



CITY OF CHICAGO

QUARTERLY
BUDGET REPORT

4TH QUARTER 2014

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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 2014, 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 2015 Budget Overview and the 2014 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 2015 Budget Overview and the 2014 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 “2014 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.

In order to form a more accurate picture of the City’s financial position, the City regularly monitors and adjusts its revenue projections based on to-date revenue performance and other developments that may affect City revenues. 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 2014.

With respect to expenditures: The “2014 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 2014 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 finished slightly below budgeted expectations in 2014, as economically sensitive revenues exceeded projections of growth, offsetting losses in certain non-tax revenues. Total 2014 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 2014 at an estimated 93 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 one percent below budgeted expectations at the end of the year, with strong performance by economically sensitive tax revenue, such as transaction taxes, and rebounding natural gas tax revenues, offset by losses in certain non-tax revenues.

Overall utility tax revenues through the fourth quarter were five percent above budgeted expectations. This growth was due largely to the increase in both natural gas usage during the colder and longer than normal winter, and natural gas prices, which have been rising from the all-time lows seen in 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 decreased due to continued reduction in the use of landlines and more consumers switching to prepaid wireless services.

Transportation tax revenues, which include garage, vehicle fuel, and ground transportation taxes, finished the fourth quarter slightly above the full-year budget, with a rebound after a decline in garage tax revenues earlier in the year due to the prolonged winter, dampening traffic to downtown garages.

The City's economically sensitive revenues exceeded budgeted expectations in the fourth quarter, consistent with trends seen in the second and third quarters of the

year, following a weather-related contraction in the first quarter. Real property transfer tax revenues finished the fourth quarter 13 percent above budget and 11 percent over 2013, driven by growth in large commercial real estate sales. While existing home sales in the Chicago area fell seven percent from 2013 in 2014, the median home prices were up from 2013 levels in every month of 2014, reaching 13 percent above 2013 prices through December.

Sales tax and personal property lease tax revenues also exceeded budgeted expectations as the labor market improved and gas prices fell. Retail sales ended the year six percent over 2013. The City's sales tax revenues finished four percent above budget. Tax revenues on leases and rentals came in 10 percent above budgeted expectations, impacted by both increasing consumer confidence and the low interest rate environment that promoted the leasing of automobiles, equipment, and other tangible goods.

Income tax revenues finished the year five percent below budget, due in part to the after-effect of the one-time increase in payments in 2013, when businesses and individuals sold assets or received early dividends or bonuses in anticipation of higher federal tax rates. This moved some collections into 2013 that would have otherwise been expected in 2014.

Hotel tax revenues rebounded in the second half of 2014, making up for weather-related losses. Revenue came in three percent above budgeted expectations by the end of the year, as a \$2.6 million settlement from an online reservation site helped push up revenues.

Overall recreation tax revenues were six percent higher than anticipated due to amusement and cigarette tax revenues. Amusement tax revenues finished 2014 approximately 10 percent above budget, impacted by sporting ticket prices increasing, as well as the elimination of a tax exemption for cable firms. Cigarette tax revenues exceeded budgeted expectations by five percent.

Business license and building permit-related revenues came in below budgeted expectations for the year, due primarily to zoning permit fees coming in lower than anticipated, as well as a decrease in taxi medallion transfers. Collections from fines, forfeitures, and penalties were also below budgeted expectations, due in part to lower-than-anticipated violation rates in the automated

CORPORATE FUND - REVENUE \$ MILLIONS	2014 BUDGET	2014 YE ESTIMATES
Tax Revenue		
Utility Taxes and Fees	\$450.27	\$473.50
Transaction Taxes	284.63	315.97
Transportation Taxes	183.73	185.08
Recreation Taxes	182.57	193.68
Business Taxes	102.47	104.83
Sales and Use Taxes	596.78	620.30
Income Tax, PPRT & Other Intergovernmental ²	299.30	284.54
Total Tax Revenue	2,099.75	2,177.89
Non-Tax Revenue		
Licenses and Permits	131.67	119.94
Fines, Forfeitures and Penalties	414.68	338.35
Charges for Services	124.48	134.58
Municipal Parking	6.66	7.26
Leases, Rentals and Sales	22.12	24.16
Reimbursement, Interest & Other ³	378.86	344.57
Total Non-Tax Revenue	1078.46	968.85
Proceeds and Transfers In⁴	58.61	50.83
Total Revenue	3,236.81	3,197.57
Appropriated Prior Year Fund Balance ⁵	53.42	53.42
Total Resources	\$3,290.23	\$3,250.99

CORPORATE FUND - EXPENDITURES \$ MILLIONS	2014 BUDGET	2014 YE ESTIMATES
Salaries and Wages ⁶	\$2,301.05	\$2,273.42
Healthcare Benefits ⁷	386.81	380.10
Worker's Compensation	59.90	64.28
Contractual Services	382.35	357.35
Commodities and Materials	31.52	26.39
Utilities	16.14	16.46
Motor Fuel	28.90	25.78
Claims, Refunds, Judgments, and Legal Fees	32.10	59.53
Miscellaneous	41.44	37.16
Transfers Out ⁸	10.01	9.64
Total Expenditures	\$3,290.23	\$3,250.11

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 \$126.1 million in PPRT revenue to put towards its \$478.3 million in 2014 pension payments, and a remaining \$31.0 million in PPRT revenue in the corporate fund. No PPRT dollars actually flow into the City's corporate fund until PPRT revenues beyond \$126.1 million are received.

³ This category of revenue includes the anticipated TIF surplus of \$8.7 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 Since the collective bargaining agreement wasn't ratified until fall of 2014 and funds were reserved from 2013 to make the payment, this amount was not budgeted for and the cost is not included above.

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 2014 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

speed enforcement program, as well as lower than expected revenue from parking and other traffic-related fines. Overall non-tax revenues came in 10 percent below budget for the year.

CORPORATE FUND EXPENDITURES

Total estimated corporate fund expenditures through the end of 2014 came in just under 99 percent of total 2014 budgeted expenditures. Overall salary and wage expenditures, which represent the large majority of total corporate fund expenses, ended the year below budget. Savings in regular salary and wage costs were offset slightly by overtime expenses which were due in part to historic snow levels in the winter of 2014. Year-end estimates for 2014 corporate fund healthcare expenditures are at 98 percent of the full-year budget, including the cost of both current employee and retiree benefits.

Contractual services expenditures finished the year at approximately \$357 million, or 93 percent of the budget for such costs. Commodities and materials expenditures came in lower than anticipated, at 84 percent of the 2014 budget for these expenses, with reduced spending on cleaning and office supplies as well as other parts and materials.

The City's 2014 corporate fund utility costs were over the full-year budget for these energy-driven costs, reflecting the year's increased heating expenses with the cold winter and higher natural gas prices. The City's motor fuel expenditures finished 2014 at 89 percent of budget for the year, as gasoline prices dropped and stayed low throughout the year.

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 2014, but is below recent historic averages.

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 below budget. Transfers out from the corporate

fund are slightly below budget due to a lower than budgeted transfer to the library fund.

VEHICLE TAX FUND

Total revenue for the vehicle tax fund increased by eight percent over budgeted amounts primarily because of the switch to year-round sticker sales. Revenues from towing-related fees and fines were 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 Peoples Gas.

Vehicle tax fund expenditures through the end of the year were over budget for 2014 by two percent. Like the corporate fund, expenditures from this fund are driven largely by personnel costs, and salary and wage expenses on this fund finished 2014 four percent over the full-year budget. Overtime was higher than anticipated in 2014. Pothole filling was the driving factor, as extreme winter caused excessive road damage. Workers' compensation expenditures for this fund were also above budgeted expectations.

Vehicle tax fund spending on utilities and motor fuel were in line with budgeted expectations for the year. Contractual services and healthcare benefits costs for the vehicle tax fund were below the 2014 budget for such costs, as were commodities and materials.

MOTOR FUEL TAX FUND

Revenue from motor fuel taxes finished the year 16 percent above budgeted expectations for 2014. This was largely due to an unexpected supplemental \$12.58 million in funding which came from the State of Illinois Jobs Now! Program. While fuel tax revenues have generally declined in recent years due to more stringent fuel efficiency standards, greater diesel fuel and gasoline purchases have increased motor fuel tax revenues. This is consistent with the recovering economy and higher gasoline consumption.

2014 expenditures for the motor fuel tax fund, which supports snow removal, street maintenance, and certain related expenses such as street light electricity, were above the full-year budget for the fund by seven percent. This is primarily due to the near-record amounts

SPECIAL REVENUE FUNDS

of snowfall and extreme cold. The severe weather during the first half of 2014 pushed the City's snow and ice removal expenditures above the full-year budget for these costs. Reserves carried over from prior years were used to cover the increased expenses.

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.

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 special events and hotel tax fund revenue surpassed budgeted expectations by two percent. After the severe winter weather negatively affected travel in the first six months, tourism picked up in the third and fourth quarters, allowing the fund to fully recover. Recreation fees, rentals and other charges were strong in 2014, reflecting the success of the Taste of Chicago and other City festivals, and despite the loss of one day of the Taste of Chicago due severe weather. Revenue from rental fees at Millennium Park and the Chicago Cultural Center were also above budget.

Expenditures from this fund finished the year at 94 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 slightly budgeted expectations for the year. Contractual services and commodities and materials costs were less than anticipated in 2014, mirroring trends seen in the corporate fund.

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. Revenue from facility rentals was lower than budgeted, due in part to renovations at Harold Washington Library, which made this space unavailable for much of 2014. Overall, library fund revenues were one percent below budgeted expectations.

Expenditures from the library fund finished the year at approximately 96 percent of total 2014 budgeted expenditures for this fund. Trends in spending for most categories of expenses mirrored those seen in the corporate fund for 2014.

SPECIAL REVENUE FUNDS CONTINUED

SPECIAL REVENUE FUNDS - REVENUE \$ MILLIONS	2014 BUDGET	2014 YE ESTIMATES
Vehicle Tax Fund		
Vehicle Sticker Tax	\$121.80	\$134.31
Impoundment, Pavement Cut & Other Fees	23.73	25.21
Other Revenue & Reimbursements	27.01	28.26
Total Revenue	172.62	187.77
Appropriated Prior Year Fund Balance ⁹	6.14	6.14
Total Resources	\$178.77	\$193.92
Motor Fuel Tax Fund		
Motor Fuel Tax	\$62.00	\$66.78
Interest & Other Revenue	16.40	26.22
Total Revenue	78.40	93.00
Appropriated Prior Year Fund Balance ⁹	12.45	12.45
Total Resources	\$90.85	\$105.45
Special Events & Hotel Tax Fund		
Hotel Operator's Occupation Tax	\$22.00	\$21.25
Recreation Fees, Rental & Other Charges	10.60	12.34
Other Revenue	6.50	6.25
Total Revenue	39.10	39.83
Appropriated Prior Year Fund Balance ⁹	5.80	5.80
Total Resources	\$44.90	\$45.63
Library Fund		
Property Tax Levy	\$75.69	\$73.87
Corporate Fund Subsidy	5.37	5.00
Rental, Fines & Other Revenue	3.33	4.74
Total Revenue	84.38	83.61
Appropriated Prior Year Fund Balance ⁹	3.08	3.08
Total Resources	\$87.46	\$86.69

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	2014 BUDGET	2014 YE ESTIMATES
Vehicle Tax Fund		
Salaries and Wages	\$91.04	\$94.74
Healthcare Benefits ¹⁰	18.05	17.74
Worker's Compensation	7.50	10.42
Contractual Services	27.52	26.04
Commodities and Materials	3.60	3.22
Utilities	4.30	4.30
Motor Fuel	3.26	3.26
Claims, Refunds, Judgments, and Legal Fees	1.94	1.91
Miscellaneous	0.98	0.83
Transfers Out ¹¹	20.57	20.55
Total Expenditures	\$178.77	\$183.00
Motor Fuel Tax Fund¹²		
Total Expenditures	\$80.45	\$86.30
Special Events & Hotel Tax Fund		
Special Events & Tourism Programming	\$20.83	\$20.48
Salaries and Wages	7.15	6.74
Healthcare Benefits ¹⁰	1.09	1.08
Worker's Compensation	0.01	0.00
Contractual Services	8.16	7.27
Commodities and Materials	0.10	0.09
Miscellaneous	4.34	4.19
Transfers Out ¹¹	3.22	2.32
Total Expenditures	\$44.90	\$42.16
Library Fund		
Salaries and Wages	\$51.49	\$50.37
Healthcare Benefits ¹⁰	9.89	9.72
Worker's Compensation	0.55	0.56
Contractual Services	19.62	18.88
Commodities and Materials	1.09	1.04
Utilities	3.21	3.21
Miscellaneous	1.43	0.31
Transfers Out ¹¹	0.17	0.17
Total Expenditures	\$87.46	\$84.26

¹⁰The 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 2014 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.

¹¹Transfers 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.

¹²Expenditures 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. 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 year slightly below budgeted expectations, at 99 percent and 98 percent of full-year budget, respectively. This decline reflects the cooler than average second quarter, which led to lower than normal water consumption for the year.

Overall water and sewer fund expenditures for 2014 were 98 and 93 percent of budgeted amounts, respectively, due in part to lower than budgeted contractual services costs and financing and capital costs. Proceeds from water and sewer revenue bonds pay for 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 2014 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 83 percent and 92 percent of budgeted expenditures for the year, respectively. Overall expenditures were below budget due largely to lower than expected financing costs and contractual services payments at both Midway and O'Hare airports.

ENTERPRISE FUNDS - REVENUE \$ MILLIONS	2014 BUDGET	2014 YE ESTIMATES
Water Fund		
Total Revenue	\$701.51	\$692.48
Sewer Fund		
Total Revenue	\$316.87	\$311.42
O'Hare Fund		
Total Revenue	\$1,045.76	\$959.59
Midway Fund		
Total Revenue	\$249.57	\$205.64

ENTERPRISE FUNDS - EXPENDITURES \$ MILLIONS	2014 BUDGET	2014 YE ESTIMATES
Water Fund		
Salaries and Wages	\$143.65	\$148.62
Healthcare Benefits ¹³	22.80	22.40
Worker's Compensation	10.00	11.60
Contractual Services	51.84	42.28
Commodities and Materials	28.49	26.48
Utilities	39.38	38.27
Motor Fuel	2.77	2.77
Claims, Refunds, Judgments, and Legal Fees	1.07	1.84
Miscellaneous	6.51	5.04
Capital and Financing Costs ¹⁴	314.62	310.59
Transfers Out ¹⁵	80.39	80.39
Total Expenditures	\$701.51	\$690.26

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ENTERPRISE FUNDS CONTINUED

ENTERPRISE FUND - EXPENDITURES \$ MILLIONS	2014 BUDGET	2014 YE ESTIMATES
Sewer Fund		
Salaries and Wages	\$53.33	\$44.94
Healthcare Benefits ¹³	7.40	7.27
Worker's Compensation	4.40	5.28
Contractual Services	10.62	8.98
Commodities and Materials	6.16	5.77
Utilities	0.11	0.11
Motor Fuel	1.45	1.45
Claims, Refunds, Judgments, and Legal Fees	1.09	0.89
Miscellaneous	0.61	0.43
Capital and Financing Costs ¹⁴	176.38	165.31
Transfers Out ¹⁵	55.32	55.32
Total Expenditures	\$316.87	\$295.75
O'Hare Fund		
Salaries and Wages ¹⁶	\$154.65	\$145.24
Healthcare Benefits ¹³	24.21	23.79
Worker's Compensation ¹⁷	12.80	6.60
Contractual Services	240.35	205.10
Commodities and Materials	19.68	16.43
Utilities	26.27	25.90
Motor Fuel	2.83	2.51
Miscellaneous	13.78	1.05
Financing Costs ¹⁴	506.22	490.19
Transfers Out ¹⁵	44.96	44.96
Total Expenditures	\$1,045.76	\$961.79
Midway Fund		
Salaries and Wages ¹⁶	\$31.87	\$27.16
Healthcare Benefits ¹³	4.73	4.65
Worker's Compensation ¹⁷	2.54	1.16
Contractual Services	76.58	66.88
Commodities and Materials	3.61	3.23
Utilities	5.73	5.73
Motor Fuel	0.77	0.75
Miscellaneous	2.14	0.56
Financing Costs ¹⁴	108.58	84.06
Transfers Out ¹⁵	13.02	13.02
Total Expenditures	\$249.57	\$207.20

¹³The 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 2014 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.

¹⁴Capital 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.

¹⁵Transfers 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.

¹⁶Since the collective bargaining agreement wasn't ratified until fall of 2014 and funds were reserved from 2013 to make the payment, this amount was not budgeted for and the cost is not included above.

¹⁷Worker's compensation expenditures for these funds reflect the airports' contracts for worker's compensation management, under which contract costs are encumbered at the start of the year; these costs are not indicative of actual medical or other worker's compensation costs incurred.

BUDGET INITIATIVES

2014 BUDGET INITIATIVE UPDATE

The 2014 budget built on the structural reforms and efficiencies put into place in the 2013 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 2014 budget:

Increased Tree-Trimming and EAB Protection. Additional resources dedicated to tree-trimming in 2014, together with a flexible grid-based and ‘blitz’ approach, enabled the City to complete almost 17 percent more tree trims in 2014 than in 2013. The City also treated almost 66,500 trees, over the course of two years, to protect Chicago’s greenways from the emerald ash borer. Over eighty-six percent of viable Ash trees in the City parkways have been inoculated.

Providing Eye Exams for Chicago Children. The 2014 budget doubled the funding to provide eye exams and eyewear to Chicago Public Schools students who would not otherwise have access to these services. Nearly 43,000 eye exams were completed and 28,000 eyeglasses provided to Chicago children in 2014.

Focus on Early Education. As part of the City’s three-year, \$36 million investment in early childhood education, a total of 3,200 families were served in 2014 from 11 different agencies at 98 program sites. Home visits were made to families with chronic attendance issues, with nearly 400 children improving to at least 80% average daily attendance.

Growing After-School and Summer Jobs Programs. Nearly 16,000 youth were served in after-school or other out-of-school programs in 2014. 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 more than 12,000 youth in 2014.

Expanding Family Net Centers. In 2014, the City worked with community partners to more than double the number of residents served by adding seven new Family Net Centers, which provide training in technology skills and accessing on-line services. Over 1,100 individuals received employment placements and nearly 2,000 received digital training.

Learning Resources in Every Library. The Teacher in the Library program helps students with assigned homework and reinforcing concepts from the classroom. Nearly 86,000 homework help sessions were provided through this program, an increase of 27 percent over 2013. YOUmedia was expanded in 2014, providing diverse programming in digital media applications. Nearly 32,000 visits were made by youth in 2014, and increase of 23 percent over 2013.

Supporting Earned Income Tax Credit Recipients. To help families, a pilot program was launched that paid out the EITC in quarterly advanced payments. This provided an option for struggling families to make ends meet without having to turn to predatory lenders. 500 CHA working families are participating in the pilot, which is currently under evaluation.

Rehabilitation of the City’s Water and Sewer Systems. The Department of Water Management replaced 85 miles of water mains and 21 miles of sewer mains and lined 55 miles of sewers and 14,000 structures, including manholes and catch basins. Additionally, 15,000 meters were installed as part of the MeterSave program and construction continued on major pumping station improvements. These projects 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.

Rebuilding Long-Term Reserves. Following on the \$20 million deposit into the City’s long term reserves in 2012 and \$15 million in 2013, the City continued to rebuild its ‘rainy day’ funds with a \$5 million deposit in 2014. In 2015, an additional \$5 million is budgeted.

2015 BUDGET INTRODUCTION

The City’s 2015 budget, approved by City Council in November 2014, continues to build on the progress and reforms made in the past three budgets. The 2015 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 2015 will report on progress made on the important initiatives that are a part of this year’s budget.



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