

City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections August 2021

The City of Chicago's monthly comparative estimate of revenue collections provides a summary of revenues received and transfers made in the City's Corporate Fund for the current fiscal year. The information contained in these monthly reports is for informational purposes only and does not reflect final audited figures.

Historically, the City has waited until all revenue has been collected before publishing reports. This can delay the City's ability to share data by up to five months. The changes made with this report allow the City to provide a more current and timely picture of its revenues as they are collected.

This guide provides information to help read the report and understand the data shared.

READING THE REPORT

City of Chicago Office of Budget and Management
Comparative Estimate of Revenue Collections

Corporate Fund

(in thousands)

	1	2	3	1	2	3			4
	2020 Month Actuals	2021 Month Budgeted	2021 Month Collections	2020 YTD Actuals	2021 YTD Budgeted	2021 YTD Collections	Difference	Percent	2021 Annual Budget
Local Tax									
Utility Taxes	6,103	5,859	5,064	6,103	5,859	5,064	(794)	-13.6%	390,803
Chicago Sales Taxes	3,048	2,145	1,824	3,048	2,145	1,824	(321)	-15.0%	63,639
Transaction Taxes	41,780	35,676	44,623	49,015	44,841	56,408	11,567	25.8%	478,129
Transportation Taxes	33,303	20,217	13,981	33,303	20,217	13,981	(6,236)	-30.8%	308,693
Recreation Taxes	24,823	13,703	13,491	26,069	15,099	14,234	(865)	-5.7%	223,911
Business Taxes	5,462	1,741	1,433	5,462	1,741	1,433	(307)	-17.7%	66,122
State Taxes/Revenues									
Income Tax	24,790	28,316	29,592	24,790	28,316	29,592	1,275	4.5%	262,279
Personal Property									

- 2020 Month Actuals and YTD Actuals:** The actual revenue numbers for the prior year contained in this report remain estimates pending adjustments during the annual audit process.
- 2021 Month Budgeted and YTD Budgeted:** Month Budgeted refers to the collections that are anticipated for the reporting month. What this means:
 - For some tax revenues there can be a 2–3-month difference between the month for which the tax is due and the month in which it is collected. This report pertains to the collection month, which means at the beginning of the fiscal year some tax revenues accrue to the prior fiscal year and do not appear in this report.
 - For some non-tax revenues, specifically fines, forfeitures and penalties and charges for service for which the City is reimbursed, the beginning of the fiscal year includes a mix of revenues related to the prior fiscal year as well as the current fiscal year. In those cases, actuals have been adjusted for known prior year collections.
 - Monthly budget amounts are created by taking the total revenue anticipated and allocating across months based on historical patterns, seasonality, and in the case of some tax revenues expected economic conditions.
- 2021 Month Collections and YTD Collections:** Revenues reflect cash collections for the current budget year. 2021 Month Collections reflect the amount collected specifically in the reported month while the YTD Collections reflect the cumulative amount collected for the year, through the reporting month. Due to a lag in collections, some revenue

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streams do not begin for the current budget year until the second, third, or fourth month. As part of regular activity, the City reviews revenues received to ensure those revenues are allocated to the appropriate period. The City could determine after these reports are published that some reported revenue belongs to a prior period and make adjustments to reflect those revenues in the proper period.

4. **2021 Annual Budget:** This column reflects collections that are expected for the full fiscal year.

UNDERSTANDING THE REPORT

Comparisons between these estimated budget revenues and collections are one indication of revenue performance and can indicate economic developments that may affect the annual revenue forecast. However, while budget estimates take some seasonality into account, there can be significant fluctuations from one month to the next, both in when revenues are received and at times, in the activities from which revenues are derived. Over the course of the year, many of these fluctuations even out. However, early in any fiscal year, these fluctuations can both give the impression of better or worse conditions and could mask underlying risks. As a result, the City intends to update its year end estimate with the annual Budget Forecast to be published in August.

Most of the City's sales tax revenues collected by the State go first to the Sales Tax Securitization Corporation (STSC), which issues bonds on the City's behalf and "withholds" a portion of the sales tax revenue for debt service. Revenues not withheld for debt service are then passed to the city as "residual" revenue and are reported here under Proceeds and Transfers. In the 2021 budget appropriation the City anticipated refinancing existing bonds, which would have decreased debt service and increased the residual to the City. The anticipated refinancing has not occurred, so the budgeted and actual revenues reported reflect increased withholdings for STSC debt service and decreased residual to the City compared to what would have occurred under the refinancing scenario.

MONTHLY ANALYSIS

Even during stable economic conditions, seasonality in some revenue streams and the irregular nature of others lead to significant variances from one year to the next that smooth out as the year progresses. This year, as the City entered a recovery from the COVID-19 pandemic, the predictability of the path of that recovery is still uncertain and likely to affect various revenue streams differently.

Total collections through August 2021 are above budget expectations due to strong transaction tax performance, including the personal property lease tax and real property transaction tax, as well as income tax revenue and personal property replacement tax revenue. Reimbursements for charges for service, while also higher than expected, is likely due to timing of when reimbursements have occurred. Other revenues continue to show the effects of the pandemic and resulting economic downturn but are showing signs of recovery as the pandemic impacts have waned and as lagging revenues are received. Given the timing of when economically sensitive revenues are received, any impact from the resurgence of COVID-19 due to the delta variant would not appear until later in the third quarter.

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**Corporate Fund
August 2021
(in thousands)**

	2020 Month Actuals	2021 Month Budgeted Month Collections		2020 YTD Actuals	2021 YTD Budgeted YTD Collections		Difference	Percent	2021 Annual Budget
Local Tax									
Utility Taxes	37,496	35,829	37,403	211,508	214,118	215,935	1,818	0.8%	390,803
Chicago Sales Taxes	2,460	3,522	4,025	40,175	45,483	42,425	(3,058)	-6.7%	63,639
Transaction Taxes	42,596	43,906	55,020	287,841	289,522	389,184	99,661	34.4%	478,129
Transportation Taxes	14,303	29,867	25,935	132,802	161,508	131,298	(30,210)	-18.7%	308,693
Recreation Taxes	12,683	19,895	20,926	114,355	119,906	123,008	3,102	2.6%	223,911
Business Taxes	1,844	6,544	8,305	20,244	30,908	27,451	(3,457)	-11.2%	66,122
State Taxes/Revenues									
Income Tax	35,923	14,816	19,422	152,696	140,724	193,687	52,964	37.6%	262,279
Personal Property Replacement Tax	17,617	2,457	5,542	100,294	87,596	155,342	67,746	77.3%	147,000
Auto Rental Tax	64	296	339	758	1,175	1,057	(118)	-10.0%	3,332
State Reimbursements	2	21	256	567	1,093	1,237	144	13.2%	2,000
Proceeds and Transfers									
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	29,834	31,962	47,211	185,974	169,560	217,381	47,821	28.2%	570,179
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	23,000
Local Non-Tax									
Licenses, Permits, and Certificates	10,297	10,387	9,621	76,075	79,804	75,409	(4,395)	-5.5%	119,200
Fines, Forfeitures, and Penalties	19,499	35,515	31,379	145,031	251,755	202,622	(49,133)	-19.5%	381,500
Charges for Service	27,168	21,428	60,267	105,667	128,881	192,236	63,356	49.2%	277,900
Municipal Parking	605	731	617	4,719	5,162	5,224	62	1.2%	7,600
Leases, Rentals, and Sales	117	1,933	1,720	5,839	10,412	5,617	(4,795)	-46.1%	39,300
Interest	-	-	-	-	-	-	-	NA	6,500
Internal Service Earnings	28,665	25,915	24,992	166,975	176,915	176,865	(50)	0.0%	410,732
Other Revenue	8,075	2,800	685	77,562	93,000	75,558	(17,442)	-18.8%	125,820
Total Revenue	289,247	287,825	353,664	1,829,083	2,007,521	2,231,538	224,017	11.2%	3,926,639

Month Budgeted refers to the month collections are anticipated. In some instances there is a 2-3 month difference between the month for which a tax is due and the month in which it is collected.

Revenues are recorded at a point in time may not reflect all adjustments recorded in future periods

Sales Tax Corporation Residual Annual Budget amount anticipated reductions in withholding resulting from the refinancing proposal included with the 2021 appropriation. Expected and actuals instead reflect current withholding schedule.