



CITY OF CHICAGO

QUARTERLY
BUDGET REPORT

4TH QUARTER 2013

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INTRODUCTION

CONTENT AND PURPOSE

This quarterly report presents an overview of the City’s operating revenues and expenditures through the fourth 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 [2014 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.¹ Information on those areas can be found in the 2014 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.

With respect to revenues: The “2013 YE 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 end of the fourth 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 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.

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 that reflect historical patterns, seasonality, and other known factors. These projections can be found in the City’s quarterly budget reports for the first three quarters of the year and provide background information and additional detail regarding the trends and changes that impacted revenues during 2013.

With respect to expenditures: The “2013 YE Estimates” for expenditures in this report are extracted directly from the City’s financial management system, and adjustments are made to account for certain known payments, reimbursements, or transfers between City departments and funds that have not yet been processed in the system at the time of publication. It represents a snapshot of City expenditures at a certain point in time and does not reflect final adjustments made to prepare the City’s CAFR.

The City monitors its expenditures in comparison to historical spending patterns on a quarterly basis. Additional information on the seasonality of and factors affecting the City’s expenses during 2013 can be found in the City’s quarterly budget reports for the first three quarters of the year.

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¹ 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 are included in the overall budgets of these self-supporting funds.

CORPORATE FUND

SUMMARY OF LOCAL FUNDS

The City's corporate and special revenue fund revenues generally outperformed budgeted expectations in 2013, as economically sensitive revenues exceeded projections of growth, offsetting losses in certain non-tax revenues. Total 2013 expenditures for the City's corporate and special revenue funds are estimated at 99 percent of budgeted levels, reflecting savings in contractual costs, as well as other reductions and efficiencies. The City's enterprise funds finished 2013 at an estimated 94 percent of the full-year budget for these funds, reflecting both lower than budgeted financing costs and the impact of the weather on water usage in the city. 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 at the end of the fourth quarter, 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 fourth quarter were almost 3 percent above budgeted expectations. This growth was due largely to the increase in both natural gas usage with the colder than normal fall and winter, and natural gas prices, which were up more than 30 percent over 2012. Electricity tax revenues, however, came in slightly below budgeted expectations as the cool summer led to decreased usage for air conditioning; and telecommunications tax revenues continued to decrease as more consumers choose to have only wireless services and federal law exempts most wireless data services from taxation.

Transportation tax revenues, which include garage, vehicle fuel, and ground transportation taxes, finished the fourth quarter in line with the full-year budget, with a slight decline in vehicle fuel tax revenues offset by growth in ground transportation tax revenues attributable to increased enforcement efforts on taxi services to and from the airports.

The City's economically sensitive revenues continued to exceed budgeted expectations in the fourth quarter, consistent with trends seen throughout the year. Real

property transfer tax revenues finished the fourth quarter 47 percent above budget and 36 percent over 2012, driven by growth in both the commercial and residential markets. Strong December activity took existing home sales in the Chicago area up 15 percent from 2012 in 2013, and median home prices were up from 2012 levels in every month of 2013, reaching 17 percent above 2012 prices through December.

Sales tax and personal property lease tax revenues also exceeded budgeted expectations as the Consumer Sentiment Index rose to its highest level in the past five years. Retail sales ended the year 4 percent over 2012, taking the City's sales tax revenues almost 4 percent above budget. Lease tax revenues came in 13 percent above budgeted expectations, impacted by both increasing consumer confidence and effective City enforcement efforts.

Income tax revenues finished the year 8 percent above budget, due in part to the receipt of 13 monthly income tax distributions from the State in 2013 as the State catches up from delayed payments in prior years. Income tax revenues were also impacted by strong corporate profits and 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 2 percent above budgeted expectations through the end of the fourth quarter, as both occupancy and room prices at local hotels continued to grow in 2013.

Amusement tax revenues finished 2013 approximately 10 percent above budget, impacted by the Blackhawks' Stanley Cup championship, ticket price increases by both the Bulls and the Blackhawks, and strong Broadway in Chicago ticket sales. While amusement tax revenues improved, overall recreation tax revenues were affected by lower than anticipated liquor and non-alcoholic beverage tax revenues, which may be attributed in part to the colder than normal weather throughout the year.

Business license and building permit-related revenues came in above budgeted expectations for the year, led by increased building permit revenue in line with growth in the housing industry. Collections from fines, forfeitures, and penalties were below budgeted expectations, due in

CORPORATE FUND - REVENUE \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Tax Revenue		
Utility Taxes and Fees	\$444.22	\$456.85
Transaction Taxes	225.00	286.15
Transportation Taxes	180.60	180.87
Recreation Taxes	162.74	169.13
Business Taxes	103.19	105.71
Sales and Use Taxes	563.06	583.68
Income Tax, PPRT & Other Intergovernmental ²	265.72	314.75
Total Tax Revenue	1,944.53	2,097.14
Non-Tax Revenue		
Licenses and Permits	110.16	123.63
Fines, Forfeitures and Penalties	330.62	308.61
Charges for Services	124.37	119.65
Municipal Parking	9.05	6.43
Leases, Rentals and Sales	23.03	19.01
Reimbursement, Interest & Other ³	385.12	363.33
Total Non-Tax Revenue	982.35	940.66
Proceeds and Transfers In⁴	58.00	21.49
Total Revenue	2,984.88	3,059.29
Appropriated Prior Year Fund Balance ⁵	177.00	177.00
Total Resources⁶	\$3,161.88	\$3,236.29

CORPORATE FUND - EXPENDITURES \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Salaries and Wages	\$2,243.25	\$2,241.33
Healthcare Benefits ⁷	376.20	366.20
Worker's Compensation	59.90	65.13
Contractual Services	346.98	313.97
Commodities and Materials	23.36	21.98
Utilities	11.62	11.61
Motor Fuel	25.80	25.75
Claims, Refunds, Judgments, and Legal Fees	26.40	56.40
Miscellaneous	32.52	28.74
Transfers Out ⁸	15.85	12.03
Total Expenditures⁶	\$3,161.88	\$3,143.14

² 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 2013 pension payments of \$479.5 million, and PPRT revenue beyond that amount flows into the City's corporate fund.

³ This category of revenue includes the anticipated TIF surplus of \$6.7 million and reimbursements to the corporate fund from the City's enterprise and special revenue funds as well as other intergovernmental funds.

⁴ This category of revenue includes proceeds from certain financing transactions and interest earned on the City's asset lease reserve funds.

⁵ The appropriated prior year fund balance is the surplus or deficit from the prior budget year that is included the current year's budget.

⁶ 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 2013 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 2013 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.

⁷ The City's healthcare expenditures are paid on a Citywide basis and are adjusted for employee contributions and allocated among City funds following year-end. As a result, the 2013 YE Estimate for healthcare expenditures is based on Citywide expenditures through the end of the year, with estimated adjustments to account for anticipated employee contributions and distribution among funds. These estimates are subject to change as the City finalizes its year-end accounting.

⁸ Transfers out consist of reimbursements and transfers from the corporate fund to other City funds for operating expenses.

CORPORATE FUND CONTINUED

part to the delay in the full implementation of automated speed enforcement in select locations near parks and schools throughout the city. Other non-tax revenues came in below budget for the year, attributable in part to losses in federal grant reimbursements and bond subsidies related to the sequestration.

CORPORATE FUND EXPENDITURES

Total estimated corporate fund expenditures through the end of 2013 came in just over 99 percent of total 2013 budgeted expenditures. Overall salary and wage expenditures, which represent the large majority of total corporate fund expenses, ended the year at budget, with public safety overtime expenses above budget due in part to the decision to increase police hours on the streets offset by savings in regular salary and wage costs. Year-end estimates for 2013 corporate fund healthcare expenditures are at 97 percent of the full-year budget, including the cost of both current employee and retiree benefits.

Contractual services expenditures finished the year at approximately \$314 million, or 90 percent of the budget for such costs. Lower spending on the rental of equipment, IT services and systems, facilities maintenance, and other professional services contributed to these savings. Commodities and materials expenditures came in almost exactly even with 2012, at 94 percent of the 2013 budget for these expenses, with reduced spending on cleaning and office supplies as well as other parts and materials.

The City's 2013 corporate fund utility costs were even with the full-year budget for these energy-driven costs, reflecting the year's cool summer and reduced air conditioning costs offset by increased heating expenses with the cold winter and higher natural gas prices. The City's motor fuel expenditures finished 2013 at almost 100 percent of budget for the year, as gasoline prices held in line with budgeted expectations.

The entire corporate fund budget for claim and judgment-related expenditures was spent prior to the end of the year. 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 expenses in excess of the amount paid from the corporate fund are paid with bond proceeds. Workers' compensation-related expenses also exceeded the budgeted allocation for such costs in 2013.

Miscellaneous expenses, which include matching funds for grants received by the City, certain direct aid program costs, and local transportation and travel costs, finished the year slightly below budget. Transfers out from the corporate fund are below budget due to a lower than budgeted transfer to the library fund, reflecting savings on that fund throughout the year that reduced the size of the subsidy necessary to support the Chicago Public Library system.

VEHICLE TAX FUND

Total revenue from 2013 vehicle sticker sales was up 3 percent over 2012, reflecting an increase in vehicle sales seen both locally 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 in part to an increased number of infrastructure projects by local utilities.

Vehicle tax fund expenditures through the end of the year were just over 98 percent of the budget for 2013. Like the corporate fund, expenditures from this fund are driven largely by personnel costs, and salary and wage expenses on this fund finished 2013 at 99.5 percent of the full-year budget.

Vehicle tax fund spending on contractual services, commodities and materials, utilities, and motor fuel, were approximately in line with budgeted expectations for the year, following patterns similar to those seen in the corporate fund. Workers' compensation costs for the vehicle tax fund surpassed the 2013 budget for such costs.

SPECIAL REVENUE FUNDS

MOTOR FUEL TAX FUND

Revenue from motor fuel taxes finished the year 2 percent above budgeted expectations for 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 and fourth quarter reflects stabilizing, though still relatively high, gasoline prices in the city. The City received its full allotment of funding from the State's Illinois Jobs Now! Program for 2013, which is accounted for in the 'other revenue' category.

2013 expenditures for the motor fuel tax fund, which supports snow removal, street maintenance, and certain related expenses such as street light electricity, were at 99 percent of the full-year budget for the fund. While motor fuel tax fund spending was relatively low through the third quarter, the timing of both street light electricity payments and salt purchases, as well as December snowfalls, brought spending from this fund up to budgeted levels by year-end.

Most expenditures from this fund are highly seasonal and can vary significantly from year to year due to the volatility of Chicago weather. Snow removal expenses hit in the first and fourth quarter of the year, while street repair and maintenance expenses on this fund pick up in the second and third quarters, in line with increased activity. Any surplus on this fund at the close of 2013 will be carried forward to cover the cost of future snow events and street repair needs.

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 the final payments made at year-end.

SPECIAL EVENTS & HOTEL TAX FUND

The City's hotel operator's occupation tax revenue surpassed budgeted expectations as tourism continued to grow and hotel revenue per available room in Chicago increased by 2 percent over 2012 following a year-over-year increase of 10 percent from 2011 in 2012. Recreation fee revenues were also strong in 2013, reflecting the success of the

Taste of Chicago and other City festivals. Ticket sales for the Taste of Chicago were up approximately \$1.3 million from 2012. Revenue from rental fees at Millennium Park and the Chicago Cultural Center were also above budget.

Expenditures from this fund finished the year at 96 percent of the full-year budget. Much of the budget for special event-related activities is spent during the mid- and late-summer months when many of the major City-run events and festivals occur, and these event-related expenses were in line with budgeted expectations for the year. The special events and hotel tax fund budget also includes City support for Choose Chicago, the non-profit 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, the corporate fund subsidy is adjusted at year-end to match the needs of the library fund for the year, and below-budget library fund expenses allowed for the 2013 corporate fund subsidy to be reduced to \$7 million. Revenue from facility rentals was slightly lower than in 2012, due in part to the renovation of the Winter Garden Ballroom at the Harold Washington Library, which made this space unavailable for rental.

Expenditures from the library fund finished the year at approximately 92 percent of total 2013 budgeted expenditures for this fund. Trends in spending for most categories of expenses mirrored those seen in the corporate fund for 2013.

SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - REVENUE \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Vehicle Tax Fund		
Vehicle Sticker Tax	\$116.59	\$119.74
Impoundment, Pavement Cut & Other Fees	20.33	24.81
Other Revenue & Reimbursements	19.84	16.97
Total Revenue	156.76	161.52
Appropriated Prior Year Fund Balance ⁹	12.97	12.97
Total Resources	\$169.73	\$174.49
Motor Fuel Tax Fund		
Motor Fuel Tax	\$63.70	\$65.26
Interest & Other Revenue	6.00	12.58
Total Revenue	69.70	77.84
Appropriated Prior Year Fund Balance ⁹	2.02	2.02
Total Resources	\$71.72	\$79.86
Special Events & Hotel Tax Fund		
Hotel Operator's Occupation Tax	\$19.20	\$20.13
Recreation Fees, Rental & Other Charges	10.60	12.46
Other Revenue	6.50	6.50
Total Revenue	36.30	39.09
Appropriated Prior Year Fund Balance ⁹	2.91	2.91
Total Resources	\$39.21	\$42.00
Library Fund		
Property Tax Levy	\$72.26	\$72.26
Corporate Fund Subsidy	10.82	7.00
Rental, Fines & Other Revenue	3.98	3.74
Total Revenue	87.06	83.00
Appropriated Prior Year Fund Balance ⁹	2.91	2.91
Total Resources	\$89.97	\$85.91

⁹The appropriated prior year fund balance is the surplus or deficit from the prior budget year that is included the current year's budget.

SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - EXPENDITURES \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Vehicle Tax Fund		
Salaries and Wages	\$77.61	\$77.24
Healthcare Benefits ¹⁰	17.58	17.11
Worker's Compensation	7.50	9.31
Contractual Services	27.61	25.19
Commodities and Materials	3.56	3.13
Utilities	6.96	6.89
Motor Fuel	2.72	2.72
Claims, Refunds, Judgments, and Legal Fees	1.65	1.47
Miscellaneous	2.40	1.87
Transfers Out ¹¹	22.14	22.14
Total Expenditures	\$169.73	\$167.07
Motor Fuel Tax Fund¹²		
Total Expenditures	\$71.72	\$70.92
Special Events & Hotel Tax Fund		
Special Events & Tourism Programming	\$18.37	\$18.33
Salaries and Wages	6.91	6.59
Healthcare Benefits ¹⁰	1.03	1.01
Worker's Compensation	0.01	0.00
Contractual Services	9.58	8.51
Commodities and Materials	0.10	0.08
Miscellaneous	0.69	0.66
Transfers Out ¹¹	2.52	2.52
Total Expenditures	\$39.21	\$37.70
Library Fund		
Salaries and Wages	\$51.10	\$48.56
Healthcare Benefits ¹⁰	11.67	11.36
Worker's Compensation	0.42	0.53
Contractual Services	19.16	17.20
Commodities and Materials	1.27	1.14
Utilities	3.53	3.53
Miscellaneous	2.66	0.10
Transfers Out ¹¹	0.16	0.16
Total Expenditures	\$89.97	\$82.58

¹⁰ The City's healthcare expenditures are paid on a Citywide basis and are adjusted for employee contributions and allocated among City funds following year-end. As a result, the 2013 YE Estimate for healthcare expenditures is based on Citywide expenditures through the end of the year, with estimated adjustments to account for anticipated employee contributions and distribution among funds. These estimates are subject to change as the City finalizes its year-end accounting.

¹¹ 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.

¹² 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 public transportation system.

ENTERPRISE FUNDS

WATER AND SEWER FUNDS

Water and sewer fund revenue estimates, which are adjusted to reflect anticipated collection rates, finished the year slightly below budgeted expectations, at 98 percent and 97 percent of full-year budget, respectively. This decline reflects the cooler than average second and third quarter weather and the early winter, which lead to lower than normal water consumption for the year.

Overall water and sewer fund expenditures for 2013 were just over 96 percent of budgeted amounts, due in part to lower than budgeted financing and capital costs. 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. Revenues beyond 2013 expenditures are programmed for the continued rehabilitation of the City's aging water and sewer systems in future years.

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 fourth quarter were adjusted to mirror expenditures through the fourth quarter, including debt service payments.

Expenditures for the Midway and O'Hare Airport funds were at 92 percent and 93 percent of budgeted expenditures for the year, respectively. Overall expenditures were below budget due largely to lower than anticipated financing and insurance costs, savings in personnel costs, and decisions made in coordination with the airlines regarding the timing of certain projects at the airports.

ENTERPRISE FUNDS - REVENUE \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Water Fund		
Total Revenue	\$632.91	\$620.68
Sewer Fund		
Total Revenue	\$280.19	\$271.51
O'Hare Fund		
Total Revenue	\$964.81	\$896.24
Midway Fund		
Total Revenue	\$229.98	\$211.26

ENTERPRISE FUNDS - EXPENDITURES \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Water Fund		
Salaries and Wages	\$139.05	\$139.91
Healthcare Benefits ¹³	23.87	23.23
Worker's Compensation	10.03	9.69
Contractual Services	47.81	43.22
Commodities and Materials	29.73	27.93
Utilities	38.92	34.69
Motor Fuel	2.75	3.17
Claims, Refunds, Judgments, and Legal Fees	1.51	1.47
Miscellaneous	6.19	5.34
Capital and Financing Costs ¹⁴	248.40	238.23
Transfers Out ¹⁵	84.65	84.65
Total Expenditures	\$632.91	\$611.53

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ENTERPRISE FUNDS CONTINUED

ENTERPRISE FUND - EXPENDITURES \$ MILLIONS	2013 BUDGET	2013 YE ESTIMATES
Sewer Fund		
Salaries and Wages	\$52.20	\$44.13
Healthcare Benefits ¹³	7.79	7.59
Worker's Compensation	4.35	5.18
Contractual Services	8.99	8.26
Commodities and Materials	6.13	5.79
Utilities	0.14	0.14
Motor Fuel	1.43	1.43
Claims, Refunds, Judgments, and Legal Fees	1.09	0.86
Miscellaneous	0.64	0.50
Capital and Financing Costs ¹⁴	141.11	136.38
Transfers Out ¹⁵	56.32	56.32
Total Expenditures	\$280.19	\$266.58
O'Hare Fund		
Salaries and Wages	\$145.38	\$134.44
Healthcare Benefits ¹³	26.09	25.39
Worker's Compensation ¹⁶	12.80	8.47
Contractual Services	224.79	199.84
Commodities and Materials	19.27	15.63
Utilities	24.35	23.59
Motor Fuel	2.66	2.46
Miscellaneous	13.19	1.96
Financing Costs ¹⁴	457.51	445.69
Transfers Out ¹⁵	38.77	38.77
Total Expenditures	\$964.81	\$896.24
Midway Fund		
Salaries and Wages	\$29.97	\$25.80
Healthcare Benefits ¹³	5.04	4.91
Worker's Compensation ¹⁶	2.54	1.48
Contractual Services	72.78	65.65
Commodities and Materials	3.55	2.95
Utilities	6.37	6.22
Motor Fuel	0.72	0.61
Miscellaneous	2.11	0.89
Financing Costs ¹⁴	94.61	90.46
Transfers Out ¹⁵	12.29	12.29
Total Expenditures	\$229.98	\$211.26

¹³ The City's healthcare expenditures are paid on a Citywide basis and are adjusted for employee contributions and allocated among City funds following year-end. As a result, the 2013 YE Estimate for healthcare expenditures is based on Citywide expenditures through the end of the year, with estimated adjustments to account for anticipated employee contributions and distribution among funds. These estimates are subject to change as the City finalizes its year-end accounting.

¹⁴ 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.

¹⁵ 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.

¹⁶ 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

2013 BUDGET INITIATIVE UPDATE

The 2013 budget built on the structural reforms and efficiencies put into place in the 2012 budget; made significant investments in the health, safety, and education of the children of Chicago; encouraged job creation and economic development; and continued to improve and increase City services. Following are updates on just a few of the important initiatives that were a part of the 2013 budget:

Increased Tree-Trimming and EAB Protection. Additional resources dedicated to tree-trimming in 2013, together with a flexible grid-based and ‘blitz’ approach, enabled the City to complete almost 40 percent more tree trims in 2013 than in 2012. The City also treated almost 37,500 trees, surpassing its goal of 35,000 trees, to protect Chicago’s greenways from the emerald ash borer.

Additional Graffiti Removal. By more efficiently and effectively deploying its 12 blast crews and 11 paint crews, the City completed almost 137,500 graffiti removal jobs in 2013, a more than 25 percent increase over 2012.

Expansion of Recycling Citywide. An additional 340,000 households received blue cart recycling services in 2013, expanding bi-weekly collection citywide to more than 600,000 households. Recycling services were re-introduced through a managed competition, resulting in a lower total annual cost for citywide recycling.

Focus on Early Education. As part of the City’s three-year, \$36 million investment in early childhood education, six new Ready To Learn locations were established in 2013 – in South Deering, Roseland, South Chicago, Greater Grand Crossing, West Englewood, and South Lawndale.

Growing After-School and Summer Jobs Programs. More than 14,000 youth were served in after-school or other out-of-school programs in 2013, surpassing the City’s goal by more than 30 percent. The City, together with its partners, also surpassed its goal for summer employment programs, providing the opportunity to learn job skills, develop resumes, and explore career interests to over 20,000 youth in 2013.

Improving Access to Healthy Food. A 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 and providing more fresh produce, meat, and dairy products in addition to non-perishable staples.

Learning Resources in Every Library. The Teacher in the Library program was expanded to all 80 Chicago Public Library branches, helping students with assigned homework and reinforcing concepts from the classroom. More than 64,000 homework help sessions were provided through this program during the 2012-2013 school year.

Supporting Victims of Domestic Violence. In November 2013, the City broke ground on the first domestic violence shelter to open in Chicago in more than a decade. The new facility will not only provide a safe place to stay for victims of domestic violence, but also provide access to comprehensive legal services, childhood education, housing counseling, financial coaching, employment services, and computer training.

Rehabilitation of the City’s Water and Sewer Systems. The Department of Water Management replaced 75 miles of water mains and 17 miles of sewer mains and continued construction on major pumping station improvements, all of which will improve service, save taxpayers money, create jobs, promote sound environmental and water stewardship, and ensure a fresh and affordable supply of water for future generations.

Eliminating the Employers’ Expense Tax. The Mayor delivered on his campaign pledge to phase out the employers’ expense tax as a key component of encouraging business development and job creation in Chicago. The rate was cut in half in July 2012, and the tax was completely eliminated at the end of 2013.

Rebuilding Long-Term Reserves. Following on the \$20 million deposit into the City’s long term reserves in 2012, an investment of \$15 million was made into these reserves in 2013. The City continues to rebuild its ‘rainy day’ funds, with a \$5 million deposit budgeted in 2014.

2014 BUDGET INTRODUCTION

The City’s 2014 budget, approved by City Council in November 2013, continues to build on the progress and reforms made in the past two budgets. The 2014 budget balanced the City’s finances through continued growth in economically sensitive revenues, targeted revenue increases, strong fiscal management and discipline, and personnel and non-personnel savings and efficiencies. The budget also continues to focus on Chicago’s children, public safety, infrastructure, small businesses, and neighborhoods. Each quarterly budget report of 2014 will report on progress made on the important initiatives that are a part of this year’s budget.



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