

2023 Quarterly Analysis – Q2

City of Chicago

Fiscal Year 2023



City of Chicago
Council Office of Financial Analysis
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TO THE CHICAGO CITY COUNCIL

On August 31, 2023, the City of Chicago Office of Budget and Management (OBM) released an overview of the City's expenditures and revenues for the second quarter of that year. The report focused on local fund expenses and revenues, which include the Corporate Fund, Special Revenue Funds, and Enterprise Funds. It is important to note that the quarterly budget report does not provide information on grant funds, property or levy, debt service funds, pension funds, or capital expenditures. This information can be found in the Budget Overview book. The primary funds for the City of Chicago support citywide operations such as public safety, water and sewer services, garbage collection, and airport operations. The report compares estimated amounts to budgeted amounts.

This report contains the most current information available at the time of publication. However, the report notes that data on both revenues and expenses are not final until the annual audit is complete and finalized. Therefore, the data is used for informational purposes only and does not reflect final audited data.

Revenues: The City develops monthly revenue projections; the projections are used to develop the “2023 Q2 Budget” shown in the tables in this report. The “2023 Q2 Estimate” is the City’s current estimate, as of the date of this report.

Expenditures: The City does not provide quarterly expenditure budget estimates since expenditures are cyclical, seasonal, or otherwise fluctuate, they are managed not to exceed the annual appropriations per department. The “2023 Q2 Estimate” for expenditures is taken directly from the City’s FMPS (Financial Management and Purchasing Systems).

The Municipal Code of Chicago, Chapter 2-53 City Council Office of Financial Analysis (COFA) requires COFA to provide other financial analysis upon the request of a City Council member, and this report has been requested in the past. Therefore, the Council of Financial Analysis is reviewing, analyzing, and synthesizing the Q2 2023 report to meet this request. *The source for the data within the report is the City of Chicago 2023 Q2 quarterly report*, some of the calculations on the tables may not sum due to rounding.

2023 Quarter 2 – Quarterly Analysis (Revenue/Expenditures)

REVENUE	3
Revenue - Corporate Funds	3
Revenue – Special Revenue Funds.....	4
Revenue – Enterprise Funds	5
EXPENDITURES	6
Expenditure – Corporate Fund.....	6
Expenditures – Special Revenue Funds.....	8
Expenditures – Enterprise Funds	9
SUMMARY	11

REVENUE

Revenue - Corporate Funds

In the second quarter of 2023, corporate fund revenues exceeded budget expectations by 3.2 percent. Sales and use tax revenue collections in the City were \$1.7 million or 8.1 percent higher than budget expectations. Intergovernmental revenues, including income tax, personal property replacement tax (PPRT), and others, were \$74.6 million or 29.7 percent over budget. Business tax revenue ended the quarter at \$12.3 million or 32.3 percent higher than budget, driven by increased collections from the Hotel Tax and Shopping Bag Tax.

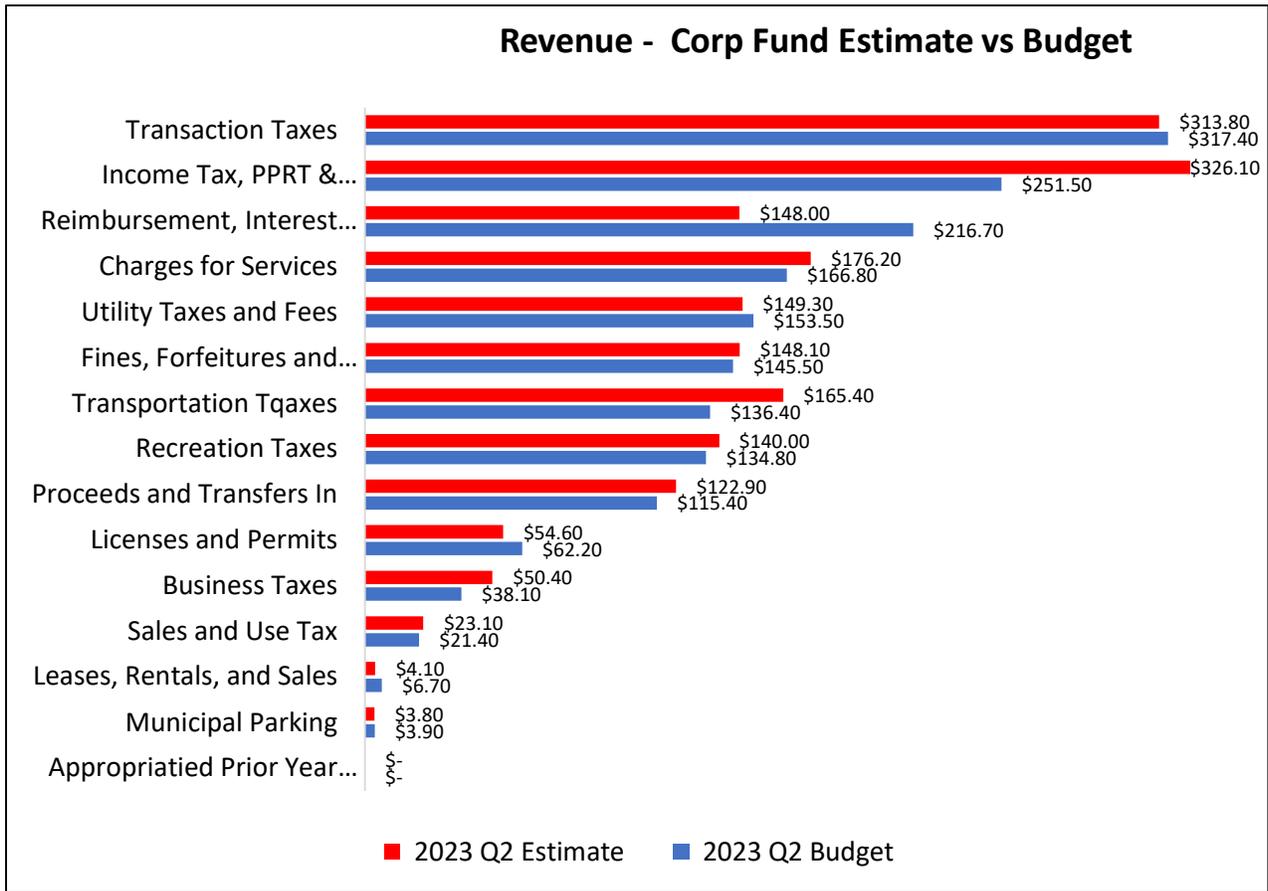
Recreation tax revenue also exceeded budget projections in the second quarter by \$5.2 million or 3.9 percent, thanks to robust Amusement Tax collections. Transportation tax revenue was higher than budget expectations by \$29.0 million or 21.3 percent, driven by higher collections of the Ground Transportation Tax. Transaction taxes ended the quarter under budget by \$3.6 million or 1.1 percent, and collections from utility taxes and fees were below budget for the quarter by \$4.1 million or 2.7 percent.

Non-tax revenue for the quarter is \$66.9 million below the budget projections, which is a decline of 11.1 percent. The main reason for this underperformance is the timing of reimbursements. Reimbursements were below budget by \$68.7 million, which is a 31.7 percent decline. Leases, Rentals, and Sales also underperformed compared to the budget by 38.7 percent, whereas Licenses and Permits were below budget by \$7.6 million, which is a 12.2 percent decline.

Revenue - Corporate Fund		2023 Q2 Budget	2023 Q2 Estimate	% Variance
TAX REVENUE	Business Taxes	\$38.1M	\$50.4M	32.3%
	Income Tax, PPRT & Other Intergovern	\$251.5M	\$326.1M	29.7%
	Recreation Taxes	\$134.8M	\$140.0M	3.9%
	Sales and Use Tax	\$21.4M	\$23.1M	7.9%
	Transaction Taxes	\$317.4M	\$313.8M	-1.1%
	Transportation Taxes	\$136.4M	\$165.4M	21.3%
	Utility Taxes and Fees	\$153.5M	\$149.3M	-2.7%
PROCEEDS AND TRANSFERS IN	Proceeds and Transfers In	\$115.4M	\$122.9M	6.5%
NON-TAX REVENUE	Charges for Services	\$166.8M	\$176.2M	5.6%
	Fines, Forfeitures and Penalties	\$145.5M	\$148.1M	1.8%
	Leases, Rentals, and Sales	\$6.7M	\$4.1M	-38.8%
	Licenses and Permits	\$62.2M	\$54.6M	-12.2%
	Municipal Parking	\$3.9M	\$3.8M	-2.6%
	Reimbursement, Interest and Other	\$216.7M	\$148.0M	-31.7%
APPROPRIATED PRIOR YEAR FUND BALANCE	Appropriated Prior Year Balance	\$0.0M	\$0.0M	
GRAND TOTAL		\$1770.1M	\$1825.9M	3.2%

SOURCE: City of Chicago, Office of Budget and Management Q2 2023 Report

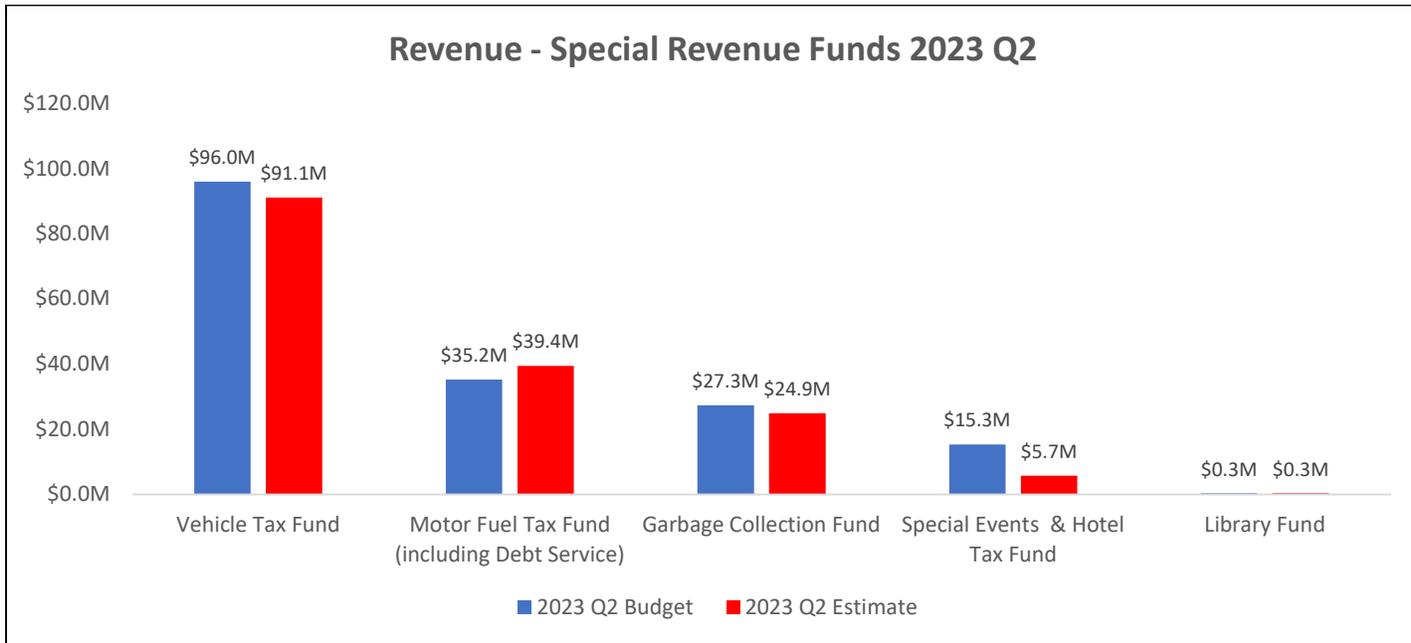
NOTES: The table may not sum due to rounding.



Source: City of Chicago, Office of Budget and Management Q2 2023 Report

Revenue – Special Revenue Funds

The Vehicle tax fund was 22.1 percent or \$9.2 million over budget through the quarter. The overage in the Vehicle tax fund through the quarter was due to revenues from the Vehicle Sticker Tax as well as pavement cuts and impoundment fees. The Motor fuel tax exceeded budget expectations by 12.1 percent or \$4.2 million. The Motor fuel tax comes from two primary sources, fees paid by boat tour operators and the State’s motor fuel tax. The Garbage fee fund was below budget by \$2.4 million, or 8.8 percent. The Special Events & Hotel tax fund was also below budget expectations through the quarter by \$9.6 million or 62.9 percent. The Library fund collections through the quarter remain low due to the timings of collections. The Library fund generally does not fluctuate from anticipated budgetary levels since most of the revenue comes from the City’s Property tax levy.



Revenue – Enterprise Funds

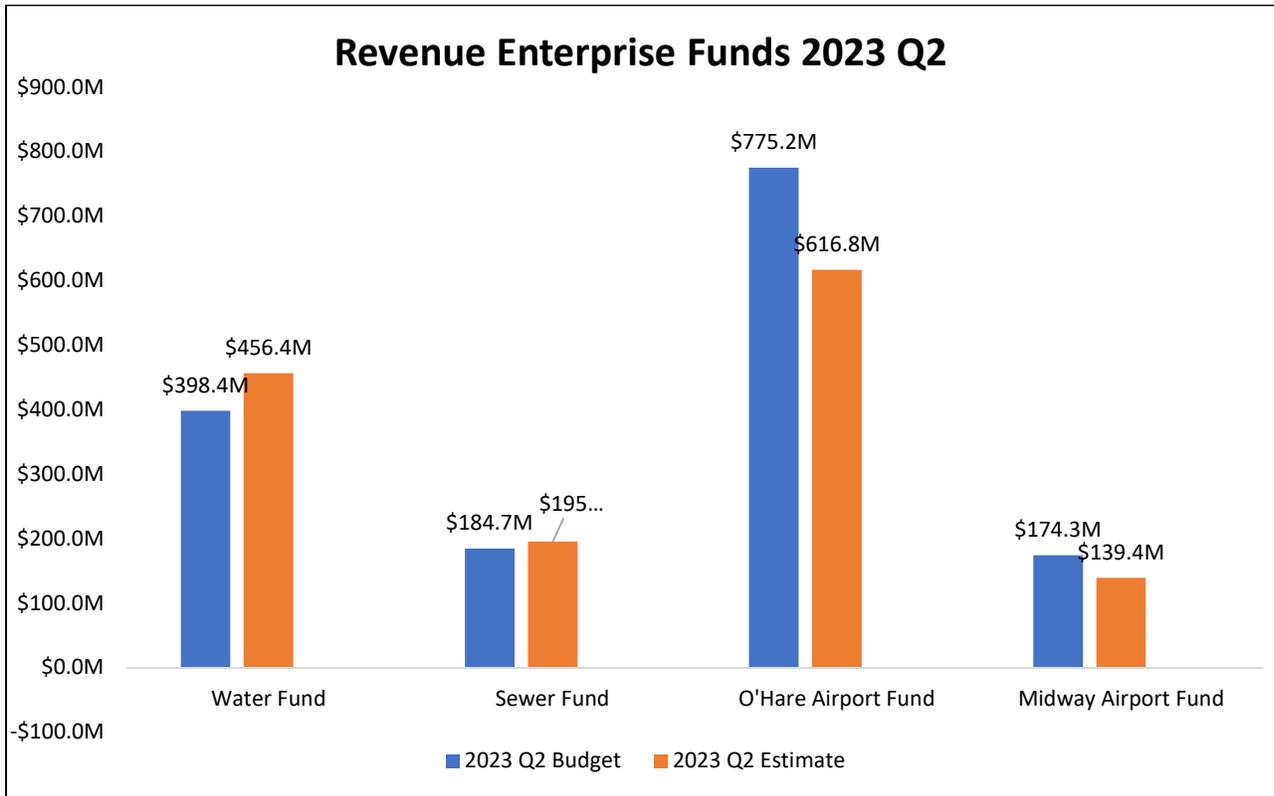
The Enterprise Funds consist of the Water and Sewer Funds and Aviation Funds. During the second quarter, the Water Fund exceeded the expected budget by 14.6 percent, and the Sewer Fund also ended the quarter higher than the expected budget by 5.8 percent. The Water and Sewer budget considers the seasonal variations in water usage, as well as an overall decrease in water consumption due to a citywide water conservation initiative.¹

The Midway and O’Hare Fund (Aviation Funds) derives its revenue from charges and associated user fees. The revenues that cover the full cost of airport operations include revenues from landing fees, terminal rent payments, car rentals, food and beverage sales, parking, and retail concessionaires.²

O’Hare Airport is currently below the Q2 budget amount: the Q2 budget amount is \$775.2M vs the Q2 estimate of \$616.8 million which is \$158.4 million or 20.4% below the expected budget. The Midway Airport Fund is below budget, the 2023 Q2 budget amount is \$174.3 vs the 2023 Q2 estimate of \$139.4 which is 20.0% or \$34.9 million below budget. The Aviation Funds revenues reflect seasonality.

¹ City of Chicago, Office of Budget and Management 2023 Q2 Quarterly Budget Report.

² City of Chicago, Office of Budget and Management 2023 Q2 Quarterly Budget Report.



Source: City of Chicago Q2 2023 Quarterly Budget Report.

EXPENDITURES

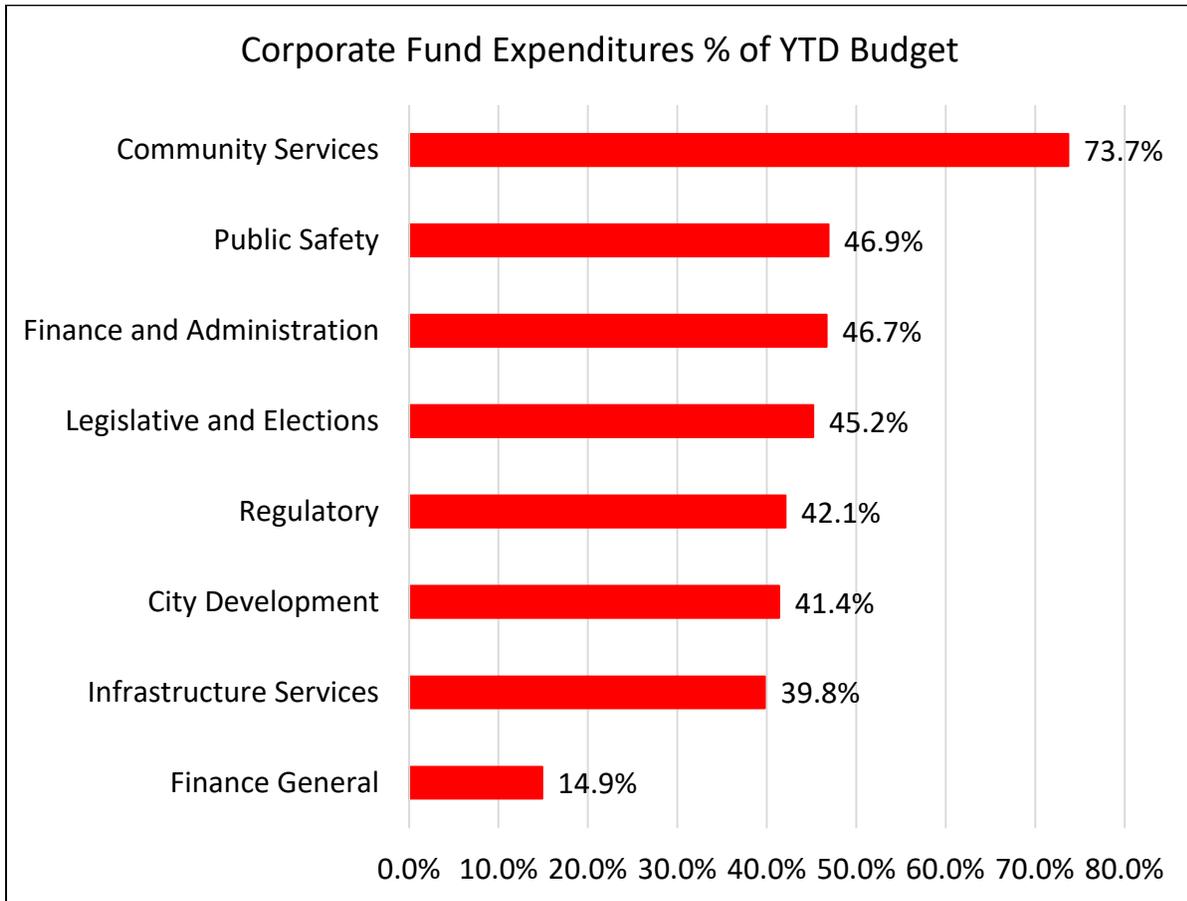
Expenditure – Corporate Fund

The figures mentioned in the expenditure section for the 2023 YR Budget represent the total budget for each department as stated in the 2023 Annual Appropriations Ordinance. The city does not provide quarterly expenditure data as these expenses are cyclical or seasonal in nature. At present, the Corporate Fund expenditures account for 35.9% of their annual budget.

There are only three departments that have exceeded 50% of their annual budget. The Department of Assets, Information, and Services has an estimated budget of \$147.5 million for Q2 with an annual budget of \$289.5 million. The Department of Assets, Information, and Services exceeds the annual budget by 51%. The Department of Family and Support Services has an estimated budget of \$93.0 million for Q2 with an annual budget of \$111.4 million, which means they have already exceeded 50% of their annual budget and are currently at 83.5%. The Department of Public Health has an estimated budget of \$42.1 million for Q2 with an annual budget of \$70.3 million, and they are currently at 59.9% of their annual budget.

Expenditures - Corporate Fund	Department	2023 Q2	2023 YR	% Spent
		Estimate	Budget	
Finance and Administration	City Clerk	\$1.7M	\$4.5M	37.8%
	City Treasurer	\$1.1M	\$2.7M	41.2%
	Department of Finance	\$27.3M	\$70.9M	38.4%
	Department of Administrative Hearings	\$3.0M	\$8.4M	35.7%
	Department of Assets, Information, and Services	\$147.5M	\$289.5M	51.0%
	Department of Human Resources	\$3.4M	\$9.4M	35.8%
	Department of Law	\$13.8M	\$32.9M	41.7%
	Department of Procurement Services	\$3.4M	\$10.2M	33.3%
	Office of Budget and Management	\$1.2M	\$3.3M	34.6%
	Office of the Mayor	\$4.4M	\$11.4M	38.8%
	FINANCE AND ADMINISTRATION	\$206.8M	\$443.2M	46.7%
Infrastructure Services	Chicago Department of Transportation	\$20.6M	\$48.3M	42.7%
	Department of Streets and Sanitation	\$73.9M	\$189.0M	39.1%
	INFRASTRUCTURE SERVICES	\$94.5M	\$237.3M	39.8%
Public Safety	Chicago Fire Department	\$308.4M	\$663.7M	46.5%
	Chicago Police Department	\$816.3M	\$1,710.9M	47.7%
	Civilian Office of Police Accountability	\$6.0M	\$15.0M	40.0%
	Community Commission for Public Safety and Accoun	\$0.7M	\$3.2M	20.5%
	Office of Emergency Management and Communicati	\$4.7M	\$11.0M	42.8%
	Office of Public Safety Administration	\$19.1M	\$59.2M	32.3%
	Police Board	\$0.3M	\$0.6M	42.6%
PUBLIC SAFETY	1\$155.5M	2\$463.6M	46.9%	
Community Services	Commission on Human Relations	\$0.5M	\$1.2M	17.2%
	Department of Family and Support Services	\$93.0M	\$111.4M	32.1%
	Department of Public Health	\$42.1M	\$70.3M	45.9%
	Mayor's Office for People with Disabilities	\$1.4M	\$2.9M	29.1%
	COMMUNITY SERVICES	\$137.0M	\$185.8M	73.7%
City Development	Department of Housing	\$3.6M	\$11.0M	7.9%
	Department of Planning and Development	\$7.9M	\$16.7M	19.7%
	CITY DEVELOPMENT	\$11.5M	\$27.7M	41.4%
Regulatory	Board of Ethics	\$0.4M	\$0.9M	18.3%
	Chicago Animal Care	\$3.0M	\$7.0M	22.4%
	Department of Buildings	\$9.2M	\$24.3M	16.5%
	Department of Business Affairs and Consumer Protec	\$10.7M	\$21.9M	28.2%
	License Appeal Commission	\$0.1M	\$0.2M	16.8%
	Office of Climate and Environmental Equity	\$0.1M	\$0.7M	3.9%
	Office of Inspector General	\$3.8M	\$9.6M	22.6%
	REGULATORY	\$27.2M	\$64.7M	42.1%
Legislative and Elections	Board of Election Commissioners	\$28.0M	\$56.6M	49.4%
	City Council	\$13.3M	\$34.7M	38.3%
	LEGISLATIVE AND ELECTIONS	\$41.3M	\$91.4M	45.2%
Finance General	Finance General	\$294.6M	\$1,973.6M	14.9%
	FINANCE GENERAL	\$294.6M	\$1,973.6M	14.9%
GRAND TOTAL		\$1,968.4M	\$5,487.3M	35.9%

Source: City of Chicago Office of Budget and Management



Source: City of Chicago Office of Budget and Management

Expenditures – Special Revenue Funds

The Special Revenue Funds by law must be used to finance specific functions such as 911 services, libraries, road repair, tourism promotion, and special events.³ The Q2 2023 Special Revenue Fund expenditures totaled 42.2 percent of the total annual appropriation.⁴ The graph below highlights expenditures – Special Revenue Fund by department, displaying the Q2 estimate, budget, and percent of the annual budget.

³ City of Chicago, Office of Budget and Management 2023 Q2 Quarterly Budget Report

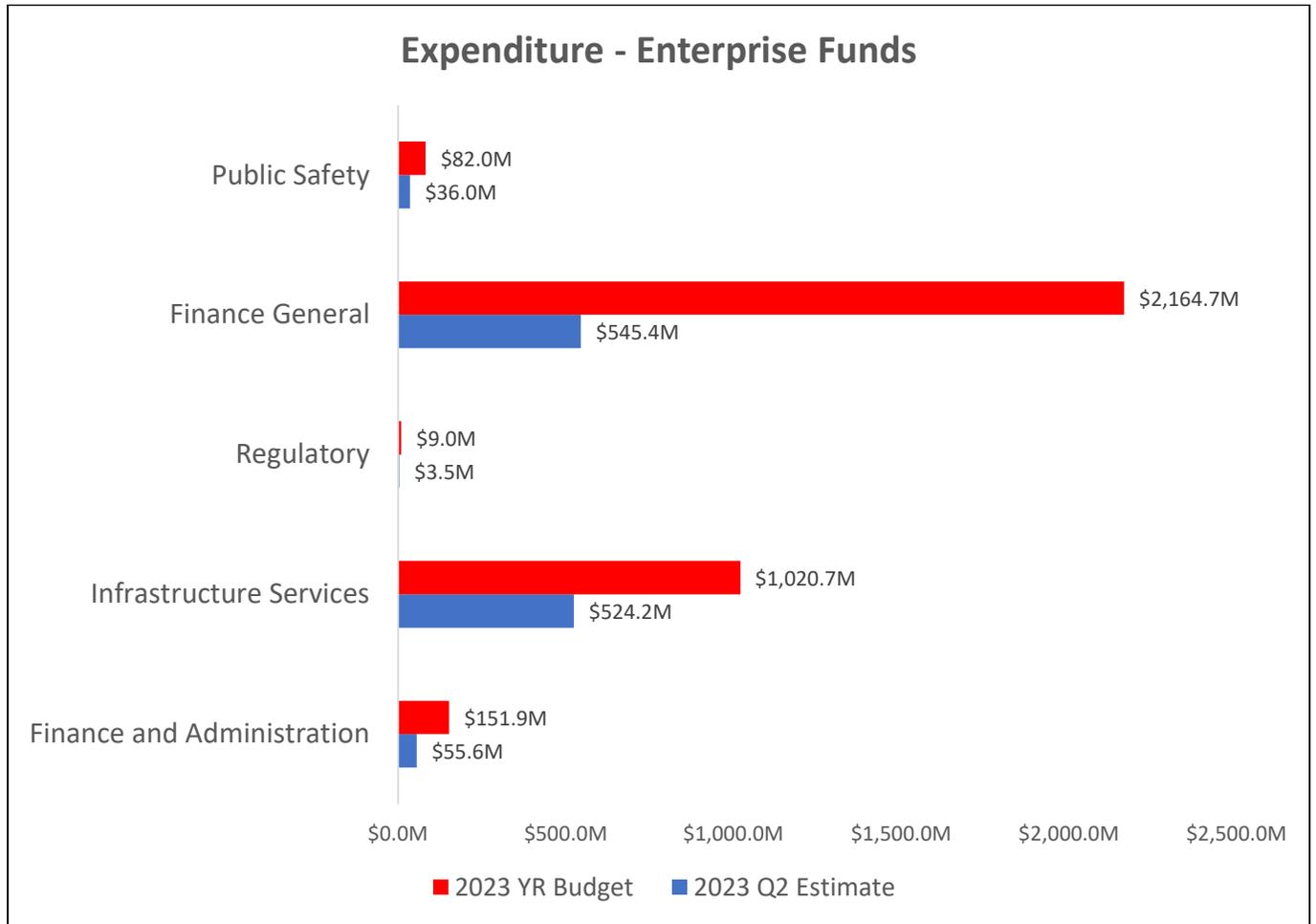
⁴ City of Chicago, Office of Budget and Management 2023 Q2 Quarterly Budget Report

Expenditure - Special Revenue Fund	Department	2023 Q2 Estimate	2023 Budget (Annual)	% Spent
Finance and Administration	City Clerk	\$2.8M	\$7.8M	35.3%
	Department of Finance	\$0.6M	\$2.1M	26.7%
	Department of Law	\$0.6M	\$2.1M	29.0%
	Office of the Mayor	\$0.2M	\$0.4M	38.0%
	Department of Assets, Information, and Services	\$31.5M	\$71.4M	44.2%
	Department of Human Resources	\$0.0M	\$0.1M	0.0%
	Department of Procurement Services	\$0.0M	\$0.1M	0.0%
Infrastructure Services	Chicago Department of Transportation	\$66.3M	\$163.9M	40.5%
	Department of Streets and Sanitation	\$55.9M	\$122.4M	45.7%
Community Services	Chicago Public Library	\$35.4M	\$85.8M	41.3%
City Development	Department of Cultural Affairs and Special Event	\$9.2M	\$30.5M	30.3%
Regulatory	Department of Buildings	\$0.3M	\$0.5M	50.2%
Legislative and Elections	City Council	\$0.3M	\$0.8M	36.3%
Finance General	Finance General	\$62.1M	\$140.0M	44.4%
GRAND TOTAL	GRAND TOTAL	\$265.2M	\$628.0M	42.2%

Source: City of Chicago Office of Budget and Management

Expenditures – Enterprise Funds

Enterprise Expenditure Funds are established for the operation, acquisition, and maintenance of government services, operating the water and sewer systems and airports are examples of the use of enterprise funds. The City of Chicago's four Enterprise Funds are the Water Fund, Sewer Fund, O'Hare International Airport Fund, and Midway International Airport Fund. The Enterprise Fund expenditures through the second quarter totaled 34.0 percent of the total annual appropriation.



Source: City of Chicago 2023 Q2 Quarterly Budget Report

Area	Expenditures - Enterprise Funds	2023 Q2 Estimate	2023 YR Budget	%
Finance and Administration	City Treasurer	\$1.0M	\$2.6M	
	Department of Finance	\$6.2M	\$15.8M	
	Department of Assets, Information and Services	\$45.2M	\$124.5M	
	Department of Human Resources	\$0.3M	\$0.8M	
	Department of Law	\$2.1M	\$5.7M	
	Department of Procurement Services	\$0.7M	\$2.2M	
	Office of Budget and Management	\$0.1M	\$0.2M	
	FINANCE AND ADMINISTRATION	\$55.6M	\$151.8M	36.6%
Infrastructure Services	Chicago Department of Aviation	\$367.6M	\$663.4M	
	Chicago Department of Water Management	\$156.6M	\$357.4M	
	INFRASTRUCTURE SERVICES	\$524.2M	\$1,020.8M	51.4%
Public Safety	Chicago Fire Department	\$18.7M	\$41.1M	
	Chicago Police Department	\$15.7M	\$34.5M	
	Office of Emergency Management and Communications	\$1.6M	\$6.4M	
	Office of Public Safety	\$0.0M	\$0.1M	
	PUBLIC SAFETY	\$36.0M	\$82.1M	43.8%
Regulatory	Department of Buildings	\$2.1M	\$5.6M	
	Office of Inspector General	\$1.4M	\$3.5M	
	REGULATORY	\$3.5M	\$9.1M	39.1%
Finance General	Finance General	\$545.4M	\$2,164.7M	
	FINANCE GENERAL	\$545.4M	\$2,164.7M	25.2%
TOTAL		\$1,164.8M	\$3,428.4M	34.0%

Source: City of Chicago 2023 Q2 Quarterly Budget Report

NOTES: The table may not sum due to rounding

SUMMARY

The Annual Budget Forecast was published on August 31, 2023, which provided year-end estimates of expenditures and revenues in the Corporate Fund. The City is projecting annual revenues outpacing the budget through the second quarter by 3.2% and expenditures are trending 35.9% of the annual budget mid-year. COFA will continue to monitor OBM’s Corporate Fund revenue and expense reports to track the City’s monthly and YTD revenue and expenditure data.