



CITY OF CHICAGO

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QUARTERLY  
BUDGET REPORT

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3RD QUARTER 2013

MAYOR RAHM EMANUEL



## INTRODUCTION

### CONTENT AND PURPOSE

This quarterly report presents an overview of the City's operating revenues and expenditures through the third quarter of 2013, as compared to budgeted amounts, and explains any notable aberrations or trends in these numbers. The revenue and expenditure information in this report is organized by City fund. For definitions of the City's budgeted funds and revenue sources, please refer to the [2013 Budget Overview](#) and the [2013 Annual Financial Analysis](#). This report focuses on local fund operating revenues and expenditures. This report does not include information on grant funds, pension payments, debt service funds, or capital expenditures.<sup>1</sup> Information on those areas can be found in the [2013 Budget Overview](#) and the [2013 Annual Financial Analysis](#).

The purpose of this quarterly public reporting on the City's revenues and expenditures is twofold. First, it ensures that the City is consistently monitoring its revenues and expenditures so that it can proactively respond to unanticipated changes or emerging trends. Second, and equally important, these reports increase the transparency of City finances. The City is ultimately accountable to its residents to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides taxpayers with the information they need to hold the City to this standard.

### TIMEFRAME AND LIMITATIONS

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 and 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 Comprehensive Annual Financial Report (CAFR), 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 each fund's revenues and expenditures may not align on a quarterly basis. This is the result of the inherent seasonality of many of these revenue streams and expenses, as is further described in the following pages.

*With respect to revenues:* The City regularly monitors and adjusts its revenue projections based on to-date revenue performance and other developments that may affect City revenues in order to form a more accurate picture of the City's financial position. In connection with this process, the City develops revenue projections for each month. These monthly projections reflect historical patterns, seasonality, and other known factors that may affect certain revenue streams. These projections are used to develop the "Q3 2013 Budget" amounts shown in the tables in this report, which represent the amounts that the City expected to receive through the third quarter of the year. The "Q3 2013 Estimates" presented in the tables in this report are the City's current estimates, as of the date of this report, of its actual revenues through the third quarter. These numbers remain estimates pending adjustments that will be made as additional information and collections are received by the City. For example, certain revenues, as noted herein, are collected and distributed by the State, and there is a time lag in when information on the amount of actual collections is provided to the City, and in some cases, a delay in when the City receives actual distributions. In addition, a small portion of the fees and fines attributed to a given quarter typically come in later in the year due to delinquencies and disputed payments, and the actual amount of such revenues is not known until all payments are received.

*With respect to expenditures:* 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. The "Q3 2013 Budget" amounts presented in the expenditure tables in this report reflect historical spending patterns as applied to this year's budget, with the exception of transfers to other City funds and healthcare expenditures, which are not allocated by fund until year-end; for these expenses, the "Q3 2013 Budget" is set at 75 percent of the full-year budget. The "Q3 2013 Estimates" for expenditures are extracted directly from the City's financial management system, with the exception of transfers to other City funds and healthcare expenditures, as further discussed in the following sections. These figures represent a snapshot of City expenditures at a certain point in time and do not reflect final adjustments made to prepare the City's CAFR.

<sup>1</sup> Expenses funded through grants and general obligation bond proceeds are not covered in this report, as these are budgeted separately from the City's local funds. However, capital investment costs for the City's water, sewer, and aviation funds are outlined in the enterprise fund section of this report, as capital and financing costs for capital projects are included in the overall budgets of these self-supporting funds.

## CORPORATE FUND

### SUMMARY OF LOCAL FUNDS

The City's overall local fund revenues continued to keep pace with expectations through the third quarter of 2013, with most economically sensitive revenues meeting or exceeding projections of moderate growth. The City's major local fund expenditures were generally in line with seasonal expectations, with operating expenditures at 72 percent of the full-year budget at the end of the third quarter. When capital financing costs are included, overall City expenditures were at 66 percent of the full-year budget at the end of the third quarter, as the timing of debt service payments from the City's enterprise funds, many of which are not made until later in the year, brings the overall rate of expenditures down. Revenues and expenditures for each fund are discussed in greater detail in the following pages.

### CORPORATE FUND REVENUE

Total corporate fund revenues were approximately 2 percent above budgeted expectations, with losses in certain non-tax revenues offset by strong economically sensitive tax revenue performance and rebounding natural gas tax revenues.

Overall utility tax revenues through the third quarter were almost 3 percent above budgeted expectations and 1 percent over revenues for the same period in 2012. This growth was due largely to increasing natural gas prices, which were up almost 40 percent over the same period in 2012. Electricity tax revenues through the end of the third quarter, however, came in almost 2 percent below budgeted expectations as the cool summer led to decreased usage for air conditioning.

Overall transportation-related revenues came in at budget through the end of the third quarter. The slight decline in vehicle fuel tax revenues seen during the first half of 2013 continued into the second half of the year, as people tend to drive less when fuel prices are high. This decrease was offset in part by growth in ground transportation tax revenues attributable to increased enforcement efforts on taxi services to and from the city's airports.

The City's economically sensitive revenues continued to exceed budgeted expectations in the third quarter, despite slowing growth in certain broader economic indicators such as GDP. Real property transfer tax revenues finished

the third quarter 35 percent above budget and 30 percent over the same period in 2012. Existing home sales in the Chicago area were significantly ahead of 2012 but slowed slightly from the rapid pace seen during the first half of this year during the third quarter. Median home prices were up from 2012 levels in every month of 2013, reaching 18 percent above 2012 prices through September.

Sales tax and personal property lease tax revenues exceeded budgeted expectations, as the Consumer Sentiment Index rose almost 6 percent over 2012 levels for the first nine months of 2013. Retail sales growth slowed slightly in the third quarter but remained 4 percent over the same period in 2012, taking the City's sales tax revenues 3 percent above budget. Lease tax revenues came in 14 percent above budgeted expectations, impacted by both increasing consumer confidence and effective City enforcement efforts.

Income tax and personal property replacement tax (PPRT) revenues finished the third quarter 7 percent above budgeted expectations, with increases in both individual and corporate income tax collections. These revenues were also impacted by a one-time surge in payments seen in April associated with businesses and individuals selling assets or receiving early dividends or bonuses in anticipation of higher federal tax rates.

Hotel tax revenues came in 5 percent above budget through the third quarter as local hotel bookings remained strong and revenue per available room increased by 6 percent over the same period in 2012.

Amusement tax revenues finished the third quarter almost 10 percent above budget due largely to the Blackhawks' Stanley Cup championship, with additional increases due to strong Bulls and Broadway in Chicago ticket sales. While amusement tax revenues improved, overall recreation tax revenues were affected by decreased cigarette sales due in part to State and County increases in their cigarette tax rates, as well as slightly lower than anticipated liquor tax revenues, which may be attributed in part to the cooler summer weather.

Business license and building permit-related revenues continued to track above budgeted expectations during the third quarter, led by increased building permit revenue, mirroring growth in the housing industry. Collections from fines, forfeitures, and penalties were in

CORPORATE FUND - REVENUE \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
<b>Tax Revenue</b>			
Utility Taxes and Fees	\$444.22	\$336.99	\$346.83
Transaction Taxes	225.00	165.63	202.94
Transportation Taxes	180.60	135.76	136.04
Recreation Taxes	162.74	129.24	133.99
Business Taxes	103.19	76.90	80.44
Sales and Use Taxes	563.06	418.24	431.99
Income Tax, PPRT & Other Intergovernmental <sup>2</sup>	265.72	206.14	221.76
<b>Total Tax Revenue</b>	<b>1,944.53</b>	<b>1,468.90</b>	<b>1,553.99</b>
<b>Non-Tax Revenue</b>			
Licenses and Permits	110.16	86.33	96.42
Fines, Forfeitures and Penalties	330.62	241.77	241.86
Charges for Services	124.37	90.35	87.58
Municipal Parking	9.05	7.58	5.79
Leases, Rentals and Sales	23.03	7.37	5.53
Reimbursement, Interest & Other <sup>3</sup>	385.12	258.97	248.10
<b>Total Non-Tax Revenue</b>	<b>982.35</b>	<b>692.37</b>	<b>685.28</b>
<b>Proceeds and Transfers In<sup>4</sup></b>	<b>58.00</b>	<b>30.00</b>	<b>7.42</b>
<b>Total Revenue</b>	<b>2,984.88</b>	<b>2,191.27</b>	<b>2,246.69</b>
Appropriated Prior Year Fund Balance <sup>5</sup>	177.00	132.75	132.75
<b>Total Resources<sup>6</sup></b>	<b>\$3,161.88</b>	<b>\$2,324.02</b>	<b>\$2,379.44</b>

CORPORATE FUND - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
Salaries and Wages	\$2,243.25	\$1,682.44	\$1,649.97
Healthcare Benefits <sup>7</sup>	376.20	282.15	282.15
Worker's Compensation	59.90	42.76	49.04
Contractual Services	346.98	248.87	229.99
Commodities and Materials	23.36	16.79	16.28
Utilities	11.62	7.24	8.17
Motor Fuel	25.80	19.66	17.46
Claims, Refunds, Judgments, and Legal Fees	26.40	26.41	26.40
Miscellaneous	32.52	16.78	17.60
Transfers Out <sup>8</sup>	15.85	11.89	11.89
<b>Total Expenditures<sup>6</sup></b>	<b>\$3,161.88</b>	<b>\$2,354.99</b>	<b>\$2,308.95</b>

<sup>2</sup> The majority of the City's PPRT revenue is used to pay pension contributions into the City's four pension funds. The City budgeted \$126.6 million in PPRT revenue to put towards its \$479.5 million in 2013 pension payments, and a remaining \$4.6 million in PPRT revenue in the corporate fund. No PPRT dollars actually flow into the City's corporate fund until PPRT revenues beyond \$126.6 million are received.

<sup>3</sup> This category of revenue includes the anticipated TIF surplus of \$6.7 million, which is not transferred to the corporate fund until later in the year and thus not included in the Q3 2013 Estimate, and reimbursements to the corporate fund from the City's enterprise and special revenue funds as well as other intergovernmental funds, which are allocated by quarter and included in the Q3 2013 Estimate.

<sup>4</sup> This category of revenue includes proceeds from certain financing transactions and interest earned on the City's asset lease reserve funds, which are allocated by quarter and included in the Q3 2013 Estimate.

<sup>5</sup> The appropriated prior year fund balance is the surplus or deficit from the prior budget year that is included in the current year's budget. Three-quarters of the appropriated fund balance is considered revenue for the first three quarters of the year for the purposes of this report.

<sup>6</sup> The total 2013 corporate fund budget under the originally enacted annual appropriation ordinance was \$3,158.56 million. The annual appropriation ordinance was amended in February to provide additional funding in the amount of \$1.25 million to Austin Polytechnical Academy for investment in advanced manufacturing education programs and further amended in June to provide funding in the amount of \$2.08 million to the Chicago Public Schools for summer employment programs, increasing the total corporate fund budget for the year to \$3,161.88 million.

<sup>7</sup> The City's healthcare expenditures are paid on a Citywide basis and later adjusted for employee contributions and allocated among City funds. Due to the timing of healthcare payments, actual healthcare expenditures are not available at this point in the year. As a result, the Q3 2013 Budget and the Q3 2013 Estimate for healthcare expenditures are set at 75 percent of the full-year budget for these expenses.

<sup>8</sup> Transfers out consist of reimbursements and transfers from the corporate fund to other City funds for operating expenses, which are allocated by quarter and included in the Q3 2013 Estimate.

CORPORATE FUND CONTINUED

line with budgeted expectations, while revenue from the sale, rental, and lease of City-owned property was below budget through the third quarter but is expected to pick up during the fourth quarter based on current inventory.

Other non-tax revenues came in below budget through the first three quarters of the year due in part to the decision not to pursue certain financing transactions as well as losses in federal grant reimbursements and bond subsidies related to the sequestration.

CORPORATE FUND EXPENDITURES

Corporate fund expenditures through the third quarter of the year were just over 73 percent of total 2013 budgeted expenditures for the fund. Salary and wage expenditures, which represent the large majority of total corporate fund expenditures, ended the quarter at just under 74 percent of budgeted salary and wage costs for the year.

The City's expenditures for contractual services were slightly below budgeted expectations for the third quarter. This is due in part to the timing of the implementation of automated speed enforcement and the roll out of citywide recycling, with expenses increasing later in the year as more neighborhoods are served. Contractual services expenditures through the second quarter were \$230.0 million, or 66 percent of the full-year corporate fund budget for such costs.

Corporate fund utility expenses came in at 70 percent of the full-year budget through September, just over seasonal budgeted expectations. The colder weather increased natural gas needs at the same time as natural gas prices were rebounding after hitting all-time lows in 2012, increasing the City's costs for heating. Motor fuel expenses ended the third quarter slightly below budgeted expectations.

The corporate fund budget for claim and judgment-related expenditures was spent prior to the end of the third quarter. Each year, the City uses both corporate fund resources and bond proceeds to pay for expenses incurred in connection with claims and judgments against the City, and certain expenses in excess of the amount budgeted on the corporate fund are paid with bond proceeds. Workers' compensation-related expenses also exceeded the third quarter allocation for these costs.

Commodities and materials expenditures for the first three quarters of the year were at 70 percent of the full-year budget for such expenses. These expenses include cleaning and office supplies, as well as certain vehicle and equipment part purchases. Miscellaneous expenses, which include matching funds for grants received by the City, certain direct aid program costs, and local transportation and travel costs, were just over budgeted expectations for the third quarter but are expected to finish the year within the allocated budget.

VEHICLE TAX FUND

On average, 90 percent of City vehicle stickers are purchased during the second and third quarters of the year, and total 2013 vehicle sticker sales were up 4 percent over 2012 through the end of the third quarter, reflecting the recent uptick in vehicle sales seen both in Illinois and nationwide. Revenues from towing-related fees and fines were slightly below budget due to a lower than anticipated number of vehicle impoundments, while pavement cut fee revenues were above budget due to an increased number of construction projects, including infrastructure improvements by Peoples Gas.

Vehicle tax fund expenditures through the end of the third quarter were at 79 percent of total 2013 budgeted expenditures for this fund. Like the corporate fund, expenditures from this fund are driven largely by personnel costs. Salary and wage expenses on this fund appear high for the third quarter of the year; however, a portion of these expenses were for employees working on capital projects and will be reimbursed with capital funding prior to year-end. Also similar to the corporate fund, worker's compensation costs for this fund were higher than expected through the third quarter.

The vehicle tax fund's contractual services budget spent at a slightly higher rate than budgeted through the third quarter, but a portion of this will be reimbursed from other funds prior to year-end. Third quarter commodities and materials, motor fuel, and other miscellaneous expenditures were approximately in line with budgeted expectations.



## SPECIAL REVENUE FUNDS

### MOTOR FUEL TAX FUND

Revenue from motor fuel taxes was 1 percent below the same-period in 2012 but in line with budgeted expectations through the third quarter of 2013. Low first and second quarter revenues were attributed to high gasoline prices in the Chicago area, which tend to reduce driving, as well as the impact of changing consumer habits and conservation efforts. The return to budgeted levels in the third quarter reflects stabilizing, though still relatively high, gasoline prices in the city. The 'other revenue' category consists of anticipated funding from the State's Illinois Jobs Now! Program, which will not be received until later in the year.

Third quarter expenditures for the motor fuel tax fund, which supports snow removal and street maintenance, were slightly below budget at 63 percent of full-year budgeted expenses. The relatively low third quarter expenditures are attributable in part to the timing of both street light electricity payments and salt purchases. Because salt can be stored and used as needed, the timing of purchases does not necessarily align with weather patterns. For example, while snow removal expenses for the first half of 2013 were greater than for the same months in 2012, salt expenditures in 2013 were significantly lower than in 2012, as stored salt was utilized. Additional salt purchases are made later in the year based on needs.

In general, low third quarter expenditures are not predictive of the full fiscal year for this fund; the volatility of Chicago weather makes this fund's expenditures inherently difficult to forecast - snow or other weather events may necessitate greater spending in the fourth quarter.

Debt service on motor fuel tax revenue bonds, the proceeds of which fund the construction of road-related improvements, is paid out of this fund throughout the year in line with budgeted amounts, with approximately 73 percent of these costs paid through the end of the third quarter.

### SPECIAL EVENTS & HOTEL TAX FUND

Hotel operator's occupation tax revenue surpassed third quarter expectations as tourism continued to grow and hotel revenue per available room in Chicago increased by 6 percent over the same period in 2012 following a year-over-year increase of 10 percent from 2011 to 2012. Recreation fee revenues through the end of September were slightly above budgeted expectations, reflecting the success of the Taste of Chicago and other City festivals.

Expenditures for the first three quarters of the year were in line with seasonal expectations. Overall spending from this fund was at 74 percent of the full-year budget; however, event-related expenses hit approximately 85 percent of the full-year budget by the end of the third quarter, as most of the major City-run events and festivals take place in the late-summer and fall months. Contractual services expenditures on this fund were relatively low through the third quarter, due in part to the timing of payments to Choose Chicago, the nonprofit organization launched in 2012 and focused on attracting visitors to Chicago and elevating the city's cultural community.

### LIBRARY FUND

Revenue to the City's library fund does not generally fluctuate significantly from budgeted levels, as the majority of this revenue comes from the City's property tax levy and a subsidy from the City's corporate fund. However, revenue from library fines and facility rentals were slightly lower than anticipated through the end of the third quarter.

Expenditures from the library fund were just under the third quarter budget, at 68 percent of total 2013 budgeted expenditures for this fund. Salary and wage expenditures for this fund were relatively low through the third quarter but will likely be impacted by continued hiring of library staff during the remainder of the year. Trends in spending for most other categories of expenses mirrored those for the corporate fund for the same period.

SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - REVENUE \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
<b>Vehicle Tax Fund</b>			
Vehicle Sticker Tax	\$116.59	\$111.34	\$114.81
Impoundment, Pavement Cut & Other Fees	20.33	15.25	19.24
Other Revenue & Reimbursements	19.84	2.98	2.35
<b>Total Revenue</b>	<b>156.76</b>	<b>129.57</b>	<b>136.40</b>
Appropriated Prior Year Fund Balance <sup>7</sup>	12.97	9.72	9.72
<b>Total Resources</b>	<b>\$169.73</b>	<b>\$139.29</b>	<b>\$146.12</b>
<b>Motor Fuel Tax Fund</b>			
Motor Fuel Tax	\$63.70	\$47.67	\$48.24
Interest & Other Revenue	6.00	0.00	0.00
<b>Total Revenue</b>	<b>69.70</b>	<b>47.67</b>	<b>48.24</b>
Appropriated Prior Year Fund Balance <sup>7</sup>	2.02	1.51	1.51
<b>Total Resources</b>	<b>\$71.72</b>	<b>\$49.18</b>	<b>\$49.75</b>
<b>Special Events &amp; Hotel Tax Fund</b>			
Hotel Operator's Occupation Tax	\$19.20	\$14.08	\$15.15
Recreation Fees, Rental & Other Charges	10.60	10.10	10.39
Other Revenue	6.50	0.00	0.00
<b>Total Revenue</b>	<b>36.30</b>	<b>24.18</b>	<b>25.54</b>
Appropriated Prior Year Fund Balance <sup>7</sup>	2.91	2.18	2.18
<b>Total Resources</b>	<b>\$39.21</b>	<b>\$26.36</b>	<b>\$27.72</b>
<b>Library Fund<sup>8</sup></b>			
Property Tax Levy	\$72.26	\$54.19	\$54.19
Corporate Fund Subsidy	10.82	0.00	0.00
Rental, Fines & Other Revenue	3.98	2.82	2.21
<b>Total Revenue</b>	<b>87.06</b>	<b>57.01</b>	<b>56.40</b>
Appropriated Prior Year Fund Balance <sup>7</sup>	2.91	2.18	2.18
<b>Total Resources</b>	<b>\$89.97</b>	<b>\$59.19</b>	<b>\$58.58</b>

<sup>7</sup>The appropriated prior year fund balance is the surplus or deficit from the prior budget year that is included the current year's budget. Three-quarters of the appropriated fund balance is considered revenue for the first three quarters of the year for the purposes of this report.

<sup>8</sup>Revenues from the property tax levy and the corporate fund subsidy are not actually transferred into the library funds until later in the year; however, because these amounts will not fluctuate from budgeted levels, three-quarters of the total is considered revenue for the first three quarters of the year for the purposes of this report.



SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
<b>Vehicle Tax Fund</b>			
Salaries and Wages	\$77.61	\$65.41	\$71.04
Healthcare Benefits <sup>9</sup>	17.58	13.18	13.18
Worker's Compensation	7.50	5.33	7.39
Contractual Services	27.61	15.69	17.08
Commodities and Materials	3.56	2.21	1.97
Utilities	6.96	2.61	3.43
Motor Fuel	2.72	2.08	1.84
Claims, Refunds, Judgments, and Legal Fees	1.65	1.34	1.18
Miscellaneous	2.40	0.49	0.71
Transfers Out <sup>10</sup>	22.14	16.60	16.60
<b>Total Expenditures</b>	<b>\$169.73</b>	<b>\$124.94</b>	<b>\$134.42</b>
<b>Motor Fuel Tax Fund<sup>11</sup></b>			
<b>Total Expenditures</b>	<b>\$71.72</b>	<b>\$53.23</b>	<b>\$44.99</b>
<b>Special Events &amp; Hotel Tax Fund</b>			
Special Events & Tourism Programming	\$18.37	\$15.01	\$15.68
Salaries and Wages	6.91	4.61	4.92
Healthcare Benefits <sup>9</sup>	1.03	0.77	0.77
Worker's Compensation	0.01	0.00	0.00
Contractual Services	9.58	7.15	4.94
Commodities and Materials	0.10	0.06	0.04
Miscellaneous	0.69	0.17	0.60
Transfers Out <sup>10</sup>	2.52	1.89	1.89
<b>Total Expenditures</b>	<b>\$39.21</b>	<b>\$29.66</b>	<b>\$28.83</b>
<b>Library Fund</b>			
Salaries and Wages	\$51.10	\$38.32	\$35.89
Healthcare Benefits <sup>9</sup>	11.67	8.75	8.75
Worker's Compensation	0.42	0.30	0.43
Contractual Services	19.16	14.29	12.87
Commodities and Materials	1.27	0.39	0.69
Utilities	3.53	1.81	2.09
Miscellaneous	2.66	0.35	0.11
Transfers Out <sup>10</sup>	0.16	0.12	0.12
<b>Total Expenditures</b>	<b>\$89.97</b>	<b>\$64.33</b>	<b>\$60.95</b>

<sup>9</sup> The City's healthcare expenditures are paid on a Citywide basis and later adjusted for employee contributions and allocated among City funds. Due to the timing of healthcare payments, actual healthcare expenditures are not available at this point in the year. As a result, the Q3 2013 Budget and the Q3 2013 Estimate for healthcare expenditures are set at 75 percent of the full-year budget for these expenses.

<sup>10</sup> Transfers out consist of reimbursements to the corporate fund for central services such as streets and sanitation, fleet and facility maintenance, and payments to the City's pension funds for the pensions of employees on these funds, which are allocated by quarter and included in the Q3 2013 Estimate.

<sup>11</sup> Expenditures for this fund cannot be categorized like those for other funds. This fund supports street lighting electricity, street and traffic light maintenance, bridge and pavement maintenance, and snow removal. In addition, a portion of these funds is transferred to the CTA to support the City's transportation system. Debt service payments on motor fuel tax revenue bonds, the proceeds of which fund the construction of road-related improvements, are made from this fund throughout the year in line with budgeted amounts.

## ENTERPRISE FUNDS

### WATER AND SEWER FUNDS

Water and sewer fund revenue estimates, which are adjusted to reflect anticipated collection rates, finished the third quarter slightly below budgeted expectations. The third quarter budget reflects seasonality in usage, with water consumption typically increasing in the second and third quarters; however, the mild summer weather led to lower than normal usage during those months.

Water and sewer fund expenditures were generally in line with budgeted expectations through the third quarter, with spending reflecting the timing of repair, maintenance, and improvements to the City's water and sewer systems. Debt service on water and sewer revenue bonds is paid semi-annually, in the second and fourth quarters. Proceeds from water and sewer revenue bonds fund improvements to the City's water and sewer infrastructure, including the repair of water pipes and sewer lines and the modernization of Chicago's major filtration plants.

### AVIATION FUNDS

The Midway and O'Hare Airport funds operate like commercial enterprises, in that each derives its revenue from charges and associated user fees, which are aligned with fund expenditures. Accordingly, revenue estimates through the third quarter were adjusted to mirror expenditures through the third quarter, accounting for debt service payments that will be made later in the year.

Expenditures for the Midway and O'Hare Airport funds were at 51 and 52 percent of budgeted expenditures for the year, respectively, in line with historical spending patterns for these funds and reflecting the timing of debt service payments on airport revenue bonds, the proceeds of which fund improvements at the city's two international airports.

ENTERPRISE FUNDS - REVENUE \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
<b>Water Fund</b>			
Total Revenue	\$632.91	\$483.05	\$465.53
<b>Sewer Fund</b>			
Total Revenue	\$280.19	\$209.71	\$204.00
<b>O'Hare Fund</b>			
Total Revenue	\$964.81	\$494.29	\$499.26
<b>Midway Fund</b>			
Total Revenue	\$229.98	\$117.97	\$117.50

ENTERPRISE FUNDS - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
<b>Water Fund</b>			
Salaries and Wages	\$139.05	\$100.55	\$99.06
Healthcare Benefits <sup>12</sup>	23.87	17.90	17.90
Worker's Compensation	10.03	8.14	7.26
Contractual Services	47.81	33.47	32.04
Commodities and Materials	29.73	17.72	19.96
Utilities	38.92	20.41	20.62
Motor Fuel	2.75	2.09	2.21
Claims, Refunds, Judgments, and Legal Fees	1.51	1.18	1.24
Miscellaneous	6.19	3.33	3.60
Capital and Financing Costs <sup>13</sup>	248.40	99.82	99.82
Transfers Out <sup>14</sup>	84.65	63.49	63.49
<b>Total Expenditures</b>	<b>\$632.91</b>	<b>\$368.10</b>	<b>\$367.21</b>

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ENTERPRISE FUNDS CONTINUED

ENTERPRISE FUND - EXPENDITURES \$ MILLIONS	2013 BUDGET	Q3 2013 BUDGET	Q3 2013 ESTIMATES
<b>Sewer Fund</b>			
Salaries and Wages	\$52.20	\$33.68	\$32.56
Healthcare Benefits <sup>12</sup>	7.79	5.84	5.84
Worker's Compensation	4.35	4.63	3.94
Contractual Services	8.99	6.10	5.93
Commodities and Materials	6.13	6.02	4.47
Utilities	0.14	0.07	0.11
Motor Fuel	1.43	1.09	1.15
Claims, Refunds, Judgments, and Legal Fees	1.09	0.53	0.48
Miscellaneous	0.64	0.15	0.15
Capital and Financing Costs <sup>13</sup>	141.11	58.75	58.75
Transfers Out <sup>14</sup>	56.32	42.24	42.24
<b>Total Expenditures</b>	<b>\$280.19</b>	<b>\$159.10</b>	<b>\$155.62</b>
<b>O'Hare Fund</b>			
Salaries and Wages	\$145.38	\$101.01	\$100.42
Healthcare Benefits <sup>12</sup>	26.09	19.56	19.56
Worker's Compensation <sup>15</sup>	12.80	7.11	8.21
Contractual Services	224.80	153.86	154.99
Commodities and Materials	19.27	9.17	8.27
Utilities	24.35	10.70	15.79
Motor Fuel	2.66	1.31	1.52
Miscellaneous	13.18	1.66	0.61
Financing Costs <sup>13</sup>	457.51	160.81	160.81
Transfers Out <sup>14</sup>	38.77	29.08	29.08
<b>Total Expenditures</b>	<b>\$964.81</b>	<b>\$494.29</b>	<b>\$499.26</b>
<b>Midway Fund</b>			
Salaries and Wages	\$29.97	\$20.28	\$21.10
Healthcare Benefits <sup>12</sup>	5.04	3.78	3.78
Worker's Compensation <sup>15</sup>	2.54	1.32	1.44
Contractual Services	72.78	46.35	45.09
Commodities and Materials	3.55	0.91	1.15
Utilities	6.37	4.12	3.77
Motor Fuel	0.72	0.44	0.39
Miscellaneous	2.11	0.39	0.40
Financing Costs <sup>13</sup>	94.61	31.16	31.16
Transfers Out <sup>14</sup>	12.29	9.22	9.22
<b>Total Expenditures</b>	<b>\$229.98</b>	<b>\$117.97</b>	<b>\$117.50</b>

<sup>12</sup> The City's healthcare expenditures are paid on a Citywide basis and later adjusted for employee contributions and allocated among City funds. Due to the timing of healthcare payments, actual healthcare expenditures are not available at this point in the year. As a result, the Q3 2013 Budget and the Q3 2013 Estimate for healthcare expenditures are set at 75 percent of the full-year budget for these expenses.

<sup>13</sup> Capital and financing costs include debt service payments made in connection with capital improvement projects. For the water and sewer funds, these costs also include paygo funding for capital improvement projects, which is spent throughout the year as capital projects proceed.

<sup>14</sup> Transfers out consist of reimbursements to the corporate fund for central services such as police, emergency management, streets and sanitation, and fleet and facility maintenance; payments to the City's pension funds for the pensions of employees on these funds; and transfers into the water and sewer rate stabilization funds, all of which are allocated by quarter and included in the Q3 2013 Estimate.

<sup>15</sup> Worker's compensation expenditures for these funds reflect the airports' contracts for worker's compensation management, under which contract costs are incurred at the start of the year; these costs are not indicative of actual medical or other worker's compensation costs incurred.

## BUDGET INITIATIVES

### BUDGET INITIATIVE UPDATE

Following are highlights of just a few of the important initiatives that are a part of the City's 2013 budget. This snapshot illustrates the City's commitment to delivering taxpayers better and more efficient service.

#### *Increased Tree Trimming and EAB Protection*

As of the start of December, the Chicago Department of Streets and Sanitation (DSS) had increased by more than 25 percent the number of tree trimming service requests completed, and had surpassed its 2013 goal for the number of ash trees treated to protect from the emerald ash borer.

Additional resources dedicated to tree-trimming in 2013, together with the continued improvement of the flexible grid-based and 'blitz' approach to tree-trimming that was instituted in 2012, enabled the City to complete almost 7,500 more tree trims through November of 2013 than during the same period in 2012. DSS's 'blitz' teams respond to the areas of the city with the most requests for service, while additional crews trim in grids, with special attention to emergency situations, public way obstructions, and Safe Passage routes. This approach ensures that the areas with the highest and most urgent needs are addressed, while at the same time working to deliver efficient and effective baseline service.

In order to protect Chicago's parks and greenways from the invasive emerald ash borer, DSS hired and trained workers to implement a multi-year plan to treat and assess the health of the city's ash tree population. There are approximately 85,000 ash trees on City parkways throughout Chicago, and the emerald ash borer is deadly to this native species of tree. As of the end of November, crews had treated almost 37,500 trees, surpassing the 2013 goal of 35,000 trees.

#### *Teacher in the Libraries Expands to All Branches*

During October of 2013, the Teacher in the Library program was expanded to all 80 Chicago Public Library (CPL) branches. This program, in combination with the innovative online tutoring program Brainfuse, provides the largest and most comprehensive homework assistance network in the country.

Teacher in the Library focuses on helping students with assigned homework and reinforcing concepts from the classroom. The program is privately funded through gifts to the Chicago Public Library Foundation, and CPL has also partnered with local universities that offer teacher certification and other higher education programs to identify volunteers to provide afterschool homework help in the libraries at no cost to the City. In the 2012-2013 school year, more than 64,000 homework help sessions were provided, and the City expects to increase the number of students served during the 2013-2014 school year.

Brainfuse offers one-on-one online tutoring seven days per week from 2 PM to 11 PM in math, science, social sciences, English, language arts, and computer literacy, as well as test preparation tools for college entrance exams and assistance with productivity software applications.

#### *Improving Access to Healthy Food*

The restructuring of the City's food assistance programs in 2013 greatly expanded the network of locations for food pick-up, increased the variety of foods available, and enabled the City to serve a greater number of families in need.

A new partnership with the Greater Chicago Food Depository increased the City's food distribution network from six community centers to 100 food pantries located throughout Chicago, with more flexible weekend and evening hours. As of the end of October, this partnership resulted in a more than 35 percent increase over the same period in 2012 in the number of pounds of food served through these programs.

In addition to greater volumes of food, the quality and variety of food provided has improved – increased amounts of fresh produce, meat, and dairy products are now offered together with non-perishable staples.



CITY OF CHICAGO  
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