44M	31.9%
Total	\$41.66M	\$16.28M	39.1%
CITY DEVELOPMENT			
021 - DEPARTMENT OF HOUSING	\$9.99M	\$7.22M	72.3%
054 - DEPARTMENT OF PLANNING AND DEVELOPMENT	\$11.91M	\$4.92M	41.3%
Total	\$21.90M	\$12.14M	55.4%
REGULATORY			
003 - OFFICE OF INSPECTOR GENERAL	\$7.91M	\$3.37M	42.6%
067 - DEPARTMENT OF BUILDINGS	\$21.35M	\$9.63M	45.1%
070 - DEPARTMENT OF BUSINESS AFFAIRS AND CONSUMER PROTECTION	\$19.45M	\$10.15M	52.2%
073 - CHICAGO ANIMAL CARE AND CONTROL	\$7.02M	\$2.85M	40.6%
077 - LICENSE APPEAL COMMISSION	\$0.19M	\$0.06M	31.5%
078 - BOARD OF ETHICS	\$0.87M	\$0.37M	42.6%
Total	\$56.80M	\$26.43M	46.5%
GENERAL FINANCING REQUIREMENTS			
099 - FINANCE GENERAL	\$926.87M	\$263.46M	28.4%
Total	\$926.87M	\$263.46M	28.4%
Grand Total	\$4,037.64M	\$1,774.54M	43.9%

As is stated in the beginning of this document, the 2021 Budget amounts presented in the expenditure tables in this report reflect the total department Corporate Fund budget from the 2021 Annual Appropriation Ordinance. The City does not provide quarterly expenditure budget estimates as many expenditures are cyclical, seasonal, or otherwise fluctuate and are managed on an ongoing basis to not exceed the total annual appropriations per department.