

## **Quarterly City Council Budget Report**

This report contains an overview of the City's operating Corporate Fund revenues and expenditures for January and February 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)	2021			2020			Difference	Percent	2021 Annual Budget
	1 Month Actuals	2 Month Budgeted	3 Month Collections	1 YTD Actuals	2 YTD Budgeted	3 YTD Collections			
<b>Local Tax</b>									
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
<b>State Taxes/Revenues</b>									
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.

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 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. The last column (2021 Annual Budget) 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 the 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**

In general, only two months of collections is not sufficient to make any changes or adjustments to expectations for the full fiscal year. 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 is in the early stages of 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 two months are slightly lower than budget expectations. These variances from budget, including transportation taxes and licenses, permits, and certificates, are below expectations likely due to the prolonged impact the pandemic has had on industries related to these revenue streams and should lessen as the economic recovery continues.

**Corporate Fund Revenue Collections (in thousands)**  
**February 2021**

	2020 Month Actuals	2021 Month Budgeted	2021 Month Collections	2020 YTD Actuals	2021 YTD Budgeted	2021 YTD Collections	Diff	Percent Diff	2021 Annual Budget
<b>Local Tax</b>									
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
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Business Taxes	5,462	1,741	1,433	5,462	1,741	1,433	(307)	-17.7%	66,122
<b>State Taxes/Revenues</b>									
Income Tax	24,790	28,316	29,592	24,790	28,316	29,592	1,275	4.5%	262,279
Personal Property Replacement Tax	-	-	-	-	-	-	-	NA	147,000
Auto Rental Tax	-	-	-	-	-	-	-	NA	3,332
State Reimbursements	4	29	3	55	53	41	(12)	-22.1%	2,000
<b>Proceeds and Transfers</b>									
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	-	-	-	-	-	-	-	NA	570,179
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	23,000
<b>Local Non-Tax</b>									
Licenses, Permits, and Certificates	9,800	9,198	7,740	22,502	19,419	14,756	(4,662)	-24.0%	119,200
Fines, Forfeitures, and Penalties	27,605	23,445	18,036	48,064	44,744	39,973	(4,771)	-10.7%	381,500
Charges for Service	9,114	19,699	7,488	18,867	40,493	43,771	3,278	8.1%	277,900
Municipal Parking	625	506	503	1,607	1,173	1,275	101	8.6%	7,600
Leases, Rentals, and Sales	1,264	342	1,041	1,388	1,633	1,980	347	21.2%	39,300
Interest	-	-	-	-	-	-	-	NA	6,500
Internal Service Earnings	26,833	33,139	33,484	30,762	33,702	37,946	4,243	12.6%	410,732
Other Revenue	278	2,548	178	2,552	5,362	922	(4,441)	-82.8%	125,820
<b>Total Revenue</b>	<b>214,830</b>	<b>196,564</b>	<b>178,480</b>	<b>273,588</b>	<b>264,798</b>	<b>263,200</b>	<b>(1,598)</b>	<b>-0.6%</b>	<b>3,926,639</b>

**CORPORATE FUND EXPENDITURES: THRU FEBRUARY 2021**

	EXPENDITURES THROUGH FEB 2021	2021 BUDGET	% SPENT
<b>FINANCE AND ADMINISTRATION</b>			
CITY CLERK	\$0.6M	\$3.8M	15.2%
CITY TREASURER	\$0.1M	\$1.6M	7.7%
DEPARTMENT OF ADMINISTRATIVE HEARINGS	\$0.7M	\$7.8M	8.7%
DEPARTMENT OF ASSETS, INFORMATION, AND SERVICES	\$36.2M	\$229.9M	15.7%
DEPARTMENT OF FINANCE	\$6.2M	\$64.9M	9.6%
DEPARTMENT OF HUMAN RESOURCES	\$0.7M	\$6.2M	11.7%
DEPARTMENT OF LAW	\$3.5M	\$29.8M	11.9%
DEPARTMENT OF PROCUREMENT SERVICES	\$0.7M	\$6.1M	10.8%
OFFICE OF BUDGET AND MANAGEMENT	\$0.4M	\$2.9M	12.3%
OFFICE OF THE MAYOR	\$1.2M	\$9.9M	12.2%
<b>Total</b>	<b>\$50.3M</b>	<b>\$363.0M</b>	<b>13.9%</b>
<b>INFRASTRUCTURE SERVICES</b>			
CHICAGO DEPARTMENT OF TRANSPORTATION	\$3.4M	\$45.2M	7.4%
DEPARTMENT OF STREETS AND SANITATION	\$21.2M	\$170.1M	12.5%
<b>Total</b>	<b>\$24.6M</b>	<b>\$215.3M</b>	<b>11.4%</b>
<b>PUBLIC SAFETY</b>			
CHICAGO FIRE DEPARTMENT	\$94.5M	\$644.4M	14.7%
CHICAGO POLICE DEPARTMENT	\$192.6M	\$1,556.8M	12.4%
CIVILIAN OFFICE OF POLICE ACCOUNTABILITY	\$1.4M	\$13.3M	10.8%
OFFICE OF EMERGENCY MANAGEMENT AND COMMUNICATIONS	\$1.3M	\$10.7M	12.3%
OFFICE OF PUBLIC SAFETY ADMINISTRATION	\$2.7M	\$30.6M	8.8%
POLICE BOARD	\$0.0M	\$0.6M	5.7%
<b>Total</b>	<b>\$292.6M</b>	<b>\$2,256.4M</b>	<b>13.0%</b>
<b>COMMUNITY SERVICES</b>			
COMMISSION ON HUMAN RELATIONS	\$0.1M	\$1.1M	9.9%
DEPARTMENT OF FAMILY AND SUPPORT SERVICES	\$8.5M	\$95.4M	8.9%
DEPARTMENT OF PUBLIC HEALTH	\$9.7M	\$57.3M	16.9%
MAYOR'S OFFICE FOR PEOPLE WITH DISABILITIES	\$0.5M	\$1.9M	28.5%
<b>Total</b>	<b>\$18.8M</b>	<b>\$155.7M</b>	<b>12.1%</b>
<b>LEGISLATIVE AND ELECTIONS</b>			
BOARD OF ELECTION COMMISSIONERS	\$1.0M	\$13.9M	7.2%
CITY COUNCIL	\$3.3M	\$27.8M	12.0%
<b>Total</b>	<b>\$4.3M</b>	<b>\$41.7M</b>	<b>10.4%</b>
<b>CITY DEVELOPMENT</b>			

DEPARTMENT OF HOUSING	\$0.2M	\$10.0M	2.4%
DEPARTMENT OF PLANNING AND DEVELOPMENT	\$1.1M	\$11.9M	9.1%
<b>Total</b>	<b>\$1.3M</b>	<b>\$21.9M</b>	<b>6.0%</b>
<b>REGULATORY</b>			
BOARD THE OF ETHICS	\$0.1M	\$0.9M	11.6%
CHICAGO ANIMAL CARE THE AND CONTROL	\$0.7M	\$7.0M	9.5%
BUSINESS AFFAIRS AND CONSUMER PROTECTION	\$2.1M	\$19.5M	11.0%
DEPARTMENT THE OF BUILDINGS	\$2.6M	\$21.4M	12.1%
LICENSE THE APPEAL COMMISSION	\$0.0M	\$0.2M	12.0%
OFFICE OF THE INSPECTOR GENERAL	\$0.7M	\$7.9M	8.3%
<b>Total</b>	<b>\$6.2M</b>	<b>\$56.8M</b>	<b>10.9%</b>
<b>GENERAL FINANCING REQUIREMENTS</b>			
FINANCE GENERAL	\$50.6M	\$926.9M	5.5%
<b>Total</b>	<b>\$50.6M</b>	<b>\$926.9M</b>	<b>5.5%</b>
<b>Grand Total</b>	<b>\$448.7M</b>	<b>\$4,037.6M</b>	<b>11.1%</b>

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.