CITY OF CHICAGO

# 2021 BUDGET FORECAST

MAYOR LORI E. LIGHTFOOT

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MAYOR LORI E. LIGHTFOOT

# LETTER FROM THE MAYOR

My Fellow Chicagoans,

It is my great honor to present to you the City of Chicago's 2021 Budget Forecast - an overview of the City's revenues and expenditures and a snapshot of the City's overall financial health. With this document, Chicago residents can gain a better understanding of the opportunities that lie ahead as we set ourselves on a path toward recovery and growth for our great city, but also the significant economic challenges we face, particularly from the impacts of COVID-19.

Like most cities across the country, Chicago has been delivered a devastating blow due to COVID-19 that has completely changed our way of life. Our single greatest priority has been to deliver a swift and robust response to protect the health and safety of our communities amid this global pandemic. However, the economic toll created by COVID-19 has been unprecedented, and the magnitude of the pandemic has further exposed the structural inequities and generational disinvestment many low-income residents and communities have historically suffered from.

This year, the City is battling financial challenges on multiple fronts: an unexpected mid-year shortfall resulting from sudden revenue losses due to COVID-19 and a 2021 budget gap that has been shaped by a global economic downturn. In 2020, we forged a credible path toward structural balance. Though COVID-19 has extended this journey, we remain committed to walking down this path until we reach its end. Further, as Chicago prepares to balance the reality of our budget constraints with the needs of working-class families and small businesses, we will never lose sight of our shared values as a city.

You have my commitment to be honest and transparent about the challenges we face, and together we will develop sustainable solutions to strengthen our City's fiscal foundation and expand opportunity and investment across our neighborhoods and communities.

Sincerely,

Lori E. Lightfoot

Mayor Lori E. Lightfoot

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# DISCLAIMER AND ADVICE TO READERS

The City of Chicago ("City") is pleased to present this Budget Forecast. The purpose of this document is to provide general information about the history and future of major components of the City's overall finances and City budget. Information presented is as of the date of publication or, if such information is dated, as of its date.

Throughout this document, specific items of revenues and/or expenditures are grouped together with other items of revenue and/or expenditure for purposes of presentation. The manner in which such items are grouped and labeled is consistent with the groups and labels in the City's appropriation ordinance and not in the City's audited Comprehensive Annual Financial Report ("CAFR"). Therefore, the manner of grouping and labeling herein may not match the manner in which such revenues and/or expenditures are grouped and labeled in the CAFR.

This discussion includes forward-looking statements based on current beliefs and expectations about future events. Those events are uncertain and do not take into account events that may alter actual outcomes; their outcome may differ from current expectations which may in turn significantly affect expected results.

Where information is presented that has come from sources other than the City, the City presents that information only for convenience of the reader. Specifically, the projections set forth in the pension section rely on information produced by the Retirement Funds' independent actuaries (unless specifically noted) and were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. The City does not verify any of that information.

Where the tables present aggregate information, such combined information results solely from the application of arithmetic to the data presented from the source information and may not conform to the requirements for the presentation of such information by the Governmental Accounting Standards Board ("GASB").

Readers are cautioned not to place undue reliance on the prospective financial information. Neither the City, the City's independent auditors, nor any other independent accountants or actuaries have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The discussion of City revenues and debt does not include conduit debt (debt issued by the City to finance privately-owned projects and repayable solely from loan repayments from the project owners) or revenues received from such project owners and used to repay the conduit debt. Special assessment bonds and multi-family housing loan receivables are also not included in this document because they are not direct liabilities of the City.

The Budget Forecast has not been prepared to give information for making decisions on buying or selling securities and should not be relied upon by investors in making investment decisions. With respect to any bonds, notes, or other debt obligations of the City, please refer to information in the City's ordinances and notifications of sale and the related disclosure documents, if any, or continuing disclosure filings, if any, for such bonds, notes, or other debt obligations.

The information is provided "as is" without warranty of any kind. Neither the City nor any of its agencies nor any of its officers or employees shall be held liable for any use of the information described and/or contained in this document.

# EXECUTIVE SUMMARY

The Budget Forecast is required by Executive Order 2019-3 to provide the City of Chicago's residents with an analysis that identifies the opportunities and challenges of the upcoming budget year. This is achieved by providing a data-driven review of the current and future financial health of the City's revenues and expenditures to provide the framework for the development of the City's Annual Budget.

The 2021 Budget Forecast discusses the City's 2020 year-end estimates, 2021 preliminary revenue and expense projections, and three revenue and expense scenarios with a base outlook, a negative outlook, and a positive outlook for 2022 and 2023. These projections are based on historical revenue and expenditure data, current economic and expense trends and conditions, and other known factors that are anticipated to have an impact on the City's finances.

The COVID-19 pandemic has had a significant impact on both the health and financial well-being of residents and businesses across Chicago. The City expended substantial resources to ensure a robust response to COVID-19, redirecting existing resources to address the impacts of the pandemic, and utilizing federal funding made available to the City. While COVID-19 response and recovery continue to be a primary focus for the City, the financial impact on Chicago's economy is significant. Between March and April, the unemployment rate in Chicago significantly increased from 5.0 percent to 18.7 percent per the federal Bureau of Labor Statistics, with record numbers of new unemployment claims. The pandemic has had a significant impact on businesses, with certain industries like hospitality, retail and transportation especially hard hit. Total consumer spending declined 12.0 percent in the second quarter of 2020 over the same period the prior year, while retail sales declined 8.0 percent over the same period.

The City currently projects the Corporate Fund to end 2020 with a $798.8 million shortfall due to the significant economic impact the global pandemic has had on local revenues. Fluctuations in the pandemic response that result in additional impacts to the City's finances could create even greater revenue loss or increased expenditures. For instance, a subsequent mandated stay-at-home order in 2020 could result in an increase to the anticipated shortfall. Given the projected year-end shortfall, the City is exploring a variety of options to ensure the City ends the year with balanced revenues and expenditures. While the priority remains focused on a robust COVID-19 response, the City is also committed to preserving critical City services that residents rely on. During this unprecedented time, as the world continues to battle a global pandemic, difficult choices will need to be made, particularly without additional federal assistance to address the severe revenue losses impacting most industries and business sectors. At the time of publication, no federal assistance for municipal revenue replacement has been made available.

In addition to the unexpected mid-year 2020 budgetary shortfall, the City currently projects a 2021 Corporate Fund budget deficit, commonly referred to as the "gap". Based on current revenue and expenditure projections of existing operations, the City estimates a 2021 Corporate Fund gap of $1.2 billion. This is driven by several factors, but most critically, a $783.2 million projected Corporate Fund revenue loss due to COVID-19, which equates to a 17.7 percent reduction from 2020 budgeted Corporate Fund revenues. These revenue losses are consistent with what many cities and states across the country have suffered as well as with economic projections by rating agencies, banks, the federal reserve among others. Another $383.1 million of the 2021 gap represents increases in personnel, pension and debt expenses that were largely anticipated previous to COVID-19. The City laid out a financial plan, beginning with the 2020 budget, to achieve future structural balance and remains committed to long-term financial stability.

# FINANCIAL FORECAST

## INTRODUCTION

This section discusses the City's 2020 year-end estimates, 2021 preliminary revenue and expense projections, and three revenue and expense scenarios for the years 2022 and 2023 – with a base outlook, a negative outlook, and a positive outlook. These projections are based on historical revenue and expenditure data, current economic and expense trends and conditions, and other known factors that are anticipated to have an impact on the City's finances. The purpose of this analysis is to ensure that the 2021 budget is formulated within the context of the City's current financial state, and with an informed view of future conditions and the long-term fiscal consequences of today's decisions.

The forecast focuses primarily on the Corporate Fund, which not only accounts for many basic services provided by the City, but also has historically experienced the largest disparity between revenues and expenditures. Projections for the City's major Special Revenue and Enterprise Funds are included at the end of this section.

## METHODOLOGY

The preliminary revenue and expense projections for 2021 reflect the City's budget deficit, which is any budget imbalance between existing revenues and anticipated expenses for that budget year.

Prior to 2019, the budget deficit methodology did not define long-term liabilities for future years as structural budget imbalances. Beginning with the 2020 budget deficit presented in the Budget Forecast published in August 2019, the methodology for projecting the budget deficit includes known long-term liabilities, such as pensions and debt service. The Mayor's Budget Recommendations are presented each October with revenues and expenditures balanced.

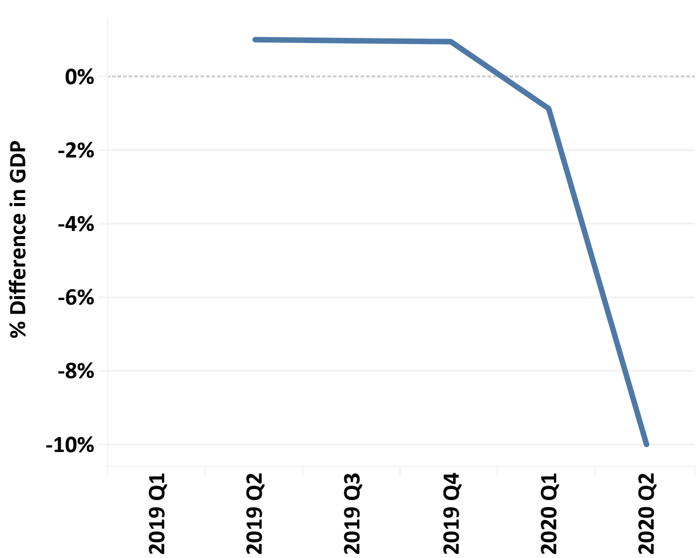
Future years' budget deficits included in this document are projections for the City's Corporate Fund based on positive, negative, or base economic scenarios founded on existing revenues and anticipated expenditures. These figures assume that no substantive changes are made to City operations, or revenue sources.

## GENERAL ECONOMIC CONSIDERATIONS

The COVID-19 pandemic has had a significant impact on both the health and financial well-being of residents and businesses across Chicago. The City expended substantial resources ensuring a robust response to COVID-19, redirecting existing resources to address the impact of the pandemic, and utilizing federal funding made available to the City. The City remains focused on ensuring communities have the necessary health and financial resources needed to address the COVID-19 health crisis. While COVID-19 response and recovery continue to be a primary focus for the City, the financial impact on Chicago's economy is significant.

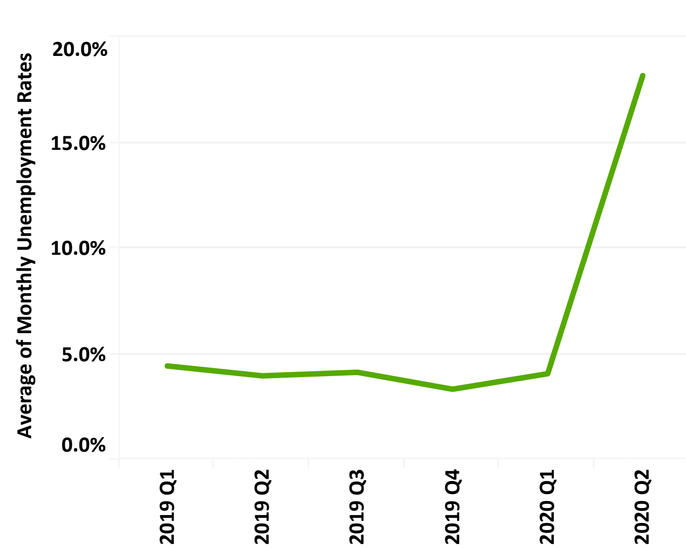
Though Chicago has one of the world's most robust and diverse economies with no single industry employing

*CHICAGO GROSS DOMESTIC PRODUCT*




**Source: Bureau of Economic Analysis, GDP for Chicago Metro Area**

*UNEMPLOYMENT RATE*




**Source: Bureau of Labor Statistics (bls.gov). Unemployment Rate for Chicago, IL. Not Seasonally Adjusted.**

more than 12 percent of Chicago's workforce, COVID-19 impacted a wide range of sectors. This diversity typically provides financial stability from mature industries such as financial services, manufacturing, education, healthcare, and transportation and warehousing, which enables the City to support growing and emerging businesses in sectors like technology, tourism, biotech, and life sciences. However, the economic disruption created by the pandemic placed a significant strain on the City's local economy resulting in a reduction in overall consumer activity, and a contraction in the labor market.

Forecasts of the recovery from the economic impact vary, and are heavily influenced by assumptions about the ongoing effects of the pandemic. The City based its scenarios about the future economic conditions on an extensive review of forecasts from multiple sources, including conducting econometric modeling. The forecast is based on information available to the City at the time of this release, and as with any forecast, can never fully anticipate the impact of future events such as the amount of additional federal stimulus to support the recovery of Chicago's economy, or the pace of growth or reduction of coronavirus cases and the resulting impact on general health restrictions and the broader economic recovery. Additionally, these forecasts are heavily influenced by both the state of the pandemic, as described above, but also the timing of these events and the resulting impact on the pace of the economic recovery.

Economic forecasts range from assuming a more rapid return to normal, either due to new treatments or diminishing cases by the beginning of 2021, to assuming that due to the continued need to restrict various areas of the economy in response to the pandemic, gross domestic product ("GDP"), a key indicator of the economy, does not return to pre-pandemic levels until after 2023. These assumptions are further discussed in the 2021 Corporate Fund Projections and 2022 and 2023 Corporate Fund Outlook sections.

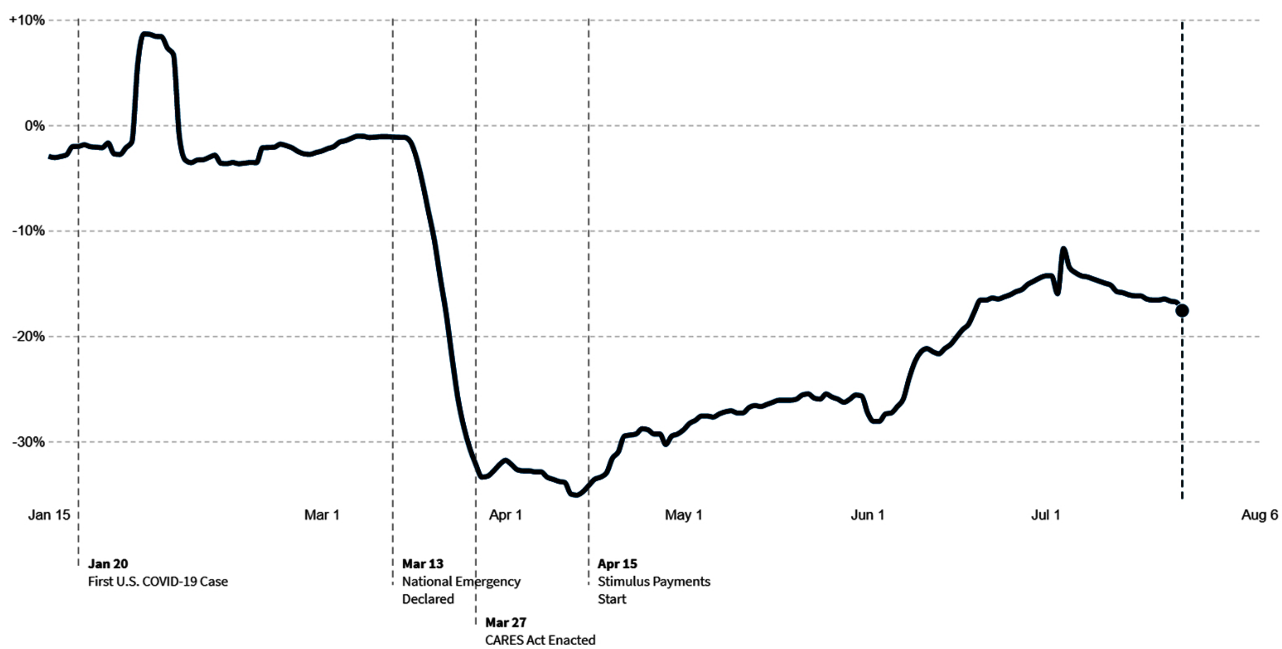
### *Economy*

The economic consequences of the COVID-19 pandemic have been far reaching. Beginning in February, the spread of the pandemic led to reductions in business travel, and beginning in March, also led to reductions in spending across industries from hospitality to transportation and entertainment. In the second quarter of 2020, the Chicago metro area experienced a drastic decline in GDP, falling approximately 10.0 percent from the same period in 2019.

### *Business*

The pandemic has had a significant impact on businesses, with certain industries like hospitality and personal services especially hard hit. Total consumer spending declined 12.0 percent in the second quarter of 2020 over the same period the prior year, while retail sales declined 8.0 percent over the same period. Additionally, there was

**PERCENT CHANGE IN NUMBER OF SMALL BUSINESSES OPEN**




*Source: "How Did COVID-19 and Stabilization Policies Affect Spending and Employment? A New Real-Time Economic Tracker Based on Private Sector Data", by Raj Chetty, John Friedman, Nathaniel Hendren, Michael Stepner, and the Opportunity Insights Team. June 2020. Available at: https://opportunityinsights.org/wp-content/uploads/2020/05/tracker_paper.pdf* a 35.0 percent decline in the number of small businesses open in the Chicago metropolitan area in April compared to January. While there have been some signs of recovery, the number of small businesses open as of July 24, 2020 was still 17.0 percent below the start of the year. Government assistance, such as federal Paycheck Protection Program loans, state aid, and the City's Resiliency Fund, provided emergency support to a number of businesses, mitigating some of the economic impact of sudden declines in consumer spending.

***Labor Force***

Between March and April, the unemployment rate in Chicago significantly increased from 5.0 percent to 18.7 percent, with record numbers of new unemployment claims. These high unemployment numbers have persisted over the ensuing months.

Government interventions like the supplemental unemployment benefits included in the Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") provided much needed relief to individuals in the early months of the pandemic, with an estimated $10 billion in supplemental unemployment benefits going to Illinois residents. With the expiration of those benefits, the impact to individuals and the economy is at risk of further deterioration.

***Tourism***

With more than 55 million visitors annually, tourism historically has largely contributed to Chicago's economy. The pandemic has dramatically curtailed tourism in Chicago. The cancellation of all major conferences beginning in the first quarter of 2020 and declining leisure and business travel contributed to low hotel occupancies beginning in March, with little recovery in the subsequent months.

## GENERAL EXPENSE CONDITIONS

Personnel-related expenditures, including salaries and wages, pensions, healthcare, overtime pay, workers' compensation, and unemployment compensation account for roughly 80 percent of total Corporate Fund expenditures in recent years and is one of the largest drivers of expense growth.

Over the past ten years, the City's workforce has decreased from 36,970 budgeted Full Time Equivalents ("FTEs") in 2010 to 36,586 budgeted FTEs in 2019. While the number of FTEs has decreased, the City's overall personnel-related costs are significantly higher than they were ten years ago due to contractual and prevailing wage increases and growing pension contributions.

The increase in personnel expenses is primarily due to salary increases resulting from contractual obligations under collective bargaining agreements ("CBA"). Approximately 90 percent of total City employees are covered by a CBA. As the overall number of City positions has decreased over the last ten years, the relative proportion of union positions has increased. The City has CBAs with more than 40 different unions. The CBAs with each of these unions include cost of living increases, resulting in higher personnel costs year-over-year.

While personnel related expenses are anticipated to have the largest impact on future expenditures within the City's budget, non-personnel related expenses, such as fuel and other commodities, equipment, and professional services, may be adversely impacted by the global economy and tariffs. As it relates to energy procurement, the City utilizes price hedging to take advantage of favorable market pricing without sacrificing budget certainty.

These broader expenditure factors are accounted for in the following projections. The 2020 year-end projections and the base outlook for 2021-2023 present what is currently viewed as the most likely scenario. The positive and negative outlooks for 2022 and 2023 provide insight into how changes in employment, salary and wages, benefits and other related factors could affect the City's finances over the next several years.

## 2020 CORPORATE FUND YEAR-END ESTIMATES

| | 2020 YEAR-END ESTIMATES |
|---|---|
| Revenues | $3,532.6M |
| Expenditures | $4,331.4M |
| Surplus / (Deficit) | ($798.8M) |

The City currently projects the Corporate Fund to end 2020 with a $798.8 million deficit due to the economic impact of the pandemic. The estimates provided here reflect the current projections for the 2020 year-end revenues and expenditures as of August 1, 2020. Note that other fluctuations in the pandemic response that result in additional impacts to the City's finances could create even greater revenue loss or increased expenditures. For instance, a subsequent mandated stay-at-home order in 2020 could result in an increase to the anticipated shortfall.

### 2020 YEAR-END REVENUES

Total Corporate Fund revenues are projected to end 2020 approximately $886.6 million below budgeted levels, at $3,532.6 million. These significant decreases are attributable to the economic impacts of COVID-19. For more detailed information regarding these estimates and the underlying data, please go to the Revenue Supplement section of this book.

Local tax revenues are projected to decrease by 28.2 percent from the budget, or $505.2 million, to $1,285.1 million. Transportation taxes are expected to experience the largest decrease, ending 2020 under budget estimates by more than $174.6 million at $208.9 million. This is primarily driven by the decrease to anticipated Ground Transportation Tax, collected by the rideshare and taxi industries. Ground Transportation Tax is anticipated to end 2020 at $99.5 million, a decrease of more than $91.0 million from the 2020 budget.

Business taxes are estimated to end 2020 under budget estimates by $99.7 million. This decrease is attributed to a decrease in Hotel Tax of $99.6 million, totaling $28.9 million.

Recreation taxes are expected to decrease from 2020 budgeted amounts by $97.6 million. This decrease is driven by Amusement Tax, which is expected to end the year $96.0 million under budget at $97.9 million.

Utility taxes are projected to end 2020 under budget by 7.9 percent, or $32.8 million due to decreased collections. Transaction taxes are expected to drop 14.6 percent from the 2020 budget, or $74.4 million, driven primarily by decreases in Lease of Personal Property Tax and Real Property Transfer Tax.

Local non-tax revenue is anticipated to end 2020 under budget by 13.4 percent, or $196.9 million. This is driven by an anticipated decrease in Fines, Forfeitures and Penalties, as well as a decrease in revenue for Charges for Services. These decreases are due to both policy changes implemented during the height of the initial surge of the pandemic, such as the temporary suspension of debt collection and certain ticketing and towing practices, as well as a decrease in utilization of various City services for which a fee is collected.

Proceeds and transfers in are projected to decrease by $173.8 million, or 27.0 percent, caused by a decrease in Sales Tax Securitization Corporation Residual revenue. Intergovernmental revenue is expected to end 2020 $36.3 million under budget due to decreases to both State Income Tax and Personal Property Replacement Tax.

### 2020 YEAR-END EXPENDITURES

The 2020 Corporate Fund expenditures are currently projected to end the year below budget by $87.8 million at $4,331.4 million. These estimates are based on year-to-date spending as of August 1, 2020, incorporating payroll trends, market pricing for commodities, and known changes or events that have or are anticipated to occur during the remainder of 2020.

The 2020 year-end projections reflect higher than expected expenses in certain personnel categories. Personnel services is expected to end 2020 over budget by $5.1 million, driven primarily by overtime spending. The City implemented a hiring slow down to control personnel costs and City departments are actively working to reduce non-personnel costs to the extent possible without adversely impacting critical services.

This is offset by $17.2 million of anticipated savings in contractual services and $71.1 million in budgeted financial costs. The anticipated savings from contractual services are driven primarily by delays due to the pandemic, resulting in short-term savings. The financial cost savings are due to a portion of anticipated settlement and judgment costs being moved to available bond proceeds. The City has historically utilized a mix of Corporate Fund and Enterprise Fund resources as well as bond proceeds to pay for expenses incurred in connection with settlements and judgments against the City. Over the past several years, the City has been increasing the Corporate Fund budget for expenses incurred in connection with settlements and judgments;

however, the City has remaining bond proceeds from the last bond in 2016 that will allow the City to reduce the portion paid for on the Corporate Fund in 2020.

While Corporate Fund revenues and expenses are anticipated to end 2020 with a deficit, numerous factors can impact the City's revenues and expenditures, and these estimates may change as the year progresses. The City closely monitors its revenues and expenses and decisions are made throughout the course of the year in response to new or changing needs and citywide priorities.

## 2020 SHORTFALL POTENTIAL SOLUTIONS

Given the projected $798.8 million for 2020, the City is exploring a variety of options to ensure the City ends the year with balanced revenues and expenditures, while continuing to provide a robust COVID-19 response and recovery, honoring first amendment rights during protests, protecting businesses and property during civil unrest, and preserving as many City services as possible. During this unprecedented time when the world is simultaneously battling a global pandemic and our city and nation are reckoning with systems of injustice and racism, difficult choices will need to be made in order to achieve a balanced budget, particularly without additional federal assistance to address the severe revenue losses impacting most sectors due to COVID-19. At the time of publication, no federal assistance for municipal revenue replacement has been made available.

The potential shortfall solutions presented here reflect some of the available options. Due to the redeployment of City resources needed for the COVID-19 response, some of these costs will be eligible for reimbursement by federal sources received by the City. For instance, many employees from the Department of Cultural Affairs and Special Events and the Office of the Inspector General were redeployed to assist with the management of the temporary isolation and quarantine facilities initiated in response to the pandemic. Further, the functions of public health, public services and public safety departments were substantially refocused to address the impacts of the pandemic across the City throughout the early months of the initial surge of the virus. The City anticipates approximately $300 million in COVID-19 related personnel costs through the end of 2020 that may be eligible for federal reimbursement.

The City is also exploring additional financial savings that may be realized in 2020. This could include additional debt refinancing resulting in savings of approximately $200 million.

The City continues to explore various ways to reduce expenditures including identifying additional efficiencies and slowing down hiring.

Given the unpredictable trajectory of the virus and the impacts on the economy, difficult choices will need to be made to ensure that revenue and expenses remain in balance; these may include reductions of City programs, and services, employee furloughs or layoffs, retirement incentives and/or further consolidation of City programs or departments to gain long-term efficiencies. The City continues to monitor revenues and expenditures to identify any additional fluctuations, and will make necessary changes to ensure revenues and expenditures are balanced at year end.

## 2021 CORPORATE FUND PROJECTIONS

| | 2021 Projected |
|---|---|
| **Revenues** | $3,636.0M |
| **Expenditures** | $4,840.5M |
| **Surplus / (Deficit)** | **($1,204.5M)** |

The difference between revenues and expenditures anticipated by the City in the preliminary Corporate Fund budget estimate is the budget deficit, commonly referred to as the "gap." Based on current revenue and expenditure projections of existing operations, the City estimates a 2021 Corporate Fund gap of $1.2 billion.

The following is an outline of the City's operating revenue and expenditure projections for 2021. These expenditure and revenue projections assume no substantive changes to City operations in 2021, and assumes continued restrictions on movement and economic activity until widespread treatment and/or vaccines for COVID-19 are made available in the second half of 2021. Cost saving initiatives are not incorporated into these estimates as the 2021 projections reflect the gap in the City's operating budget related to existing expenses and revenues. As in all previous years, revenue and expense adjustments to close the gap are developed by the City, in consultation with elected officials and the general public, and will be presented in the Mayor's 2021 Budget Recommendations submitted to the City Council in October.

### *INCOME STATEMENT - CORPORATE FUND*

| | 2020 BUDGET | 2020 YEAR-END ESTIMATES | 2021 PROJECTED | 2022 PROJECTED | 2023 PROJECTED |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Local Tax Revenue | $1,790.3M | $1,285.1M | $1,480.0M | $1,683.5M | $1,751.5M |
| Proceeds and Transfers In | $642.5M | $488.4M | $493.8M | $488.6M | $500.9M |
| Intergovernmental Revenue | $433.2M | $402.8M | $398.1M | $438.0M | $455.4M |
| Local Non-Tax Revenue | $1,472.2M | $1,275.3M | $1,183.1M | $1,190.5M | $1,197.4M |
| Prior Year Assigned and Unassigned Available Resources | $81.0M | $81.0M | $81.0M | $0.0M | $0.0M |
| **Total Revenue** | **$4,419.2M** | **$3,532.6M** | **$3,636.0M** | **$3,800.6M** | **$3,905.1M** |
| **Expenditures** | | | | | |
| Commodities and Materials | $71.3M | $68.1M | $74.1M | $77.9M | $81.9M |
| Contingencies | $0.1M | $0.1M | $0.1M | $0.1M | $0.1M |
| Contractual Services | $431.4M | $414.2M | $474.6M | $493.5M | $513.1M |
| Equipment | $0.9M | $0.9M | $1.2M | $1.3M | $1.5M |
| Financial Costs | $220.7M | $149.6M | $428.6M | $366.5M | $368.8M |
| Pension Costs | $335.5M | $335.5M | $426.9M | $685.3M | $859.1M |
| Permanent Improvements | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M |
| Personnel Services | $3,020.1M | $3,025.2M | $3,112.0M | $3,351.6M | $3,281.1M |
| Specfic Items and Projects | $333.1M | $332.0M | $316.7M | $316.7M | $316.7M |
| Transfers and Reimbursements | $5.1M | $5.1M | $5.2M | $5.2M | $5.2M |
| Travel | $1.0M | $0.7M | $1.0M | $1.1M | $1.1M |
| **Total Expenses** | **$4,419.2M** | **$4,331.4M** | **$4,840.5M** | **$5,299.2M** | **$5,428.7M** |
| **GAP (REVENUES LESS EXPENDITURES)** | **$0.0M** | **($798.8M)** | **($1,204.5M)** | **($1,498.6M)** | **($1,523.6M)** |

*(Table may not sum due to rounding)*

## 2021 PROJECTED CORPORATE FUND REVENUES

Corporate Fund revenues in 2021 are projected to decrease from 2020 budgeted amounts by 17.7 percent, or $783.2 million, to $3,636.0 million.

The decrease in local tax and non-tax revenue is driven primarily by the anticipated continued impact of COVID-19 on the City's economy. For more detailed information regarding these estimates and the underlying data, please go to the Revenue Supplement section of this book.

Local tax revenue is projected to decrease by 17.3 percent or $310.3 million under the 2020 budget. Similar to the 2020 year-end projections, transportation taxes are expected to experience the largest loss for 2021. This is primarily driven by Ground Transportation Tax, with an anticipated decrease of more than $66.3 million, or 34.8 percent from the 2020 budget.

Recreation taxes are estimated to decrease by 19.6 percent from the 2020 budget, a loss of more than $53.6 million, primarily due to the decline in Amusement Tax. A projected decrease to business taxes is expected to result in a loss of $61.6 million, or 39.0 percent, almost entirely due to a loss in Hotel Tax revenue.

Transaction taxes are expected to drop 9.0 percent, or $45.7 million, caused by decreases to both Lease of Personal Property Tax and Real Property Transfer Tax.

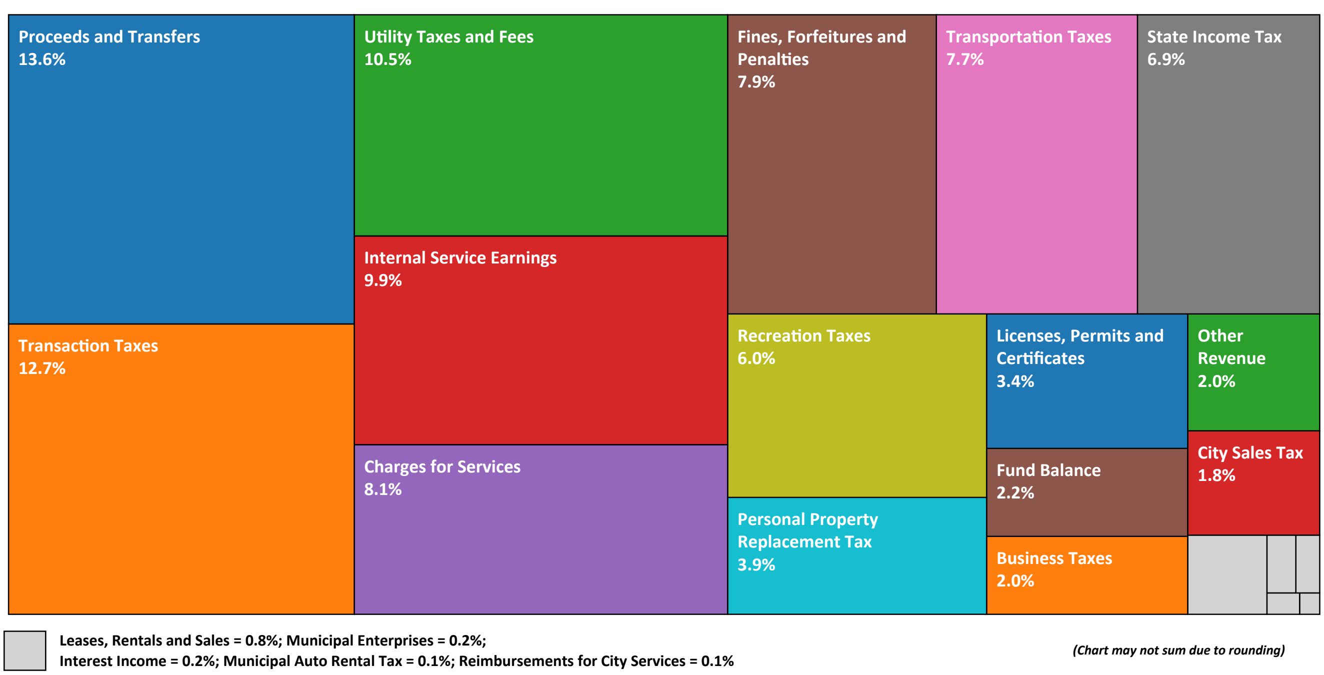
The projected drop in Proceeds and Transfers In is due to residual Sales Tax Securitization Corporation ("STSC") proceeds, which are expected to decrease from 2020 budget by $148.7 million in 2021, resulting from the scheduled increase in debt service by the STSC.

Intergovernmental revenue is expected to decrease by $26.6 million, or 6.0 percent, driven primarily by a decrease in Personal Property Replacement Tax.

Non-tax revenues are expected to decrease by $289.1 million from the 2020 budget, or 19.6 percent, totaling $1,183.1 million. This change is mostly due to an anticipated decrease to Charges for Services and Fines, Forfeitures and Penalties. A portion of the decrease to Charges for Services is due to one-time revenue received by the City in 2020, but is also attributed to a reduction in the use of City services. The decline of Fines, Forfeitures and Penalties revenue is due to a continued decrease in collections resulting as an impact of the pandemic.

There is also an anticipated decrease in 2021 for Internal Service Earnings, Interest and Other Revenue by $60.5 million to $439.2 million driven by one-time sweeps of aging revenue accounts in 2020. Additionally, this category includes transfers to the Corporate Fund for services provided to other City agencies, such as police, fire and sanitation services. Other Revenue includes multiple different revenue sources such as reimbursements and Tax Increment Financing surplus.

### *2021 PROJECTED REVENUE - CORPORATE FUND: $3,636.0M*



## 2021 PROJECTED CORPORATE FUND EXPENDITURES

The 2021 expenditures are forecast to grow by approximately $421.3 million over the 2020 budget levels to $4,840.5 million. These projections are based on the 2020 budget and 2019 actuals, adjusted for anticipated growth trends and known changes to existing expenses such as normal increases in contractual services, commodities and materials costs, and salary increases resulting from contractual obligations under collective bargaining agreements.

This increase in 2021 is driven by several factors, including personnel, pension and debt obligations, as described in the sections below.

### *Personnel*

One contributor to the projected expense increases for 2021 are personnel costs, primarily wages and other related expenses. The 2021 projection for these expenses assumes salary and wages will grow based on required contractual wage and prevailing rate increases for current collective bargaining agreements as well as certain estimated salary and wage growth for CBAs under negotiation. Personnel expenditures are expected to grow by more than $91.9 million in 2021 from the 2020 budget, totaling $3,112.0 million.

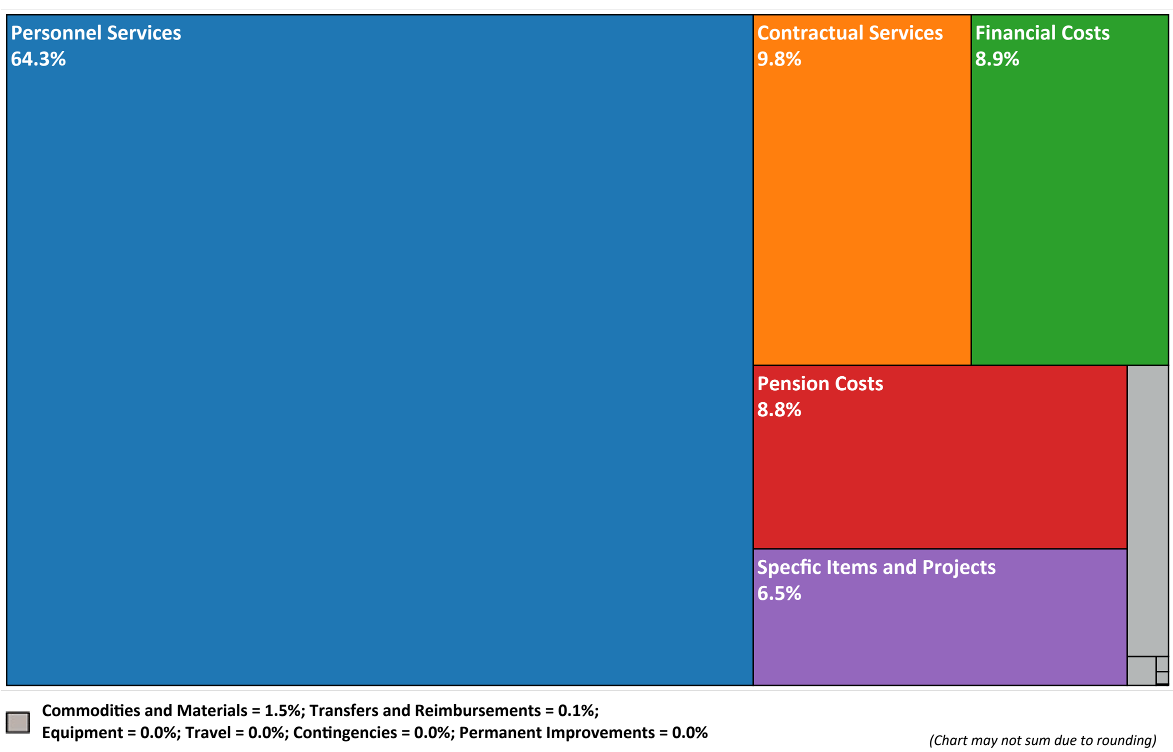
### *Pension*

As is discussed further in the Pension section, the 2021 budget marks the second year the City's contribution to the Police and Fire Pensions will reflect an actuarially- calculated statutorily required contribution. Additionally, the 2021 budget will be the final year of increased statutory contribution increases in the Municipal and Laborers Pension Funds. These contribution increases will result in a $91.4 million increase to the Corporate Fund, totaling $426.9 million.

### *Financial Costs*

Financial costs are expected to increase by $207.9 million in 2021. This is primarily driven by a $140.0 million increase in debt service, as well as an increase in anticipated loss of collection of $65.2 million. The increase in debt service is primarily due to a one-time refunding savings received in 2020, reducing the 2020 debt service of $114 million to zero. Refer to the Debt section for more information. The increase in loss of collection is due to an anticipated decrease in the percent of property taxes that are collected due to the pandemic. When the Cook County Treasurer collects property taxes, there is a portion that is not collected, whether due to late payments or no payment at all. This results in non-collection of the full property tax levy. This shortfall is referred to as the "loss in collection". Typically, the City expects a 3.0 percent loss in collection. This is expected to increase to 10.0 percent in 2021 due to COVID-19.

*2021 PROJECTED EXPENDITURES - CORPORATE FUND: $4,840.5M*




*(Chart may not sum due to rounding)*

## 2022-2023 CORPORATE FUND OUTLOOK

The following three scenarios project budget gaps for the years 2022 and 2023 for the City's Corporate Fund based on different revenue and expenditure outlooks. While the City shows growth in the gap for 2022 and 2023, these numbers assume that no substantive changes are made to City operations, revenue or the cost of City services as part of the 2021 budget that would impact future budgets. Forecasts of the recovery from the economic contraction vary, and are heavily influenced by assumptions about the ongoing effects of the pandemic. The City based its scenarios about the future economic conditions almost entirely on the duration and effects of the pandemic.

The majority of the projected expense increases in 2022 and 2023 are personnel and pension. The personnel assumptions account for required contractual salary and prevailing rate increases for current collective bargaining agreements as well as certain estimated salary and wage growth for collective bargaining agreements currently under negotiation. While the projected revenue forecasts vary based on the assumptions outlined below, all three scenarios contemplate a continued impact to economically sensitive revenues from the pandemic, and assume that revenues will not fully return to pre-pandemic budgeted levels by 2023. The projected gap in each of the scenarios highlights expenditure growth relative to revenue growth.

### *Base Outlook*

The baseline economic outlook assumes continued restrictions on movement and economic activity until widespread treatment and/or vaccines are available, and that this will not occur until the second half of 2021, resulting in continuing declines in GDP year-over-year.

The base outlook projects overall Corporate Fund revenue growth to be modest compared to the prior year in both 2022 and 2023, resulting in total Corporate Fund revenues of $3,800.6 million and $3,905.1 million, respectively.

Corporate Fund expenditures are projected to outpace revenue growth during this period, due largely to growth in wages and other personnel-related costs, as well as increasing pension obligations. In 2022, the projected expenditures reach $5,299.0 million, and in 2023, expenditures are projected to increase to $5,428.5 million.

Under the base outlook, most non-personnel categories of expenditures are assumed to grow at historical average rates. Salary, wages and healthcare expenditure projections – the largest portion of the City's operating expenses – are based on the assumption that the number of full-time equivalent positions will remain stable and that the costs associated with these positions will experience growth in line with long-term, historical trends.

### *Negative Outlook*

The negative economic outlook envisions a return to the shutdown of major parts of the economy. In this scenario, GDP does not return to pre-pandemic levels in the forecast window. This outlook presents a picture of City finances under unfavorable economic conditions with low to negative growth in economically sensitive revenues, and expenditures growing at a significantly higher rate. Total Corporate Fund revenues in 2022 under this scenario are projected to be $3,458.5 million and $3,585.2 million in 2023.

Assuming a similarly negative outlook for expenditures, in which City spending increases more rapidly over the next three years, Corporate Fund operating expenditures are driving the large operating shortfall. Driven by personnel, costs in 2022 and 2023 would significantly outpace revenues, growing at a rate of roughly 11.4 percent to $5,390.3 million in 2022 and another 2.5 percent to $5,523.4 million in 2023. Most categories of expenditures are assumed to grow at the rates seen during their fastest period of historical growth in the past decade. Under the negative outlook, the City's operating budget shortfall would grow to $1,931.8 million in 2022 and $1,938.2 million in 2023.

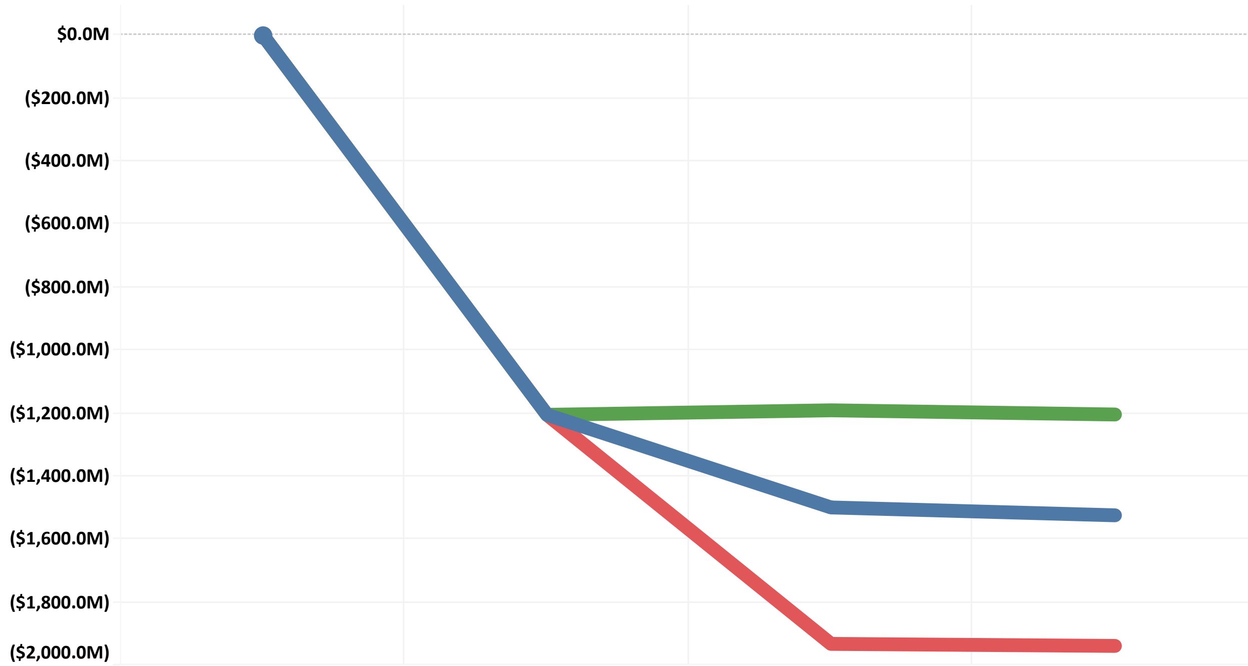
### *Positive Outlook*

The positive economic outlook assumes a more rapid return to normal, either due to new treatments or diminishing cases. Based on these assumptions, these projections include growth in the economy at a slightly faster rate over the next three years resulting in modest revenue increases in economically sensitive revenues and slower average annual growth rate in expenses. The positive outlook projects strong growth in Corporate Fund revenue in 2022 and more modest growth in 2023, resulting in total Corporate Fund revenues of $4,072.3 million in 2022 and $4,187.1 million in 2023.

Under this positive outlook, the City can limit its future average annual growth rate, keeping expenditures lower than the base outlook. Total Corporate Fund expenditures grow to $5,262.4 million in 2022 and $5,390.5 million in 2023. Under this scenario, wage and salary costs experience a lower rate of growth, and healthcare costs grow at a lower rate than in the base outlook.

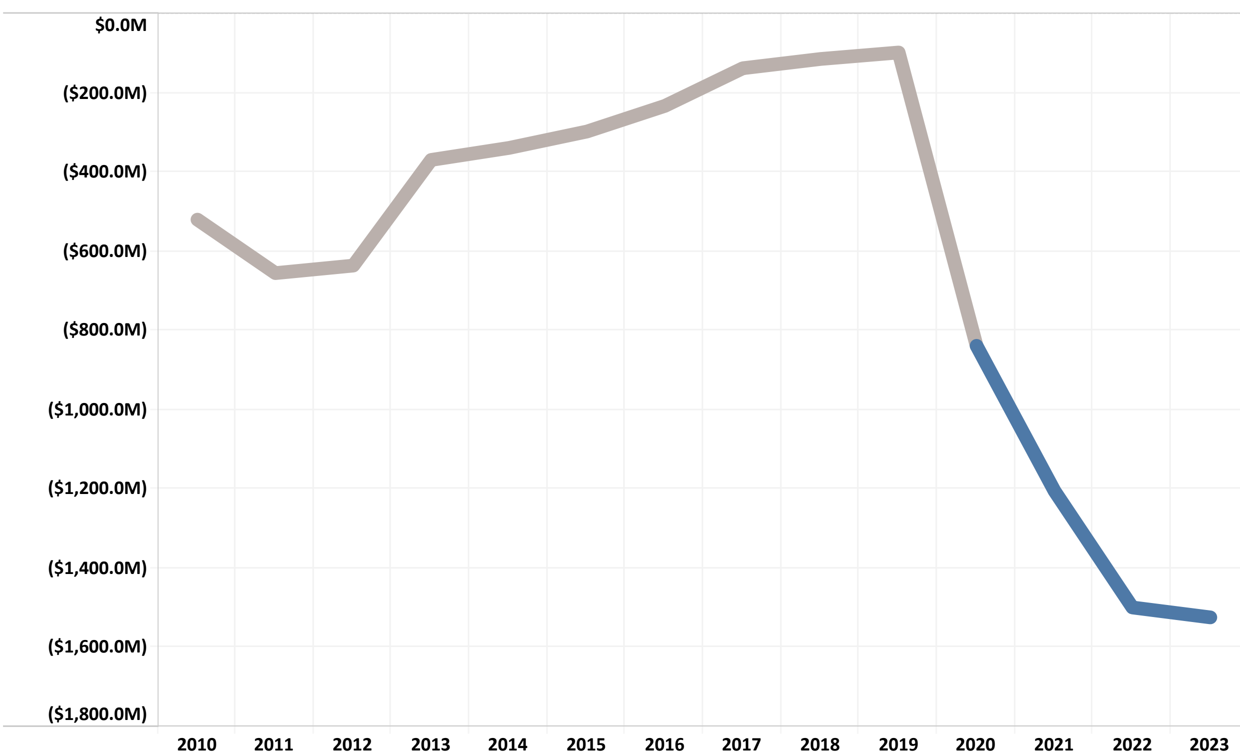
Under a positive outlook with the ability to control expenditures, coupled with moderate revenue growth, the budget deficit in 2022 is projected to be $1,190.1 million and $1,203.4 million in 2023.

## OUTLOOK FOR CORPORATE FUND: 2021 - 2023




| | 2020 Budget | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Base | $0.0M | ($1,204.5M) | ($1,498.6M) | ($1,523.6M) |
| Positive | $0.0M | ($1,204.5M) | ($1,190.1M) | ($1,203.4M) |
| Negative | $0.0M | ($1,204.5M) | ($1,931.9M) | ($1,938.3M) |

## GAP HISTORY – CORPORATE FUND




Gap calculations as of 2020 reflect the new methodology as described in this document.

## OUTLOOK FOR SPECIAL REVENUE FUNDS

The City's current 911 surcharge of $5 per month for wireless and landline connections allows the City to fully fund the City's 911 operations using surcharge funds as well as invest in a new 911 system. The 2020 year-end estimate for revenues from this surcharge is $152.4 million, 39.0 percent above budgeted expectations. Revenues are expected to remain flat in 2021, with a significant decrease in 2022 and 2023 due to the sunset of the State authorization on the $5 per month rate for the 911 surcharge.

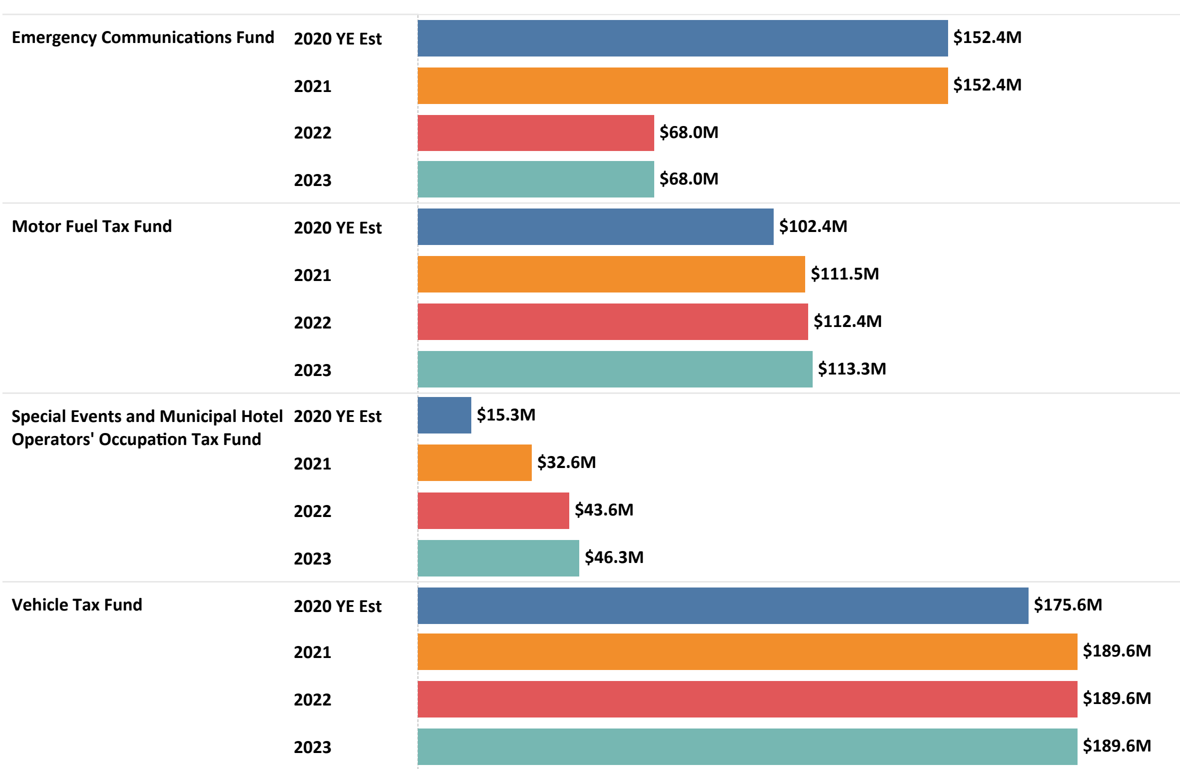
Motor Fuel Tax Fund revenues are projected to end 2020 at $102.4 million, approximately $16.5 million below original budget estimates. While State changes to the Motor Fuel Tax went into effect July 1, 2019, COVID-19 has reduced motor fuel use overall. Revenue from Chicago Riverwalk concessions and tour boat operations as well as Motor Fuel Tax revenues have been pledged to pay debt service on both outstanding Motor Fuel Tax bonds and a loan issued by the U.S. Department of Transportation under the Transportation Infrastructure Finance Innovation Act ("TIFIA"). The City used proceeds from the TIFIA loan to fund expansion of the Chicago Riverwalk.

A significant slow-down in business travel and tourism in Chicago and across the country due to the coronavirus has impacted Hotel Tax revenue and festival-related revenues, resulting in a reduction of 69.0 percent in Special Events and Municipal Hotel Operators' Occupation Tax Fund revenues for 2020. The outlook for growth in tourism, convention, and business travel over the three-year forecast period reflects growth when compared to 2020 year-end estimates, however, is still anticipated at lower levels when compared to the 2020 budget.

The City anticipates revenue from the sale of vehicle stickers and other revenues in the Vehicle Tax Fund will finish 2020 at $175.6 million, or 11.3 percent below budgeted expectations. The year-end revenue estimate for vehicle stickers is $115.0 million, which is a decrease of 10.9 percent to budgeted expectations.

In 2021, Vehicle Tax Fund revenue is expected to grow from 2020 year-end projections by 8.3 percent. Beginning in 2016, mandated increases in vehicle sticker tax rates based on CPI changes went into effect. Rates increased 1.3 percent over prior rates in January 2018 and increased by another 3.45 percent effective January 1, 2020. The next CPI adjustment will be made in 2022. Despite the CPI adjustment, vehicle sticker revenue is estimated to remain flat from 2021 to 2023 as residents have become accustomed to the process of year-round sales as well as the option of a 24-month vehicle sticker.

*OUTLOOK FOR SPECIAL REVENUE FUNDS: 2020 - 2023*



## OUTLOOK FOR ENTERPRISE FUNDS

### *Water and Sewer Funds*

Revenues to the Water and Sewer Funds are expected to decrease in 2020 from year-end estimates, then slightly increase over the next three years. These three-year projections account for collection loss and current trends in water usage.

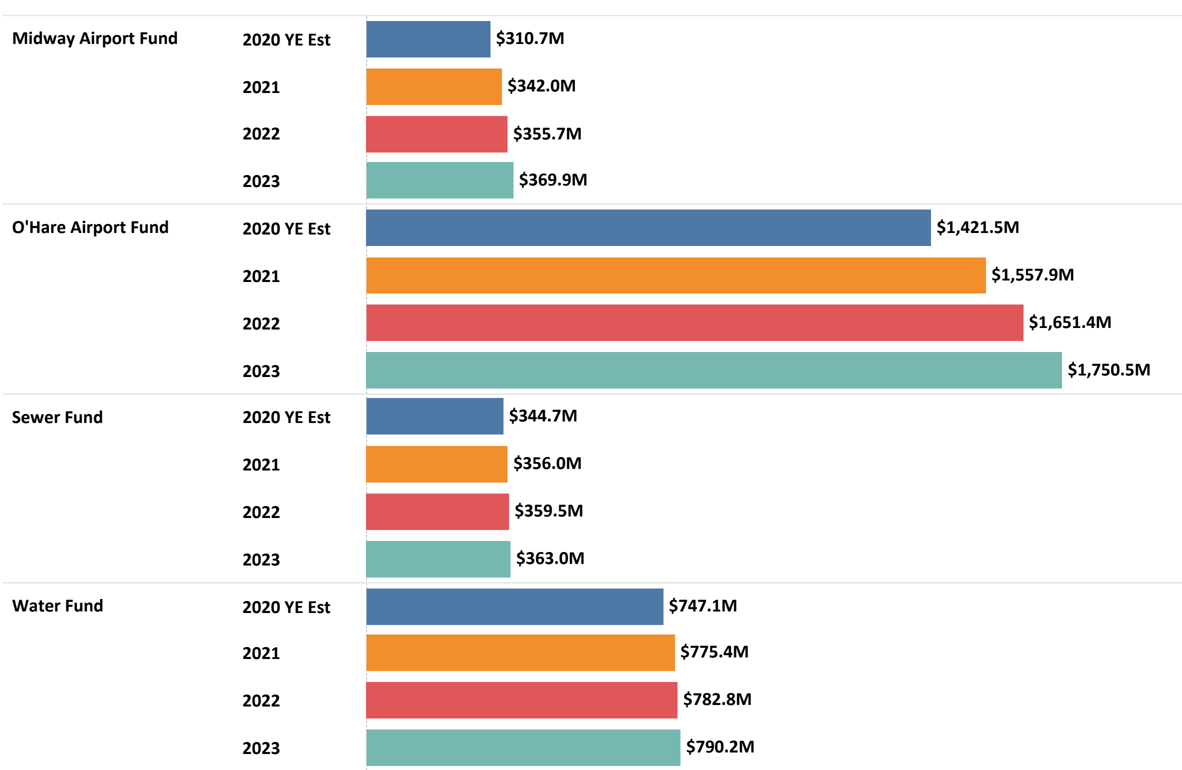
The year-end estimate for 2020 Water Fund revenue is $747.1 million and $344.7 million for Sewer Fund revenue. Over the next three years, the Water and Sewer Funds are estimated to increase approximately 5.0 percent, reflecting a recovery in collections balanced by current trends in conservation efforts.

### *Aviation Funds*

Estimates for the O'Hare and Midway International Airport Funds anticipate that revenue is set at a level necessary to pay debt service and support the operations of the airports, but also take into account the impact of COVID-19 on these revenues offset by federal assistance. The year-end estimate for 2020 Midway Fund revenue is $310.7 million and $1,421.5 million for O'Hare Fund revenue.

In 2021, revenue will increase from 2020 budgeted levels by approximately 6.1 percent for O'Hare Airport and 2.1 percent for Midway Airport. The City projects continued growth in 2021 and 2022 as the airports move forward with large scale capital projects and other improvements necessary to accommodate increased tourism and business travel.

*OUTLOOK FOR ENTERPRISE FUNDS: 2020 – 2023*



## PENSION

The City's employees are covered under four defined benefit retirement plans established by State statute and administered by independent pension boards. These plans are the Municipal Employees' Annuity and Benefit Fund ("MEABF"), the Laborers' Annuity and Benefit Fund ("LABF"), the Policemen's Annuity and Benefit Fund ("PABF") and the Firemen's Annuity and Benefit Fund ("FABF").

State statute mandates the payments to the City's four pension funds. Prior to pension reforms in 2015 and 2017, State law required the City to contribute a statutory multiple of the amount contributed to each pension fund by the employees who were members in that fund two years prior. This funding formula did not adjust for changes in benefits or changes in the funding level of each pension fund resulting in a City contribution that did not adequately support the pension funds. The City's 2014 budget was the final year the City's employer contribution for all four pension funds was based on this statutory multiplier calculation and totaled $478.3 million to all four pension funds.

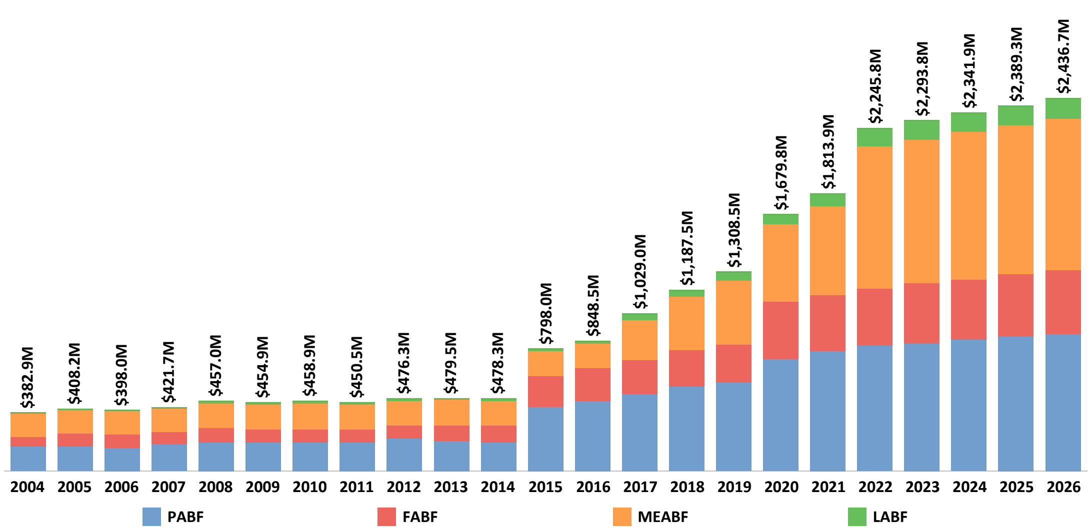
In 2015, the State passed a new funding formula for the City's PABF and FABF, establishing five years of increasing fixed contributions set in statute between 2015 and 2020, after which the City's annual payment will be based on an actuarially-calculated contribution designed to bring the two funds to a 90 percent funded ratio by 2055. The funding formula for the City's MEABF and LABF was revised in 2017 to establish a five-year period of increasing fixed contributions between 2017 and 2021, after which the City's annual payment will be based on an actuarially-calculated contribution to bring the two funds to a 90 percent funded ratio by 2058.

Historically, the City's pension contributions have been made primarily from the proceeds of an annual property tax levy for each fund; however, State law also allows for proceeds from other legally available funds, in lieu of a property tax levy to make contributions to a pension fund.

The final year of increased statutory contributions for the MEABF and LABF will be reflected in the 2021 budget. A dedicated tax on water-sewer usage was passed by the City Council in 2016 to pay for the increased contributions to the MEABF through 2021. In 2018, the City Council increased the 911 surcharge to generate sufficient revenue to pay for all eligible 911 operations and emergency preparedness costs. This allowed Corporate resources previously appropriated for 911 operations to be dedicated to other Corporate Fund expenses, including pensions. In 2021, the LABF contribution is projected to require an additional $8.2 million from Corporate resources in order to make the total contribution.

The 2021 budget marks the second year the City's contribution to the PABF and FABF will reflect an actuarially-calculated contribution. This will increase the City's total pension contribution for the two funds by approximately $45.1 million from the $1.1 billion budgeted in 2020.

***HISTORIC AND PROJECTED PENSION CONTRIBUTIONS***




1) The historic contributions presented in this chart differ slightly from amounts presented in previously published documents as a result of differences in the accounting documentation of these contributions. The 2015 and 2016 MEABF and LABF amounts reflect a revised employer contribution amount made by the City after P.A. 98-641 was declared unconstitutional by the Illinois Supreme Court in 2016. All other years, including 2019, represent the amounts found in the annual appropriation ordinance.
2) The PABF and FABF projected contributions in 2021-2026 and the MEABF and LABF projected contributions in 2022-2026 are based on the December 31, 2019 Actuarial Valuation Reports. These projections may shift over time based on investment returns and other pension fund changes as the City gets closer to making those actuarial-determined contributions.

## DEBT

The following graphs provide a historical and three-year outlook for the City's long-term debt.

### *Long-Term Debt*

Long-term debt is used to finance infrastructure projects in City neighborhoods including street and alley construction and improvements, lighting, sidewalk replacement, curb and gutter repairs and replacement, and transportation improvements, including street resurfacing, bridge rehabilitation and traffic safety improvements.

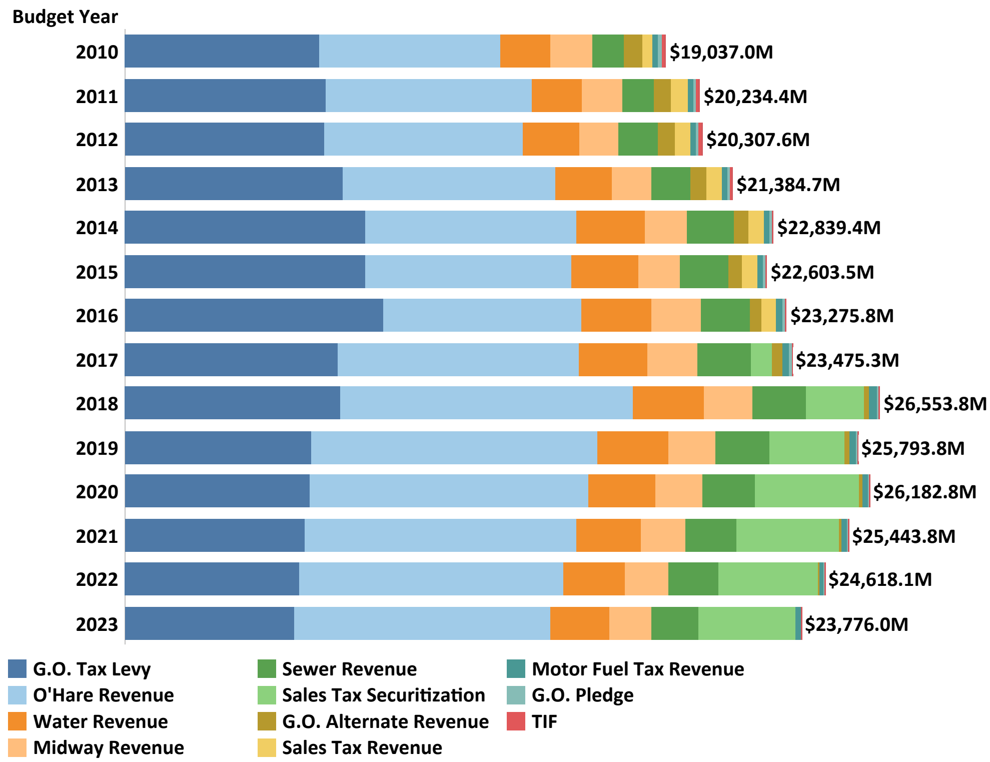
- ***General Obligation Debt*** is backed by the full faith and credit of the City. The City has three types of General Obligation Bonds ("G.O. Bonds") outstanding: 1) Tax Levy Bonds for which an annual property tax levy has been established to make payments; 2) Alternate Revenue Bonds for which an annual property tax levy has been established but is annually abated if certain other revenues are available that year to make payments; and 3) Pledge Bonds for which an annual property tax levy has not been established and payments are appropriated from other sources of revenue other than property taxes.
- ***Motor Fuel Tax*** revenue bonds are issued to pay for eligible transportation projects. Additionally, Motor Fuel Tax revenues are pledged to pay an outstanding Transportation Infrastructure Finance Innovation Act ("TIFIA") loan from the U.S. Department of Transportation to complete the Chicago Riverwalk along the main branch of the Chicago River. Additional City revenues generated by the operations of the Chicago Riverwalk are also pledged to the repayment of the TIFIA loan and Motor Fuel Tax revenue bonds.
- ***Tax Increment Allocation*** bonds are limited obligations of the City payable solely from available incremental tax revenues collected from the related project redevelopment area and are issued to fund or reimburse redevelopment and infrastructure projects in Tax Increment Financing ("TIF") districts.
- ***Water and Wastewater*** bonds are secured by revenues of the Water and Sewer Systems, respectively, and are primarily issued to fund capital projects for such systems. Additionally, the City applies for and receives funding from the Illinois Environment Protection Agency State Revolving Loan Funds Program.
- ***O'Hare and Midway*** bonds are issued to fund capital improvements and are backed by general revenues generated at the respective facility. Additionally, the City has issued bonds to fund capital improvements at O'Hare secured by Passenger Facility Charges and Customer Facility Charges (CFC) collected at O'Hare. CFC revenues are also pledged to the repayment of an outstanding TIFIA loan to complete the airport transit system extension at the new O'Hare multi-modal facility.
- ***Sales Tax*** revenues were purchased by the Sales Tax Securitization Corporation ("STSC") after it was organized by the City in 2017 for the limited purpose of purchasing certain Sales Tax revenues and issuing bonds, notes, or other obligations for the benefit of the City. Bonds issued by the STSC in 2017 were applied by the City to refund all of the outstanding City of Chicago Sales Tax revenue bonds as well as certain outstanding G.O. Bonds for debt service savings. In exchange, the STSC was given all of the City's right, title, and interest in Sales Tax revenues collected by the State.

### *Short-Term Debt*

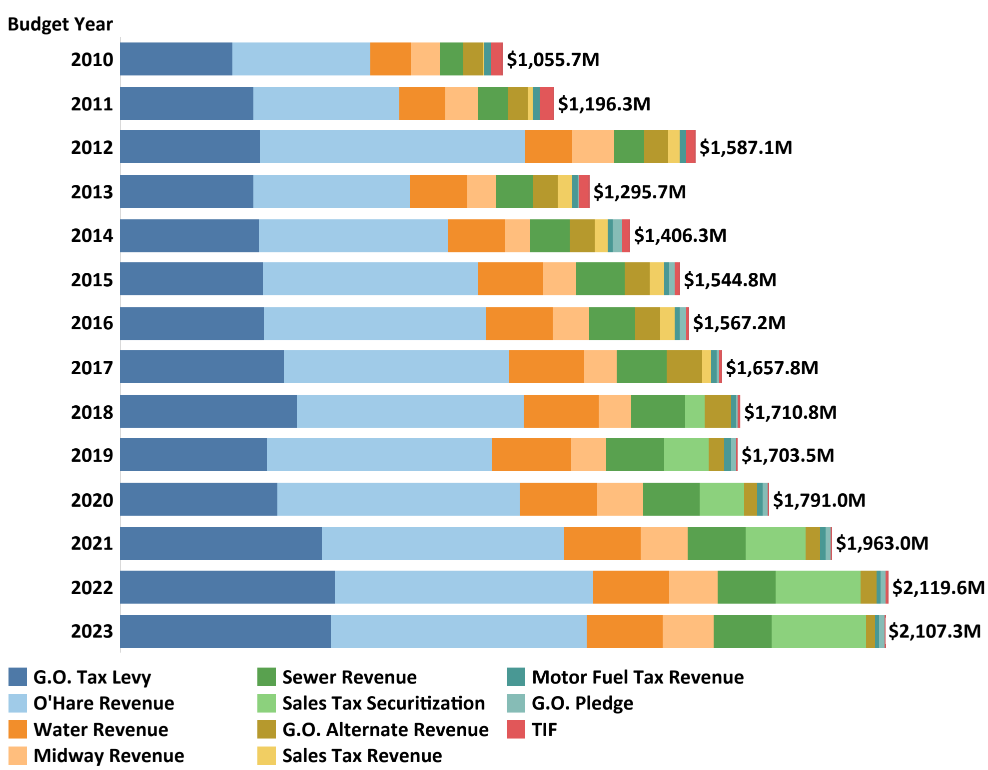
In addition to the long-term debt discussed above, the City issues certain types of short-term debt to address various operating, liquidity, and capital needs.

- ***General Obligation Short-Term Borrowing Program*** is used by the City for working capital in anticipation of receipt of other revenue to fund capital projects, debt refinancing or restructuring, and to pay noncapital expenditures, such as settlements and judgments or retroactive payment of employment salaries and wages. The City currently has a General Obligation Short-Term Borrowing program in place for up to $100 million. There are no short-term obligations currently outstanding.
- ***Water and Sewer Systems Commercial Paper Notes and Line of Credit Notes*** can be authorized for the purposes of financing or refinancing capital improvements to the Water and Sewer Systems or providing funds to meet the cash flow needs of the respective system; there are no programs currently in place and there are no notes currently outstanding.
- ***Chicago O'Hare International Airport Commercial Paper Notes and Credit Agreement Notes*** can be used by the airport for working capital in anticipation of receipt of other revenue, to fund capital projects, and for debt refinancing or restructuring; however, there are no programs currently in place and there are no notes currently outstanding.
- ***Chicago Midway Airport Commercial Paper Notes*** are available to support cashflow needs at Midway, to fund capital projects, and for debt refinancing or restructuring. Midway currently has a Commercial Paper Notes program in place for up to $60 million; however, there are no notes currently outstanding.

## OUTSTANDING LONG-TERM DEBT




## LONG-TERM DEBT SERVICE PAYMENTS



# APPENDICES

## HISTORIC REVENUE AND EXPENSE REVIEW

This section provides a ten-year trend analysis of the revenues and expenditures in the City's Local Funds, beginning with the Corporate Fund.

### Corporate Fund Revenue

The revenue information contained here is based primarily on the City's Comprehensive Annual Financial Report ("CAFR"), but may vary slightly from that printed in the City's CAFR due to rounding.

Corporate Fund revenues are divided into five broad categories including local tax revenue, intergovernmental tax revenue, local non-tax revenue, proceeds and transfers, and prior year available and unassigned available resources.

***Local tax*** revenue consists of taxes collected by the City, including utility, transportation, transaction, recreation, and business taxes. In 2019, local tax revenue made up approximately 44.6 percent of total Corporate Fund revenues. For the 2019 budget, no new taxes were adopted by the City Council.

***Intergovernmental tax*** revenue totaled 12.3 percent of Corporate Fund revenues in 2019 and includes the City's share of State Income Tax, Personal Property Replacement Tax and Municipal Auto Rental Tax. Prior to 2018 and the creation of the Sales Tax Securitization Corporation ("STSC"), the City's share of state-collected Sales Tax was included in this revenue category.

***Local non-tax*** revenue consists of licenses, permits, services, fees and fines, proceeds from land and materials, sales and leases, and transfers to the Corporate Fund from the City's Special Revenue and Enterprise Funds for services provided. Local non-tax revenue totaled 26.4 percent of Corporate Fund revenues in 2019.

***Proceeds and transfers*** consist of amounts transferred into the Corporate Fund from outside sources. In 2019, this revenue source totaled 16.6 percent of Corporate Fund revenues.

The City's revenue from most state and local sales taxes appear in the budget as a transfer as a result of the creation of the STSC. This revenue securitization structure was developed because of legislation passed by the Illinois General Assembly, allowing all home rule municipalities to create a special purpose corporation organized for the sole purpose of issuing bonds paid for from revenues collected by the State. In December 2017, the City entered into a sale agreement ("Agreement") with the STSC. Under the Agreement, the City sold to the STSC the City's rights to receive Sales Tax revenues collected by the State. In return, the City received the proceeds of bonds issued by the STSC as well as a residual certificate. Sales Tax revenues received by the STSC are paid first to cover the STSC's operating expenses and debt service on the STSC's bonds. All remaining Sales Tax revenues are then paid to the City as the holder of the residual certificate.

***Prior year available resources*** is the result of savings and sustainable revenue growth, along with spending controls and other efficiencies, resulting in healthy growth of the Corporate Fund balance, referred to as prior year assigned and unassigned available resources. In 2019, the City budgeted $76.0 million of prior year available resources; however, this resource was not required.

### Corporate Fund Expenditures

Corporate Fund expenditures are reported as a major governmental fund within the general fund in the City's basic financial statements. Corporate Fund expenditures totaled $3.88 billion in 2019. This report breaks down these expenditures into the three broad categories of personnel, non-personnel, and other.

***Personnel expenditures*** represent the majority of City expenses and include employee pay, benefits, workers' compensation and the City's Corporate Fund pension allocation. In 2019, these expenses represented approximately 80.1 percent of the City's Corporate Fund expenditures.

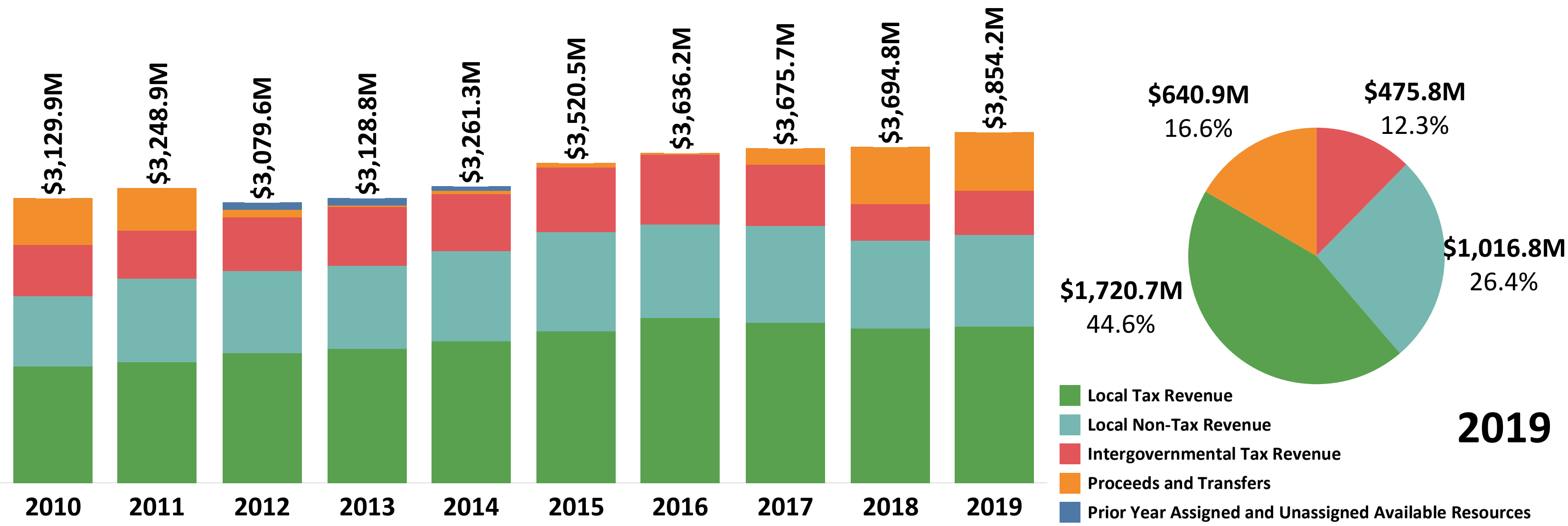
***Non-personnel expenditures*** represented 15.8 percent of the City's Corporate Fund in 2019. This includes contractual services, refunds, rebates, legal costs, utilities, commodities, delegate agencies, employee travel, and contingent expenses.

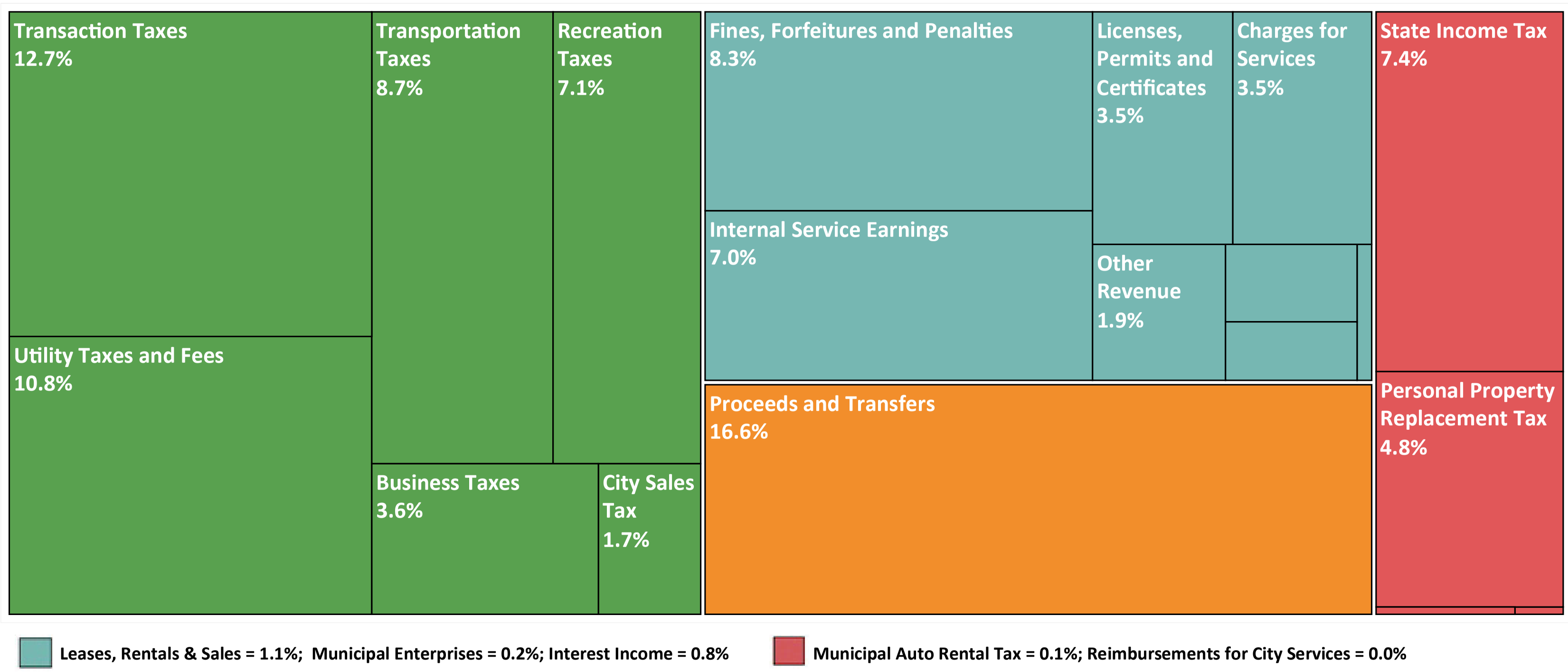
Non-personnel expenditures also include the City's payments of settlements and judgments. The City historically has used a mix of Corporate Fund and Enterprise Fund resources as well as bond proceeds, to pay for expenses incurred in connection with settlements and judgments against the City. In 2019, the City's Corporate Fund expenditures for settlements and judgments which is included in the Refunds, Rebates and Legal Costs category, totaled $80.7 million, a decrease compared to 2018.

***Other expenditures*** totaled $159.6 million in 2019, or approximately 4.1 percent of the total Corporate Fund budget. These expenses include operating transfers to other funds, cash match for grants, financing costs, and indirect costs.

The City maintains a segregated fund to support the maintenance and operations of the Chicago Public Library ("CPL") system. Revenue to this fund is primarily generated from a dedicated property tax levy; however, the Corporate Fund has historically subsidized the difference between property tax revenues and library expenditures. In 2019, this subsidy totaled $9.5 million.

## CORPORATE FUND - REVENUE



## CORPORATE FUND - REVENUES

| | | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Local Tax Revenue | Municipal Public Utility Taxes and Fees | Electricity Taxes | $191.0M | $188.8M | $188.8M | $189.2M | $186.6M | $182.8M | $190.1M | $183.7M | $189.4M | $184.7M |
| | | Natural Gas Use and Occupation Taxes | $114.3M | $113.7M | $98.8M | $122.1M | $153.3M | $119.7M | $111.1M | $124.7M | $128.6M | $128.3M |
| | | Telecommunication Tax | $139.5M | $141.1M | $149.3M | $119.4M | $106.1M | $105.5M | $103.6M | $101.9M | $87.4M | $77.6M |
| | | Cable Television Franchise Tax | $22.7M | $24.1M | $25.5M | $26.2M | $27.5M | $29.8M | $29.6M | $28.7M | $26.7M | $26.1M |
| | Total | | $467.4M | $467.6M | $462.5M | $456.9M | $473.5M | $437.8M | $434.4M | $439.0M | $432.1M | $416.7M |
| | City Sales Tax (HROT) | City Sales Tax / HROT | $229.2M | $252.5M | $272.3M | $267.6M | $285.8M | $308.9M | $308.1M | $229.9M | $57.0M | $63.7M |
| | Total | | $229.2M | $252.5M | $272.3M | $267.6M | $285.8M | $308.9M | $308.1M | $229.9M | $57.0M | $63.7M |
| | Transaction Taxes | Real Property Transfer Tax | $81.3M | $86.0M | $102.6M | $141.9M | $157.2M | $191.1M | $197.1M | $161.7M | $175.5M | $152.4M |
| | | Personal Property Lease Transaction Tax | $108.4M | $123.5M | $132.5M | $140.2M | $152.6M | $192.5M | $259.9M | $265.7M | $295.4M | $328.7M |
| | | Motor Vehicle Lessor Tax | $5.4M | $5.8M | $6.0M | $6.2M | $6.4M | $6.7M | $6.6M | $6.8M | $6.6M | $6.7M |
| | Total | | $195.1M | $215.3M | $241.1M | $288.4M | $316.2M | $390.3M | $463.6M | $434.2M | $477.5M | $487.8M |
| | Transportation Taxes | Parking Garage Tax | $92.3M | $93.4M | $119.2M | $124.4M | $126.5M | $131.5M | $134.5M | $135.4M | $134.0M | $144.1M |
| | | Vehicle Fuel Tax | $49.8M | $49.4M | $49.8M | $49.1M | $48.2M | $49.3M | $53.0M | $54.2M | $53.7M | $54.1M |
| | | Ground Transportation Tax | $8.6M | $9.1M | $8.9M | $9.1M | $10.4M | $17.1M | $59.6M | $85.4M | $119.4M | $138.8M |
| | Total | | $150.7M | $151.9M | $177.9M | $182.5M | $185.1M | $197.9M | $247.1M | $275.0M | $307.1M | $337.0M |
| | Recreation Taxes | Amusement Tax | $85.7M | $86.1M | $87.8M | $96.7M | $112.9M | $145.7M | $163.6M | $172.6M | $195.5M | $196.5M |
| | | Automatic Amusement Tax | $1.0M | $0.9M | $0.9M | $0.6M | $0.6M | $0.5M | $0.5M | $0.4M | $0.4M | $0.4M |
| | | Boat Mooring Tax | $1.3M | $1.4M | $1.4M | $1.3M | $1.3M | $1.4M | $1.3M | $1.3M | $1.8M | $1.1M |
| | | Liquor Tax | $31.5M | $31.6M | $32.6M | $32.0M | $32.1M | $33.7M | $33.1M | $32.6M | $33.0M | $32.0M |
| | | Cigarette Tax | $19.3M | $18.7M | $18.0M | $16.3M | $24.0M | $22.8M | $23.1M | $21.3M | $21.3M | $19.8M |
| | | Non-Alcoholic Beverage Tax | $18.6M | $19.9M | $21.8M | $21.6M | $22.2M | $22.9M | $24.4M | $24.3M | $27.0M | $25.3M |
| | | Off Track Betting Tax | $0.9M | $0.8M | $0.7M | $0.6M | $0.5M | $0.5M | $0.6M | $0.6M | $0.5M | $0.4M |
| | Total | | $158.4M | $159.4M | $163.2M | $169.1M | $193.7M | $227.5M | $246.6M | $253.1M | $279.5M | $275.5M |
| | Business Taxes | Hotel Accomodations Tax | $54.3M | $60.1M | $85.6M | $89.9M | $100.4M | $109.8M | $113.5M | $131.6M | $130.4M | $133.7M |
| | | Employer Expense Tax | $23.5M | $23.5M | $17.9M | $11.3M | | | | | | |
| | | Foreign Fire Insurance Tax | $5.1M | $4.6M | $4.8M | $4.6M | $4.4M | $6.0M | $5.4M | $5.6M | $4.9M | $0.0M |
| | | Checkout Bag Tax | | | | | | | | $5.6M | $6.4M | $6.4M |
| | Total | | $83.0M | $88.2M | $108.3M | $105.7M | $104.8M | $115.8M | $118.9M | $142.9M | $141.7M | $140.1M |
| Total | | | $1,283.8M | $1,335.0M | $1,425.3M | $1,470.2M | $1,559.1M | $1,678.1M | $1,818.7M | $1,774.1M | $1,694.8M | $1,720.7M |
| Proceeds and Transfers | Proceeds and Transfers | Proceeds of Debt | $16.5M | $95.0M | $55.0M | | | | | | | |
| | | Transfers In | $502.5M | $372.7M | $31.6M | $21.0M | $39.7M | $53.9M | $8.0M | $180.2M | $627.5M | $640.9M |
| | Total | | $519.0M | $467.7M | $86.6M | $21.0M | $39.7M | $53.9M | $8.0M | $180.2M | $627.5M | $640.9M |
| Total | | | $519.0M | $467.7M | $86.6M | $21.0M | $39.7M | $53.9M | $8.0M | $180.2M | $627.5M | $640.9M |
| Intergovernmental | State Income Tax | State Income Tax | $231.5M | $200.3M | $245.2M | $276.0M | $250.3M | $286.5M | $254.0M | $239.9M | $255.0M | $284.2M |
| | Total | | $231.5M | $200.3M | $245.2M | $276.0M | $250.3M | $286.5M | $254.0M | $239.9M | $255.0M | $284.2M |
| | State Sales Tax (MROT) | Municipal Retailers Occupation Tax | $266.6M | $283.8M | $299.9M | $316.1M | $334.5M | $356.9M | $366.4M | $270.5M | | |
| | Total | | $266.6M | $283.8M | $299.9M | $316.1M | $334.5M | $356.9M | $366.4M | $270.5M | | |
| | Personal Property Replacement Tax | Personal Property Replacement Tax | $50.5M | $36.2M | $37.6M | $32.9M | $27.8M | $50.5M | $159.7M | $148.3M | $137.4M | $185.6M |
| | Total | | $50.5M | $36.2M | $37.6M | $32.9M | $27.8M | $50.5M | $159.7M | $148.3M | $137.4M | $185.6M |
| | Municipal Auto Rental Tax | Municipal Auto Rental Tax | $3.4M | $3.6M | $3.9M | $4.0M | $4.2M | $4.2M | $4.2M | $4.1M | $4.1M | $4.4M |
| | Total | | $3.4M | $3.6M | $3.9M | $4.0M | $4.2M | $4.2M | $4.2M | $4.1M | $4.1M | $4.4M |
| | Reimbursements for City Services | Other Reimbursements | $1.7M | $1.3M | $1.1M | $1.9M | $2.3M | $1.8M | $1.9M | $2.5M | $3.4M | $1.5M |
| | Total | | $1.7M | $1.3M | $1.1M | $1.9M | $2.3M | $1.8M | $1.9M | $2.5M | $3.4M | $1.5M |
| Total | | | $553.8M | $525.2M | $587.6M | $630.8M | $619.1M | $699.9M | $786.2M | $665.4M | $400.0M | $475.8M |
| Local Non-Tax Revenue | Licenses, Permits and Certificates | Alcohol Dealers | $11.2M | $12.2M | $11.3M | $12.2M | $11.6M | $12.5M | $12.2M | $12.7M | $12.5M | $13.3M |
| | | Business Licenses | $20.5M | $20.5M | $19.2M | $19.0M | $18.1M | $19.4M | $18.5M | $22.3M | $21.4M | $25.4M |

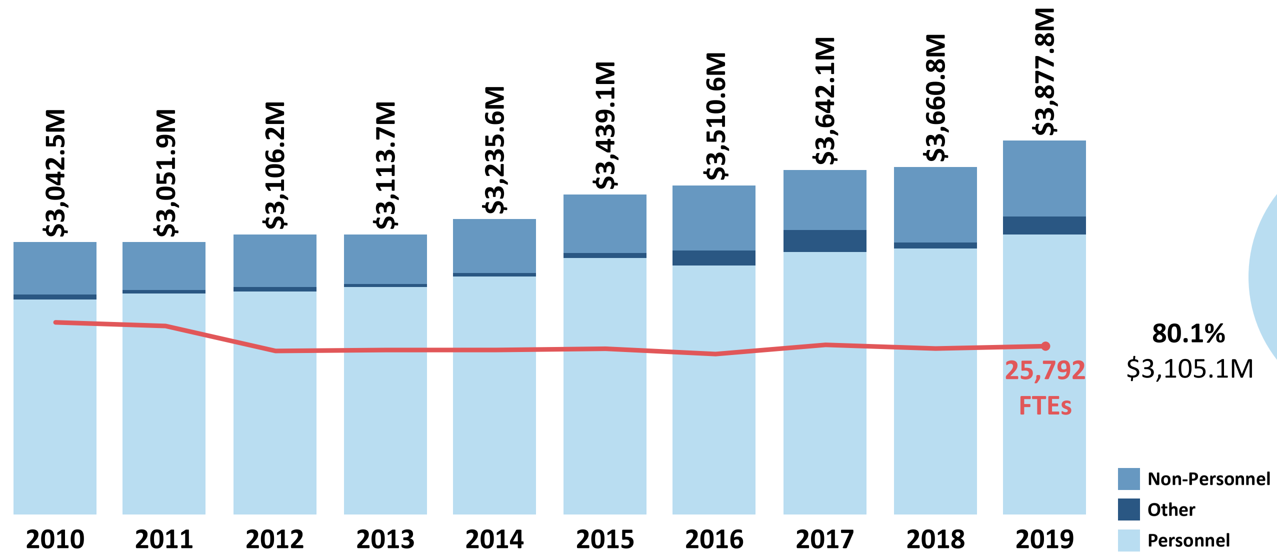
"$0.0M" indicates amounts less than $100,000

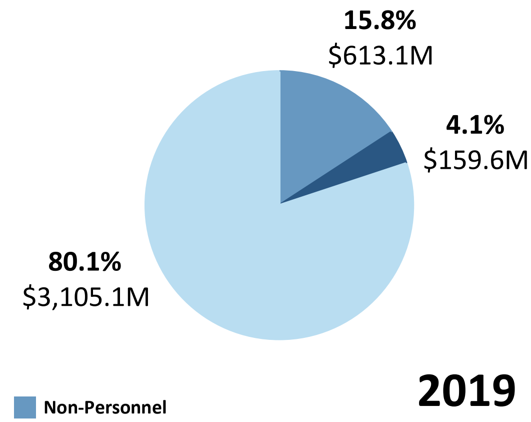
## CORPORATE FUND - REVENUES (CONT.)

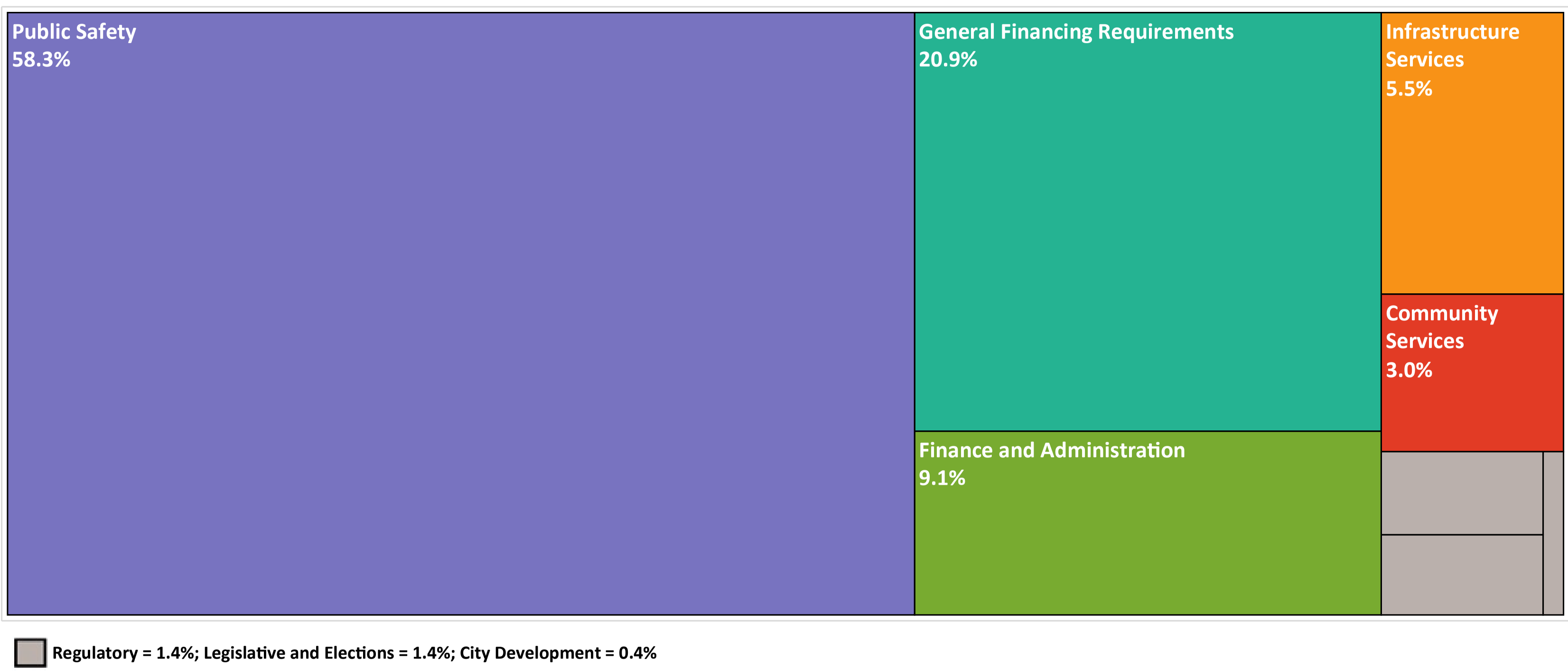
| | | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Local Non-Tax Revenue | Licenses, Permits and Certificates | Building Permits | $17.3M | $24.5M | $36.6M | $37.8M | $39.3M | $43.7M | $43.5M | $43.2M | $42.5M | $40.1M |
| | | Other Permits/Certificates | $40.3M | $39.2M | $44.3M | $48.8M | $44.9M | $45.0M | $48.3M | $49.3M | $48.1M | $51.6M |
| | | Prior Period Fines | $6.9M | $6.3M | $6.2M | $5.9M | $6.0M | $6.2M | $7.9M | $6.1M | $4.9M | $5.5M |
| | Total | | $96.2M | $102.7M | $117.6M | $123.6M | $119.9M | $126.7M | $130.4M | $133.5M | $129.3M | $136.0M |
| | Fines, Forfeitures and Penalties | Fines, Forfeitures and Penalties | $258.8M | $263.3M | $290.8M | $313.5M | $338.3M | $366.3M | $318.4M | $344.9M | $335.9M | $319.2M |
| | Total | | $258.8M | $263.3M | $290.8M | $313.5M | $338.3M | $366.3M | $318.4M | $344.9M | $335.9M | $319.2M |
| | Charges for Services | Inspection | $10.3M | $9.9M | $10.7M | $10.1M | $14.4M | $15.0M | $13.1M | $12.7M | $13.1M | $14.6M |
| | | Information | $1.0M | $1.0M | $0.9M | $0.8M | $0.7M | $0.7M | $1.5M | $0.3M | $1.1M | $1.2M |
| | | Safety | $51.5M | $100.7M | $78.7M | $74.6M | $90.0M | $61.5M | $77.3M | $70.0M | $73.7M | $80.2M |
| | | Current Expense | $7.5M | $7.2M | $13.1M | $10.1M | $5.8M | $13.0M | $6.3M | $6.3M | $4.6M | $7.4M |
| | | Other Current Charges | $7.5M | $13.8M | $21.2M | $24.2M | $23.7M | $29.4M | $32.5M | $28.9M | $30.2M | $31.0M |
| | Total | | $77.7M | $132.6M | $124.6M | $119.9M | $134.6M | $119.6M | $130.8M | $118.2M | $122.7M | $134.4M |
| | Municpal Enterprises | Municipal Parking | $6.4M | $9.1M | $8.4M | $6.4M | $7.3M | $6.5M | $7.5M | $7.7M | $7.8M | $7.7M |
| | Total | | $6.4M | $9.1M | $8.4M | $6.4M | $7.3M | $6.5M | $7.5M | $7.7M | $7.8M | $7.7M |
| | Leases, Rentals and Sales | Rentals and Leases | $6.8M | $5.4M | $6.2M | $12.4M | $13.5M | $14.0M | $13.0M | $13.2M | $26.5M | $25.5M |
| | | Sale of Land | $6.1M | $6.7M | $3.7M | $3.5M | $2.9M | $3.5M | $9.6M | $10.8M | $6.2M | $0.2M |
| | | Vacation of Streets | $0.1M | $5.1M | $1.3M | $0.4M | $5.6M | $6.5M | $2.2M | $0.9M | $2.2M | $15.8M |
| | | Sale of Impounded Autos | $2.1M | $0.1M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M |
| | | Sale of Materials | $2.6M | $5.3M | $3.5M | $2.6M | $2.0M | $1.4M | $1.3M | $1.0M | $0.7M | $0.4M |
| | Total | | $17.6M | $22.6M | $14.7M | $19.0M | $24.1M | $25.5M | $26.1M | $25.9M | $35.7M | $42.0M |
| | Interest Income | Interest Income | $4.2M | $3.4M | $5.4M | $1.4M | $1.6M | $0.9M | $8.3M | $7.0M | $1.9M | $31.4M |
| | Total | | $4.2M | $3.4M | $5.4M | $1.4M | $1.6M | $0.9M | $8.3M | $7.0M | $1.9M | $31.4M |
| | Internal Service Earnings | Enterprise Funds | $127.3M | $131.6M | $143.4M | $145.0M | $163.1M | $137.1M | $168.4M | $162.6M | $171.9M | $173.6M |
| | | Special Revenue Funds | $90.7M | $103.1M | $85.4M | $109.6M | $88.2M | $138.0M | $128.5M | $133.5M | $51.5M | $62.6M |
| | | Intergovernmental Funds | $30.4M | $34.7M | $38.7M | $34.6M | $34.7M | $42.0M | $32.9M | $37.0M | $35.3M | $33.6M |
| | | Other Reimbursements | $26.2M | $36.6M | $35.4M | $17.3M | $19.8M | $28.4M | $12.9M | $14.7M | $11.5M | $1.5M |
| | Total | | $274.6M | $306.1M | $302.9M | $306.5M | $305.7M | $345.4M | $342.6M | $347.7M | $270.2M | $271.3M |
| | Other Revenue | Other Revenue | $37.8M | $81.3M | $43.3M | $39.0M | $66.5M | $97.6M | $59.3M | $71.2M | $69.0M | $74.9M |
| | Total | | $37.8M | $81.3M | $43.3M | $39.0M | $66.5M | $97.6M | $59.3M | $71.2M | $69.0M | $74.9M |
| Total | | | $773.3M | $921.1M | $907.8M | $929.4M | $998.0M | $1,088.6M | $1,023.4M | $1,056.1M | $972.4M | $1,016.8M |
| Prior Year Assigned and Unassigned Available Resources | | | | | $72.3M | $77.2M | $45.5M | | | | | |
| | Total | | | | $72.3M | $77.2M | $45.5M | | | | | |
| Total | | | | | $72.3M | $77.2M | $45.5M | | | | | |
| Grand Total | | | $3,129.9M | $3,248.9M | $3,079.6M | $3,128.8M | $3,261.3M | $3,520.5M | $3,636.2M | $3,675.7M | $3,694.8M | $3,854.2M |

"$0.0M" indicates amounts less than $100,000

## CORPORATE FUND - EXPENDITURES



## CORPORATE FUND - EXPENDITURES BY DEPARTMENT

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Finance and Administration | Office of The Mayor | $5.5M | $6.1M | $5.8M | $6.9M | $6.1M | $6.1M | $6.6M | $6.9M | $7.1M | $7.3M |
| | Office of Budget and Management | $1.9M | $2.2M | $1.8M | $1.9M | $2.4M | $2.2M | $4.8M | $3.6M | $2.9M | $3.0M |
| | Department of Innovation and Technology | $19.8M | $20.9M | $18.9M | $18.9M | $23.6M | $25.1M | $20.1M | $16.0M | $19.6M | $21.2M |
| | City Clerk | $2.8M | $2.9M | $2.7M | $2.6M | $2.9M | $2.9M | $2.9M | $2.9M | $3.8M | $3.6M |
| | Department of Finance | $10.6M | $11.0M | $53.1M | $56.0M | $56.0M | $59.2M | $61.9M | $60.3M | $63.2M | $61.8M |
| | City Treasurer | $1.9M | $2.1M | $2.2M | $2.2M | $2.2M | $2.1M | $1.3M | $1.4M | $1.4M | $1.4M |
| | Department of Administrative Hearings | $6.8M | $6.7M | $6.9M | $7.4M | $7.4M | $7.8M | $7.8M | $7.9M | $7.8M | $7.6M |
| | Department of Law | $25.8M | $25.7M | $28.1M | $27.7M | $28.1M | $27.3M | $26.7M | $26.7M | $27.7M | $28.8M |
| | Department of Human Resources | $6.0M | $5.0M | $5.0M | $5.2M | $5.0M | $5.3M | $5.6M | $5.7M | $6.0M | $6.3M |
| | Department of Procurement Services | $4.4M | $3.9M | $4.4M | $5.0M | $5.7M | $6.1M | $5.7M | $6.3M | $6.4M | $6.1M |
| | Department of Fleet and Facility Management | $85.8M | $83.2M | $157.0M | $161.9M | $167.5M | $157.1M | $186.3M | $179.5M | $195.5M | $207.0M |
| | (Department of Revenue) | $42.6M | $40.3M | $1.6M | $0.2M | | | | | ($0.1M) | |
| | (Office of Compliance) | $2.2M | $2.3M | $0.0M | | | | | | | |
| | (Graphics and Reproduction Center) | $0.0M | $0.0M | $0.0M | | | | | | $0.0M | |
| | (Department of Fleet Management) | $75.6M | $83.6M | $0.1M | $0.0M | | | | | $0.0M | $0.0M |
| | Total | $291.6M | $295.7M | $287.6M | $296.1M | $306.9M | $301.3M | $329.6M | $317.2M | $341.2M | $354.0M |
| Infrastructure Services | Department of Streets and Sanitation | $178.0M | $175.8M | $178.1M | $187.0M | $195.4M | $199.6M | $137.6M | $137.2M | $147.4M | $155.3M |
| | Chicago Department of Transportation | $70.0M | $69.7M | $53.8M | $52.4M | $47.3M | $67.1M | $35.4M | $50.1M | $54.4M | $56.6M |
| | Department of Aviation | $0.0M | | | | | | | | | |
| | Department of Water Management | | | | | | | $0.0M | | | |
| | Total | $248.0M | $245.5M | $231.9M | $239.4M | $242.7M | $266.8M | $173.0M | $187.3M | $201.8M | $212.0M |
| Public Safety | Police Board | $0.4M | $0.4M | $0.4M | $0.4M | $0.4M | $0.4M | $0.8M | $0.4M | $0.4M | $0.4M |
| | Independent Police Review Authority | $7.0M | $7.0M | $7.6M | $7.6M | $7.8M | $7.4M | $7.7M | $3.2M | $0.1M | |
| | Chicago Police Department | $1,227.5M | $1,253.9M | $1,293.1M | $1,300.6M | $1,286.0M | $1,369.7M | $1,463.0M | $1,498.2M | $1,568.5M | $1,620.2M |
| | Office of Emergency Communication | $77.0M | $85.6M | $84.8M | $79.4M | $82.0M | $78.8M | $95.2M | $100.1M | $26.0M | $25.4M |
| | Chicago Fire Department | $479.5M | $479.0M | $533.4M | $526.3M | $602.3M | $563.3M | $583.0M | $576.3M | $578.1M | $604.1M |
| | Civilian Office of Police Accountability | | | | | | | $0.0M | $6.6M | $11.0M | $11.7M |
| | Total | $1,791.3M | $1,825.9M | $1,919.3M | $1,914.2M | $1,978.5M | $2,019.5M | $2,149.8M | $2,184.8M | $2,184.0M | $2,261.8M |
| Community Services | Chicago Department of Health | $31.2M | $29.0M | $24.3M | $26.6M | $25.9M | $26.0M | $29.4M | $30.1M | $30.8M | $33.6M |
| | Commission on Human Relations | $1.7M | $1.7M | $1.2M | $1.0M | $1.0M | $1.0M | $1.0M | $1.1M | $1.0M | $1.0M |
| | Office for People with Disabilities | $1.7M | $1.0M | $1.1M | $1.1M | $1.1M | $1.0M | $1.4M | $1.4M | $1.5M | $1.4M |
| | Department of Family and Support Services | $22.8M | $18.4M | $16.7M | $15.8M | $45.7M | $58.8M | $62.2M | $68.1M | $79.3M | $82.2M |
| | Chicago Public Library | | | | | | | $0.1M | | | |
| | (Department of Senior Services) | $0.0M | $0.5M | $0.1M | | | | | | $0.0M | |
| | (Department of Children and Youth Services) | | | $0.0M | | | | | | $0.0M | |
| | (Department of Human Services) | | $0.1M | $0.0M | | | | | | $0.0M | $0.0M |
| | Total | $57.3M | $50.7M | $43.4M | $44.5M | $73.8M | $86.9M | $94.2M | $100.7M | $112.6M | $118.2M |
| City Development | Department of Housing | $1.1M | $0.1M | $0.3M | | | $0.0M | | | $0.0M | $4.0M |
| | Department of Cultural Affairs and Special Events | | $0.4M | $0.0M | | | | $0.4M | | | |
| | Department of Planning and Development | $28.9M | $23.7M | $25.5M | $20.3M | $22.7M | $28.0M | $20.5M | $13.3M | $13.7M | $10.1M |
| | (Department of Planning and Development) | $0.1M | $0.0M | $0.0M | | | | | | $0.0M | |

Inactive departments shown in parenthesis.
"$0.0M" indicates amounts less than $100,000

## CORPORATE FUND - EXPENDITURES BY DEPARTMENT (CONT.)

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| City Development | (Mayors Office of Workforce Development) | $0.5M | $0.0M | | | | | | | | |
| | (Department of Zoning and Land Use Planning) | $6.0M | $0.3M | $0.0M | $0.0M | | | | | | |
| | (Mayor's Office of Special Events) | $0.5M | | | | | | | | | |
| | Total | $37.1M | $24.6M | $25.8M | $20.3M | $22.7M | $28.0M | $20.9M | $13.3M | $13.6M | $14.0M |
| Regulatory | Office of Inspector General | $2.4M | $2.5M | $2.4M | $2.4M | $2.1M | $2.4M | $2.9M | $4.9M | $5.5M | $6.0M |
| | Department of Buildings | $19.6M | $20.3M | $18.9M | $18.8M | $19.9M | $21.6M | $24.6M | $22.1M | $22.9M | $22.8M |
| | Department of Business Affairs & Consumer Protection | $14.1M | $13.3M | $13.7M | $16.0M | $16.8M | $15.6M | $16.1M | $16.1M | $16.4M | $16.6M |
| | Commission on Animal Care and Control | $4.4M | $4.7M | $4.6M | $4.9M | $5.3M | $5.2M | $5.5M | $6.1M | $6.5M | $6.7M |
| | License Appeal Commission | $0.2M | $0.2M | $0.2M | $0.2M | $0.2M | $0.1M | $0.2M | $0.2M | $0.2M | $0.2M |
| | Board of Ethics | $0.6M | $0.6M | $0.7M | $0.8M | $0.8M | $0.8M | $0.8M | $0.8M | $0.8M | $0.8M |
| | (Department of Construction and Permits) | | | | | | | | | $0.0M | |
| | (Department of Environment) | $4.4M | $3.4M | $0.1M | | | | | | $0.0M | |
| | (Department of Business Affairs and Licensing) | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M |
| | Total | $45.7M | $45.0M | $40.6M | $43.1M | $45.1M | $45.7M | $50.1M | $50.2M | $52.3M | $53.1M |
| Legislative and Elections | City Council | $23.1M | $23.1M | $24.3M | $24.5M | $24.6M | $25.0M | $25.2M | $25.6M | $26.0M | $24.9M |
| | Board of Election Commissioner | $12.2M | $18.9M | $12.4M | $9.0M | $12.0M | $28.5M | $14.9M | $12.3M | $15.8M | $31.1M |
| | Total | $35.3M | $42.0M | $36.7M | $33.5M | $36.5M | $53.6M | $40.0M | $37.9M | $41.7M | $56.0M |
| Finance General | Finance General | $536.2M | $522.5M | $520.8M | $522.7M | $529.5M | $637.4M | $653.0M | $750.7M | $713.5M | $808.7M |
| | Total | $536.2M | $522.5M | $520.8M | $522.7M | $529.5M | $637.4M | $653.0M | $750.7M | $713.5M | $808.7M |
| Grand Total | | $3,042.5M | $3,051.9M | $3,106.2M | $3,113.7M | $3,235.6M | $3,439.1M | $3,510.6M | $3,642.1M | $3,660.8M | $3,877.8M |

Inactive departments shown in parenthesis.
"$0.0M" indicates amounts less than $100,000

## CORPORATE FUND - EXPENDITURES BY TYPE

| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Personnel | Employee Pay | $2,157.8M | $2,139.0M | $2,192.3M | $2,190.1M | $2,220.6M | $2,304.6M | $2,361.1M | $2,375.7M | $2,458.9M | $2,438.7M | $2,569.1M |
| | Employee Benefits | $369.1M | $373.8M | $369.3M | $389.2M | $393.3M | $403.5M | $416.3M | $401.2M | $341.7M | $390.1M | $403.5M |
| | Workers' Compensation | $64.1M | $65.8M | $71.2M | $58.2M | $64.5M | $61.7M | $68.0M | $64.3M | $58.8M | $58.6M | $52.8M |
| | Pension Allocation | | | | | | | $71.8M | $11.6M | $106.3M | $107.5M | $79.7M |
| | Total | $2,591.0M | $2,578.6M | $2,632.8M | $2,637.6M | $2,678.5M | $2,769.8M | $2,917.2M | $2,852.7M | $2,965.7M | $2,995.0M | $3,105.1M |
| Non-Personnel | Contractual Services | $268.4M | $280.2M | $266.3M | $268.0M | $261.0M | $291.6M | $322.6M | $315.5M | $315.0M | $323.6M | $389.2M |
| | Refunds, Rebates & Legal Costs | $37.2M | $52.1M | $33.2M | $82.6M | $65.1M | $41.3M | $50.9M | $115.0M | $66.3M | $142.1M | $80.7M |
| | Utilities | $53.7M | $56.2M | $59.4M | $48.2M | $52.3M | $57.9M | $45.1M | $61.0M | $45.6M | $42.1M | $48.1M |
| | Commodities | $33.5M | $27.2M | $27.7M | $26.2M | $23.4M | $28.6M | $48.1M | $15.8M | $40.7M | $46.0M | $48.1M |
| | Delegate Agencies | $12.6M | $10.9M | $11.1M | $7.5M | $13.4M | $17.7M | $18.9M | $21.6M | $26.3M | $60.6M | $45.3M |
| | Employee Travel Expenses | $1.8M | $1.4M | $1.0M | $0.8M | $0.9M | $1.3M | $1.3M | $1.3M | $1.4M | $1.6M | $1.6M |
| | Contingencies | $0.2M | $0.1M | $0.1M | $0.1M | $0.0M | $0.1M | $0.1M | $0.1M | $0.1M | $0.0M | $0.1M |
| | Total | $407.4M | $428.1M | $398.8M | $433.2M | $416.0M | $438.5M | $487.1M | $530.3M | $495.4M | $616.0M | $613.1M |
| Other | Transfers Out | $17.2M | $13.6M | $14.4M | $27.0M | $7.0M | $5.0M | $6.5M | $85.6M | $142.0M | $15.2M | $109.4M |
| | Financing Costs | $0.9M | $12.4M | $0.3M | $2.5M | $2.2M | $12.1M | $15.0M | $24.5M | $20.6M | $13.0M | $29.0M |
| | Cash Matching - Grants | $9.5M | $9.6M | $5.3M | $5.6M | $9.6M | $9.5M | $12.2M | $14.8M | $15.9M | $19.2M | $18.4M |
| | Indirect Costs | $0.3M | $0.3M | $0.3M | $0.3M | $0.4M | $0.7M | $1.1M | $2.7M | $2.5M | $2.4M | $2.7M |
| | Total | $27.9M | $35.9M | $20.3M | $35.4M | $19.2M | $27.3M | $34.8M | $127.6M | $181.0M | $49.8M | $159.6M |
| Grand Total | | $3,026.3M | $3,042.5M | $3,051.9M | $3,106.2M | $3,113.7M | $3,235.6M | $3,439.1M | $3,510.6M | $3,642.1M | $3,660.8M | $3,877.8M |

## SPECIAL REVENUE FUNDS

The City's budgeted Special Revenue Funds are used to account for revenue from specific sources that must be used to finance specific operations, such as road repairs, libraries, 911 services, special events and tourism promotion. The following six budgeted Special Revenue funds were categorized as general fund or non-major governmental funds in the City's 2019 CAFR:

***Vehicle Tax Fund*** – Includes revenue from vehicle sticker sales, impoundment fees, abandoned auto sale fees, pavement cut fees, and a portion of the Garage Parking Tax for the maintenance of the public way. Vehicle Tax Fund revenues are reported as a non-major Special Revenue Fund in the City's basic financial statements.

***Motor Fuel Tax Fund*** – Revenue derived from the Motor Fuel Tax ("MFT") are reported as a non-major Special Revenue Fund in the City's basic financial statements. The debt service portion of the MFT is reported in Bond, Note Redemption and Interest. MFT Fund expenses include costs associated with streetlight energy, salt purchases for snow removal, street pavement, bridge maintenance, and related personnel costs. A total of $3 million of these funds are also transferred annually to the Chicago Transit Authority ("CTA") to support public transportation.

***Special Events and Municipal Hotel Operators' Occupation Tax Fund*** – Includes revenues from the Municipal Hotel Operator's Occupation Tax and are used to support the promotion of tourism, cultural and recreational activities. Revenues to this fund are reported as a non-major Special Revenue fund in the City's basic financial statements.

***Library Fund*** – Revenue to this fund comes primarily from an annual library operations property tax levy and historically, an annual subsidy from the City's Corporate Fund. The Library Fund supports the maintenance and operations of the Chicago Public Library System. Library Fund revenues are reported as a non-major Special Revenue Fund in the City's basic financial statements.

***Emergency Communication Fund*** – Revenue comes through the collection of the emergency communication surcharge ("911 surcharge") on all billed subscribers of telecommunications services in Chicago. The City uses revenue from the 911 surcharge for expenses specifically related to the 911 and emergency preparedness activities of the Office of Emergency Management and Communications ("OEMC"). The City maintains two segregated funds to support the 911 and emergency related functions of OEMC - one fund for operational expenses and one to pay debt service on bonds issued for the construction of the City's 911 call center. Revenues to this fund are reported as a non-major governmental fund within the City's basic financial statements while the debt service portion is reported in Bond, Note Redemption and Interest.

***Garbage Collection Fund*** – Consists of the monthly Garbage Fee charged by the City on single family homes and multi-family buildings with four units or fewer. The fund covers a portion of the cost of providing garbage collection services to these households. Revenues to this fund are reported as a major governmental fund within the general fund in the City's basic financial statements.

In addition to the funds listed above, the City budget also identifies the following funds as Special Revenue Funds:

***CTA Real Property Transfer Tax Fund*** – Revenue for this fund is derived from the proceeds from a supplemental tax on real estate transfers, which is then transferred to the CTA. Revenues to this fund are reported as a non-major Special Revenue fund within the miscellaneous fund in the City's basic financial statements.

***Affordable Housing Opportunity Fund ("AHOF")*** – Introduced in the 2016 budget, the revenue in this fund is collected through the City's density bonus program and the Affordable Requirements Ordinance. These revenues are used to meet permanent housing needs of Chicago's low-income residents. AHOF revenues are reported as agency funds in the City's basic financial statements.

***Neighborhood Opportunity Fund ("NOF")*** – Revenue to this fund is generated from the collection of the Neighborhood Opportunity Bonus, which consists of payments received in exchange for density bonuses that allow developers to exceed zoning limits for a specific development site. Eighty percent of the revenue from the Bonus is dedicated towards the NOF for commercial development and job creation in neighborhoods where the need is the greatest; ten percent of funding goes toward the Landmarks Fund to improve and maintain landmarks throughout the City. An additional ten percent of funds goes toward the Local Improvement Fund for local infrastructure improvements within one mile of the contributing development. NOF revenues are reported as agency funds in the City's basic financial statements.

***TIF Administration Fund*** – This fund accounts for all administrative expenses incurred by the City to operate and maintain its TIF program.

***Controlled Substances Fund*** – The City appropriates funds to the Controlled Substances Fund pursuant to the Illinois Controlled Substances Act. Funds must be used in the enforcement of laws regulating controlled substances and cannabis.

***Chicago Police CTA Detail Fund*** – An intergovernmental agreement between the Chicago Police Department and CTA allows sworn officers to be paid for providing security on CTA property during off-duty hours through the voluntary Special Employment Program. The CTA reimburses the City for these expenditures, which are accounted for in this fund.

***Chicago Parking Meters Fund*** – As a result of a 2008 75-year concession agreement on the City's parking meters, the City is obligated to make reconciliation payments to Chicago Parking Meters LLC when parking meter rates are not adjusted for consumer price index increases and when parking spaces are removed from service. These payments are accounted for separately in this fund.

***Human Capital Innovation Fund*** – Revenues to the Human Capital Innovation Fund are assigned from a $10.4 million settlement with rideshare companies in 2018.

***Houseshare Surcharge - Homeless Services Fund*** – Revenues to the Homeless Services Fund are dedicated to services for homeless families. A four percent hotel tax surcharge assessed on vacation rentals or shared housing units are accounted for in this fund.

***Houseshare Surcharge - Domestic Violence Fund*** – Domestic Violence Fund revenue is generated through the two percent Hotel Tax surcharge assessed on vacation rentals or shared housing units. These resources fund services for victims of domestic violence.

***Foreign Fire Insurance Tax Fund*** – Foreign Fire Insurance Tax revenues are collected by the City and distributed to the Foreign Fire Insurance Board per State statute.

## SPECIAL REVENUE - REVENUES

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Vehicle Tax Fund | $148.6M | $140.3M | $157.5M | $165.1M | $188.9M | $182.7M | $202.0M | $216.2M | $195.6M | $202.7M |
| Motor Fuel Tax Fund | $70.6M | $69.4M | $65.1M | $65.1M | $78.3M | $55.5M | $58.3M | $55.7M | $57.5M | $78.5M |
| Special Events and Municipal Hotel Operators' Occupation Tax Fund | $40.9M | $31.2M | $37.2M | $39.6M | $39.8M | $40.8M | $44.4M | $44.2M | $43.1M | $51.8M |
| Library Fund | $86.8M | $87.7M | $81.3M | $83.6M | $83.6M | $84.8M | $99.6M | $98.2M | $100.9M | $110.1M |
| Emergency Communication Fund | $72.5M | $83.7M | $64.2M | $68.4M | $74.8M | $102.7M | $101.3M | $100.5M | $131.2M | $136.8M |
| Garbage Collection Fund | | | | | | | $54.4M | $64.0M | $63.0M | $62.0M |
| Grand Total | $419.4M | $412.3M | $405.3M | $421.8M | $465.5M | $466.5M | $560.0M | $578.7M | $591.5M | $641.9M |

## SPECIAL REVENUE - EXPENDITURES

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Vehicle Tax Fund | $136.8M | $132.5M | $151.6M | $163.2M | $182.9M | $196.2M | $186.9M | $206.8M | $203.7M | $227.2M |
| Motor Fuel Tax Fund | $49.8M | $58.1M | $48.5M | $53.0M | $82.9M | $70.7M | $45.5M | $54.8M | $62.1M | $67.4M |
| Special Events and Municipal Hotel Operators' Occupation Tax Fund | $40.2M | $24.4M | $34.1M | $36.9M | $41.9M | $40.5M | $47.2M | $44.6M | $46.5M | $50.6M |
| Library Fund | $84.9M | $84.8M | $81.5M | $80.2M | $84.4M | $85.5M | $97.8M | $98.1M | $102.6M | $107.6M |
| Emergency Communication Fund | $71.0M | $83.1M | $65.4M | $68.7M | $67.0M | $109.6M | $96.4M | $94.0M | $110.6M | $145.4M |
| Garbage Collection Fund | | | | | | | $59.8M | $61.0M | $59.4M | $59.1M |
| **Grand Total** | $382.8M | $383.0M | $381.1M | $402.1M | $459.1M | $502.6M | $533.6M | $559.3M | $584.9M | $657.4M |

Does not include amounts designated for debt service.

## ENTERPRISE FUNDS

The City's Enterprise Funds support the operation, maintenance, and capital programs of the City's water and sewer systems, Chicago O'Hare International Airport ("O'Hare") and Chicago Midway International Airport ("Midway"). These funds are self-supporting, in that each fund derives its revenues from charges on a residual rate-making methodology and associated user fees. The cost of capital improvements for the City's Enterprise Funds are included in the overall budgets of these self-supporting funds. Enterprise Fund revenues are reported as major proprietary funds in the City's basic financial statements.

Revenues from the sale of the City's water provide for the operations and maintenance of the water system and debt service of the water bonds. The Water Fund receives no share of any State, local property, or income taxes. The City receives water system operating revenues only from the users of the water system. The operating revenues from users of the water system do not flow through the State, any State agency or any other political subdivision, but are paid directly to the City.

Revenues from sewer service charges provide funds for the operation and maintenance of the Sewer System and debt service on sewer bonds and loans. The City obtains sewer system operating revenues only from the users of the sewer system. The Sewer Fund receives no share of any State or local property or income taxes. The operating revenues from users of the sewer system do not flow through the State, any State agency or any other political subdivision, but are paid directly to the City.

O'Hare and Midway operating revenues are comprised of landing fees, terminal area rental/use charges, other rentals as well as non-airline sources, such as charges for parking and revenues from concessions. The City charges airlines based on a projection of revenues, and recognizes revenues from the airlines only to the extent required to fund operating costs including debt service.

## ENTERPRISE FUNDS - REVENUE

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 0200 - Water Fund | Water Service | $445.5M | $441.8M | $562.6M | $620.5M | $670.6M | $750.2M | $735.9M | $729.6M | $746.5M | $717.5M |
| | Non-Operating Revenues | $3.9M | $4.2M | $1.4M | $1.0M | | $3.3M | $1.2M | $13.5M | $7.1M | $24.5M |
| | Other | $12.9M | $12.5M | $13.7M | $16.6M | $22.1M | $19.2M | $25.5M | $29.4M | $27.4M | $26.9M |
| 0314 - Sewer Fund | Sewer Service | $197.5M | $202.3M | $252.9M | $291.1M | $321.1M | $374.8M | $367.8M | $356.5M | $368.2M | $350.1M |
| | Non-Operating Revenues | $3.1M | $3.4M | $1.1M | $2.2M | $3.8M | $3.9M | $1.1M | $4.4M | $7.4M | $11.7M |
| | Capital Grants | $21.4M | $1.9M | $2.5M | $2.5M | | | $16.6M | $6.4M | $2.3M | $0.0M |
| | Other | $0.8M | $1.0M | $1.0M | $1.2M | $1.1M | $1.1M | $1.1M | $1.2M | $1.5M | $1.0M |
| 0610 - Midway Fund | Landing Fees, Terminal Area Use Charges | $78.2M | $79.4M | $70.9M | $90.0M | $83.5M | $84.6M | $87.4M | $95.4M | $106.1M | $125.4M |
| | Rents, Concessions, and Other | $70.9M | $77.9M | $86.9M | $85.2M | $86.8M | $91.5M | $94.8M | $99.6M | $100.4M | $102.1M |
| | Non-Operating Revenues | $41.5M | $61.3M | $48.3M | $47.1M | $51.5M | $53.2M | $50.7M | $55.2M | $54.5M | $55.3M |
| | Capital Grants | $2.5M | $3.1M | $4.7M | $5.0M | $4.8M | $9.3M | $27.9M | $31.6M | $6.8M | $3.4M |
| 0740 - O'Hare Fund | Landing Fees, Terminal Area Use Charges | $458.9M | $417.6M | $436.9M | $442.9M | $552.4M | $546.1M | $635.2M | $651.0M | $709.9M | $811.3M |
| | Rents, Concessions, and Other | $243.7M | $261.9M | $265.7M | $274.7M | $292.1M | $299.2M | $312.6M | $325.2M | $352.0M | $442.2M |
| | Non-Operating Revenues | $158.9M | $199.8M | $201.9M | $189.2M | $233.3M | $224.5M | $222.2M | $256.9M | $258.1M | $294.2M |
| | Capital Grants | $57.6M | $59.7M | $73.5M | $203.5M | $89.0M | $76.7M | $70.7M | $82.0M | $131.0M | $146.7M |
| Grand Total | | $1,797.3M | $1,827.6M | $2,024.0M | $2,272.8M | $2,412.1M | $2,537.6M | $2,650.8M | $2,737.8M | $2,879.3M | $3,112.4M |

## ENTERPRISE FUNDS – EXPENDITURES

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 0200 - Water Fund | Administrative & General | $18.6M | $17.1M | $21.9M | $21.2M | $22.0M | $22.1M | $20.3M | $13.6M | $13.0M | $13.0M |
| | Central Services & General Fund Reimbursements | $103.0M | $96.6M | $107.4M | $108.7M | $119.2M | $129.1M | $126.4M | $121.7M | $127.0M | $124.0M |
| | Customer Accounting & Collection | $10.3M | $10.7M | $10.0M | $11.6M | $11.9M | $14.7M | $15.3M | $18.2M | $22.1M | $27.2M |
| | Non-Operating Expenses | $76.1M | $86.5M | $79.1M | $92.3M | $99.7M | $106.1M | $209.6M | $108.3M | $91.3M | $97.0M |
| | Pension Expense | | | | | | $12.7M | $12.3M | $24.4M | $32.1M | $39.8M |
| | Power & Pumping | $42.9M | $38.2M | $41.7M | $43.2M | $43.1M | $41.3M | $39.6M | $41.4M | $41.1M | $42.7M |
| | Purification | $49.7M | $66.5M | $56.1M | $60.8M | $58.5M | $57.1M | $57.5M | $60.5M | $62.9M | $67.8M |
| | Source of supply | $0.1M | $0.2M | $0.2M | $0.1M | $0.3M | $0.2M | $0.1M | $0.1M | $0.2M | $0.4M |
| | Transmission & Distribution | $38.7M | $39.0M | $36.5M | $29.5M | $43.7M | $37.3M | $39.2M | $39.6M | $59.7M | $71.8M |
| | Total | $339.3M | $354.7M | $352.9M | $367.4M | $398.5M | $420.6M | $520.4M | $427.9M | $449.3M | $483.8M |
| 0314 - Sewer Fund | Administrative & General | $17.2M | $18.8M | $21.3M | $24.5M | $14.4M | $12.3M | $11.8M | $12.6M | $13.5M | $12.4M |
| | Engineering | $3.1M | $3.5M | $3.1M | $3.3M | $3.3M | $3.3M | $2.2M | $2.5M | $3.7M | $3.5M |
| | General Fund Reimbursements | $27.1M | $29.1M | $31.7M | $32.1M | $36.7M | $40.0M | $50.8M | $47.5M | $51.2M | $53.7M |
| | Maintenance | $24.1M | $23.7M | $21.8M | $23.0M | $24.4M | $25.3M | $21.9M | $24.7M | $24.9M | $23.0M |
| | Non-Operating Expenses | $48.2M | $55.2M | $54.8M | $68.5M | $69.6M | $153.9M | $81.7M | $81.4M | $77.6M | $80.0M |
| | Pension Expense | | | | | | $4.4M | $4.4M | $9.5M | $12.7M | $15.7M |
| | Repairs | $42.5M | $38.8M | $35.7M | $38.9M | $40.4M | $42.1M | $36.4M | $41.9M | $43.7M | $41.6M |
| | Total | $162.0M | $169.1M | $168.4M | $190.3M | $188.9M | $281.4M | $209.2M | $220.0M | $227.2M | $229.8M |
| 0610 - Midway Fund | Non-Operating Expenses | $66.0M | $57.0M | $56.5M | $79.4M | $72.5M | $84.1M | $89.4M | $62.6M | $60.8M | $69.5M |
| | Other Operating Expenses | $18.5M | $10.2M | $16.8M | $18.4M | $14.3M | $14.7M | $17.1M | $13.7M | $15.7M | $15.9M |
| | Pension Expense | | | | | | $6.1M | $6.7M | $9.5M | $11.5M | $13.9M |
| | Professional & Engineering Services | $15.8M | $15.7M | $15.0M | $19.1M | $23.3M | $21.0M | $20.9M | $24.3M | $24.1M | $22.1M |
| | Repairs and Maintenance | $31.9M | $40.7M | $38.0M | $39.6M | $44.2M | $44.1M | $48.3M | $44.5M | $47.3M | $47.0M |
| | Salaries and Wages | $42.1M | $43.6M | $44.5M | $44.0M | $47.8M | $43.3M | $48.5M | $48.2M | $51.4M | $55.6M |
| | Total | $174.4M | $167.1M | $170.7M | $200.5M | $202.1M | $213.4M | $230.8M | $202.8M | $210.9M | $224.0M |
| 0740 - O'Hare Fund | Hilton Expenses | | | | | | | | | | $43.0M |
| | Non-Operating Expenses | $239.0M | $280.7M | $272.9M | $315.0M | $321.0M | $342.2M | $326.8M | $348.2M | $326.1M | $324.4M |
| | Other Operating Expenses | $118.7M | $116.2M | $123.5M | $97.3M | $113.0M | $92.1M | $101.4M | $103.4M | $115.1M | $149.1M |
| | Pension Expense | | | | | | $25.8M | $27.5M | $38.7M | $46.7M | $56.4M |
| | Professional & Engineering Services | $58.0M | $65.4M | $74.3M | $81.1M | $88.1M | $83.3M | $95.6M | $101.8M | $111.6M | $134.0M |
| | Repairs and Maintenance | $86.5M | $94.5M | $88.8M | $85.5M | $110.9M | $98.9M | $104.5M | $95.3M | $115.0M | $143.2M |
| | Salaries and Wages | $147.4M | $155.0M | $163.5M | $162.2M | $183.0M | $191.8M | $204.1M | $206.0M | $222.6M | $214.1M |
| | Total | $649.6M | $711.8M | $723.1M | $741.1M | $816.0M | $834.1M | $860.0M | $893.4M | $937.2M | $1,064.2M |
| Grand Total | | $1,325.3M | $1,402.7M | $1,415.1M | $1,499.3M | $1,605.4M | $1,749.5M | $1,820.4M | $1,744.1M | $1,824.5M | $2,001.8M |

Non-cash expenses are excluded from this chart as there is no budgetary impact. Pension Expenses for 2014 and before were included in Salaries and Wages. See the Debt section for information regarding annual debt service payments.

## OUTSTANDING LONG-TERM DEBT

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G.O. Tax Levy | $6,818.2M | $7,077.6M | $7,004.8M | $7,658.1M | $8,436.3M | $8,440.4M | $9,102.4M | $7,473.9M | $7,579.9M | $6,573.4M | $6,517.8M | $6,342.0M | $6,146.3M | $5,950.8M |
| O'Hare Revenue | $6,403.8M | $7,259.8M | $6,970.9M | $7,476.3M | $7,466.5M | $7,245.3M | $6,970.6M | $8,531.5M | $10,318.0M | $10,047.6M | $9,770.8M | $9,534.8M | $9,283.0M | $9,036.3M |
| Water Revenue | $1,753.8M | $1,721.2M | $2,030.2M | $1,996.9M | $2,381.8M | $2,391.4M | $2,468.4M | $2,401.0M | $2,457.3M | $2,497.2M | $2,392.6M | $2,288.8M | $2,180.8M | $2,068.9M |
| Midway Revenue | $1,461.5M | $1,435.3M | $1,383.2M | $1,412.6M | $1,506.3M | $1,482.9M | $1,755.8M | $1,755.8M | $1,713.5M | $1,677.0M | $1,628.8M | $1,574.9M | $1,514.8M | $1,446.3M |
| Sewer Revenue | $1,126.0M | $1,112.1M | $1,363.8M | $1,369.5M | $1,638.9M | $1,686.2M | $1,692.8M | $1,861.4M | $1,893.6M | $1,895.5M | $1,871.8M | $1,806.8M | $1,739.6M | $1,669.8M |
| Sales Tax Securitization | | | | | | | | $743.7M | $2,036.4M | $2,638.9M | $3,652.6M | $3,604.9M | $3,525.8M | $3,415.8M |
| G.O. Alternate Revenue | $660.4M | $629.5M | $593.0M | $554.9M | $514.8M | $472.6M | $426.4M | $355.0M | $216.9M | $148.3M | $115.8M | $82.1M | $45.1M | $24.8M |
| Sales Tax Revenue | $355.1M | $577.3M | $566.0M | $554.1M | $541.6M | $528.5M | $514.7M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | |
| Motor Fuel Tax Revenue | $198.6M | $193.0M | $187.2M | $181.0M | $183.8M | $207.4M | $234.1M | $249.9M | $245.4M | $240.3M | $174.1M | $168.6M | $162.8M | $156.5M |
| G.O. Pledge | $106.1M | $104.6M | $102.9M | $101.2M | $99.4M | $88.3M | $77.2M | $75.1M | $72.8M | $59.6M | $46.3M | $33.1M | $19.9M | $6.6M |
| TIF | $153.3M | $124.0M | $105.7M | $80.1M | $70.0M | $60.7M | $33.5M | $27.9M | $19.9M | $16.2M | $12.1M | $7.7M | $0.0M | $0.0M |
| Grand Total | $19,037.0M | $20,234.4M | $20,307.6M | $21,384.7M | $22,839.4M | $22,603.5M | $23,275.8M | $23,475.3M | $26,553.8M | $25,793.8M | $26,182.8M | $25,443.8M | $24,618.1M | $23,776.0M |

## LONG-TERM DEBT SERVICE PAYMENTS

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G.O. Tax Levy | $310.6M | $367.8M | $386.7M | $367.7M | $382.0M | $394.7M | $399.1M | $452.1M | $488.8M | $406.2M | $432.2M | $556.8M | $591.4M | $582.2M |
| O'Hare Revenue | $380.5M | $401.2M | $731.9M | $432.9M | $521.0M | $592.6M | $607.8M | $620.5M | $625.7M | $620.0M | $670.6M | $666.9M | $712.2M | $703.5M |
| Water Revenue | $110.3M | $127.8M | $129.4M | $158.2M | $158.7M | $179.2M | $184.6M | $206.4M | $205.1M | $217.3M | $211.9M | $212.7M | $212.6M | $211.9M |
| Midway Revenue | $81.8M | $90.6M | $113.7M | $80.4M | $69.0M | $91.9M | $102.2M | $90.4M | $91.9M | $99.1M | $127.0M | $130.3M | $133.8M | $138.9M |
| Sewer Revenue | $63.8M | $82.4M | $83.4M | $100.8M | $109.4M | $135.0M | $126.8M | $138.3M | $145.5M | $156.0M | $156.8M | $159.1M | $159.1M | $159.2M |
| Sales Tax Securitization | | | | | | | | $0.0M | $54.7M | $123.3M | $121.0M | $165.3M | $234.4M | $262.4M |
| G.O. Alternate Revenue | $53.7M | $54.8M | $67.1M | $67.1M | $67.2M | $68.3M | $70.3M | $97.8M | $71.9M | $45.7M | $39.1M | $39.6M | $41.2M | $22.5M |
| Sales Tax Revenue | $5.2M | $15.5M | $32.6M | $38.6M | $38.6M | $36.9M | $39.4M | $24.9M | $0.0M | $0.0M | $0.0M | $0.0M | $0.0M | |
| Motor Fuel Tax Revenue | $15.6M | $15.5M | $15.7M | $15.6M | $12.0M | $14.4M | $14.3M | $15.1M | $15.4M | $15.6M | $12.4M | $12.5M | $12.7M | $12.8M |
| G.O. Pledge | $2.4M | $2.3M | $2.4M | $2.4M | $25.0M | $16.6M | $16.1M | $5.2M | $5.0M | $15.7M | $15.2M | $14.8M | $14.3M | $13.8M |
| TIF | $31.8M | $38.4M | $24.3M | $32.0M | $23.5M | $15.2M | $6.5M | $7.1M | $6.9M | $4.6M | $4.8M | $4.9M | $7.9M | $0.0M |
| Grand Total | $1,055.7M | $1,196.3M | $1,587.1M | $1,295.7M | $1,406.3M | $1,544.8M | $1,567.2M | $1,657.8M | $1,710.8M | $1,703.5M | $1,791.0M | $1,963.0M | $2,119.6M | $2,107.3M |

## ASSET LEASE AND CONCESSION RESERVES

In 2005, the City entered into a 99-year lease of the Chicago Skyway, under which a private company was granted the right to operate and collect tolls from the Skyway. In return, the City received an upfront payment of $1.83 billion. Approximately $850 million of this amount was used to pay off existing debt, including $446.3 million to refund the outstanding Skyway bonds at the time of the transaction.

In 2009, the City entered into a 75-year concession agreement for its metered parking system, under which a private company was granted the right to operate and collect revenue from the parking meter system and the City received an upfront payment of $1.15 billion.

Both of these transactions resulted in the establishment of a long-term reserve fund, a mid-term reserve fund, and a human infrastructure fund.

The City established a $500 million long-term reserve with a portion of the proceeds of the Chicago Skyway lease. The principal of this fund was intended to supplement Corporate Fund reserves, with interest earnings to be used for City operating expenses. These funds have been utilized as planned - the principal balance remains $500 million and the earned interest has been transferred to the Corporate Fund each year, with the dollar amount of the transfer reflecting variations in interest rates.

The City established a $400 million long-term reserve with a portion of the proceeds of the parking meter concession. This fund was created to replace revenues that would have been generated from parking meters by transferring interest earnings to the Corporate Fund, with the principal remaining intact at $400 million. However, starting in 2009, the City began utilizing these long-term reserve funds to subsidize the City's operating budget. Utilizing these funds reduced the principal balance substantially below the initial deposit and accordingly reduced the interest earnings generated by the fund. The original ordinance establishing the fund directed that an annual transfer of $20 million be made from the fund into the Corporate Fund to replace lost meter revenue. However, in order to maintain these important reserves, the City amended the ordinance in 2012 to state that only interest generated from the fund, and not principal, must be transferred for this purpose. In addition, the City began to rebuild these reserves in 2012, with $40 million deposited into the reserves from 2012 to 2014 ($20 million deposited in 2012, $15 million deposited in 2013, and $5 million deposited in 2014) and another $30 million deposited into the operating liquidity fund from 2015 through 2019.

The City also established mid-term reserve funds of $375 million and $325 million, respectively, with proceeds from the Skyway lease and parking meter concession. Both of these funds were created to supplement Corporate Fund revenues. The Skyway mid-term reserve fund has been drawn upon as scheduled, with the principal depleted in 2010 and the approximately $50 million in accumulated interest transferred from this fund to the Corporate Fund in 2011.

The parking meter mid-term reserve was established to assist the City in weathering the national economic downturn occurring at the time of the closing of the parking meter concession. Initially, $326.4 million was deposited into the fund and the principal was fully utilized by the end of 2010. A small amount (approximately $600,000) of interest remained in the fund and was transferred to the parking meter long term reserve fund in 2012.

The City set aside $100 million of the proceeds from each of the Skyway and the parking meter concession transactions to be used to fund programs to improve the quality of life in Chicago neighborhoods. The principal of the Skyway human infrastructure fund was fully utilized by the end of 2009, and the remaining interest in the fund was utilized in 2011. The remaining balance of the parking meter human infrastructure fund was used in 2014.

In 2008, the City entered into an agreement with a private company for the long-term lease of Midway International Airport. The private company failed to carry out the transaction and surrendered its $126.1 million security deposit to the City in 2009; $13.1 million of this amount was used to pay various fees associated with the proposed lease transaction, $33 million was used to pay off existing debt, and $40 million was transferred to the Corporate Fund for use in that year. The remaining $40 million was transferred to the Corporate Fund in two $20 million transfers, one in 2010 and the second in 2011. The chart below provides the year-end balance as recorded annually in the CAFR for the City's asset lease and service concession reserves.

### *ASSET LEASE FUND BALANCES*

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance** | **$877.9M** | **$718.5M** | **$624.8M** | **$590.2M** | **$626.0M** | **$624.5M** | **$640.2M** | **$668.3M** | **$652.5M** | **$714.7M** |

## CAPITAL INVESTMENTS

The City's Capital Improvement Program ("CIP") funds the physical improvement or replacement of City-owned infrastructure and facilities with long useful lives, such as roads, buildings and green spaces. Each year, the City updates the CIP, producing a spending "blueprint" based upon the most current revenue projections and project priorities. Continued investments in infrastructure and facilities are critical to support and enhance neighborhoods, stimulate the economy, and improve services.

The CIP is primarily funded through the following sources:

- General obligation bonds, which are backed by property tax revenue and are used for a variety of City infrastructure and facility projects.
- Water and sewer revenue bonds, which are backed by water and sewer user fees, respectively, and are used for the construction and repair of water and sewer lines and related facilities.
- O'Hare and Midway revenue bonds, which are backed by airport revenues, are used to fund airfield and terminal improvements and related facilities. The City also uses other airport operating revenues to fund capital improvements at both O'Hare and Midway Airport.
- Tax Increment Financing ("TIF"), which is used to fund neighborhood infrastructure such as roads, lighting, libraries, and bridges, and promote economic development in communities.
- State and federal funds which are used by the Chicago Department of Transportation for bridges and roadways and the Department of Water Management for water and sewer improvements.

For 2021, the City is reviewing the feasibility and benefits of a longer-term five-year capital plan. A five-year capital plan would better align with long-term planning and would allow the City to take a more proactive approach to future capital investments commensurate with comprehensive capital needs.

Details regarding the allocation, funding source, timing, and scope of each planned capital improvement project is available on the City's Office of Budget and Management website at https://www.chicago.gov/obm.

## TAX INCREMENT FINANCING

Tax Increment Financing ("TIF") is a funding tool used to improve neighborhood infrastructure and promote investment in communities across the City. The program is governed by State law, which allows municipalities to capture property tax revenues derived from the amount of incremental equalized assessed value ("EAV") above the base EAV that existed when an area was designated as a TIF district.

There have been a total of 184 TIF designations in Chicago since the start of the TIF program in 1984. The number of active TIF districts peaked in 2011 at 163 but has since declined to 136 currently active in the City. Since the start of the TIF program, 29 districts have been terminated, 14 districts have expired, and 5 have been repealed. The City designated two TIF's in 2019, the Cortland Chicago River TIF and the Roosevelt Clark TIF. Four TIF's were terminated in 2019. Four TIFs are scheduled to expire in 2020, and the City is expected to terminate one TIF in 2020.

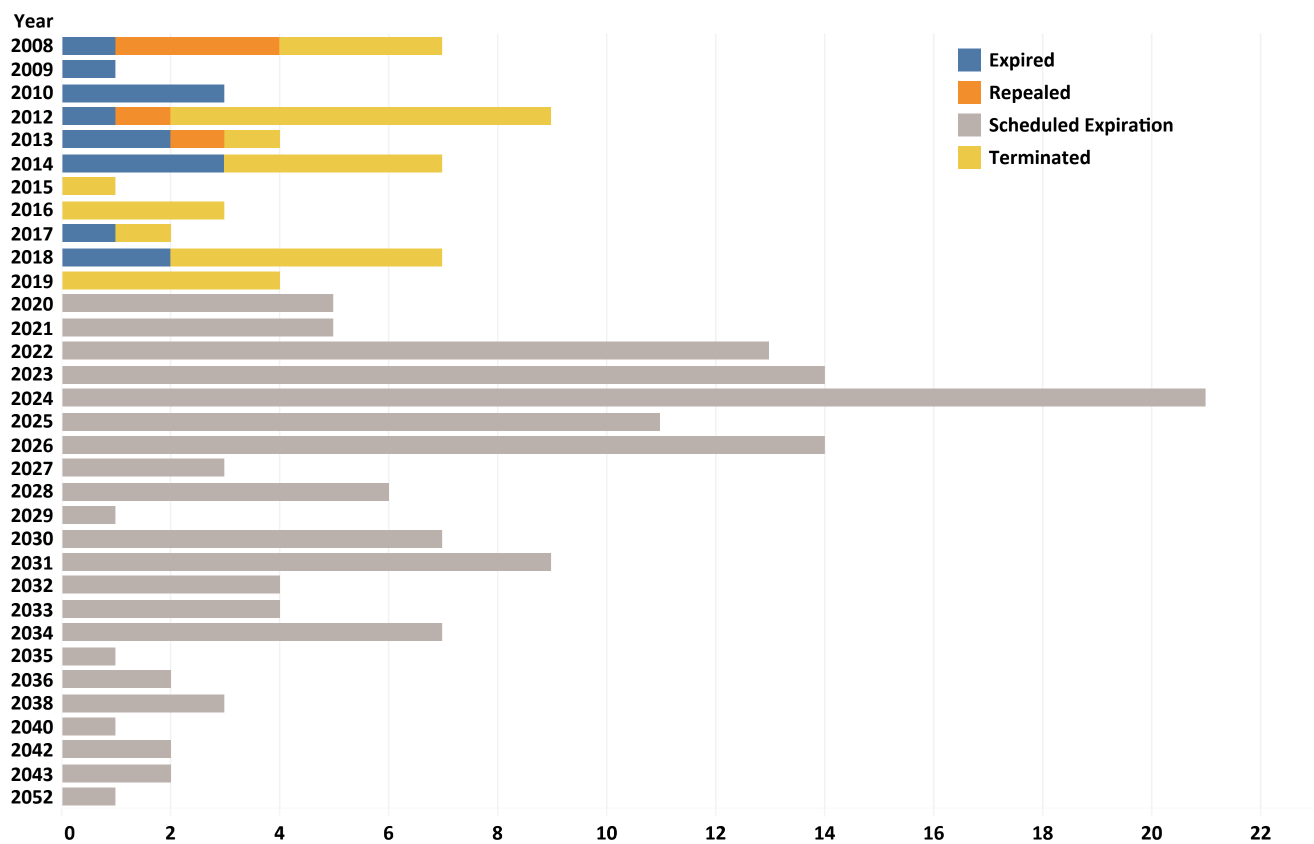
TIF revenues are generated from incremental property taxes within a designated district over a period of 23 or 24 years, or up to 36 years if extended by State legislation, with the exception of transit TIFs which have a maximum 36-year life.

TIF revenues are used to fund community projects, public improvements, and provide incentives to attract private investment to the area. Funds are used to build and repair neighborhood streets, alleys, bridges, and lighting; modernize and improve schools; construct and upgrade the transit system; build and improve parks; increase affordable housing; and promote neighborhood economic development.

On an annual basis, the City declares a portion of the funds in an active TIF as surplus, which is then distributed on a proportionate basis to each of the overlapping taxing districts. Surplus declaration occurs during the budget process and is pursuant to State law which requires that any incremental revenues not identified as designated for eligible costs be declared as surplus.

Expenditure data, categorized at a high level into financing, public improvement, site preparation, administration, development, and job training costs, can be found online in the audited annual financial reports for each TIF at https://www.chicago.gov/TIF

### *TIF COUNT BY END YEAR*



## PROPERTY TAX

The City is one of several taxing districts reflected on a typical Chicago property tax bill. There are hundreds of units of local governments located in whole or in part in Cook County with taxing power. The major local government units that have taxing power over property within Chicago include the City, the Chicago Park District, the Chicago Board of Education ("CPS"), Community Colleges of Chicago ("Community College District No. 508"), the Metropolitan Water Reclamation District of Greater Chicago, Cook County, and the Forest Preserve District of Cook County.

### CITY PROPERTY TAX LEVY

A taxing district's levy is the fixed amount of property tax revenue that the taxing district requests for the year. While there are multiple taxing districts and levies reflected on a single tax bill (City levy, county levy, school district levy, park district levy, etc.), this section only discusses property tax expenditures directly associated with the City's budget – the City and Library levy. Authorization of the City's property tax levy occurs through bond ordinances and property tax levy ordinances in connection with the City's annual appropriation ordinance.

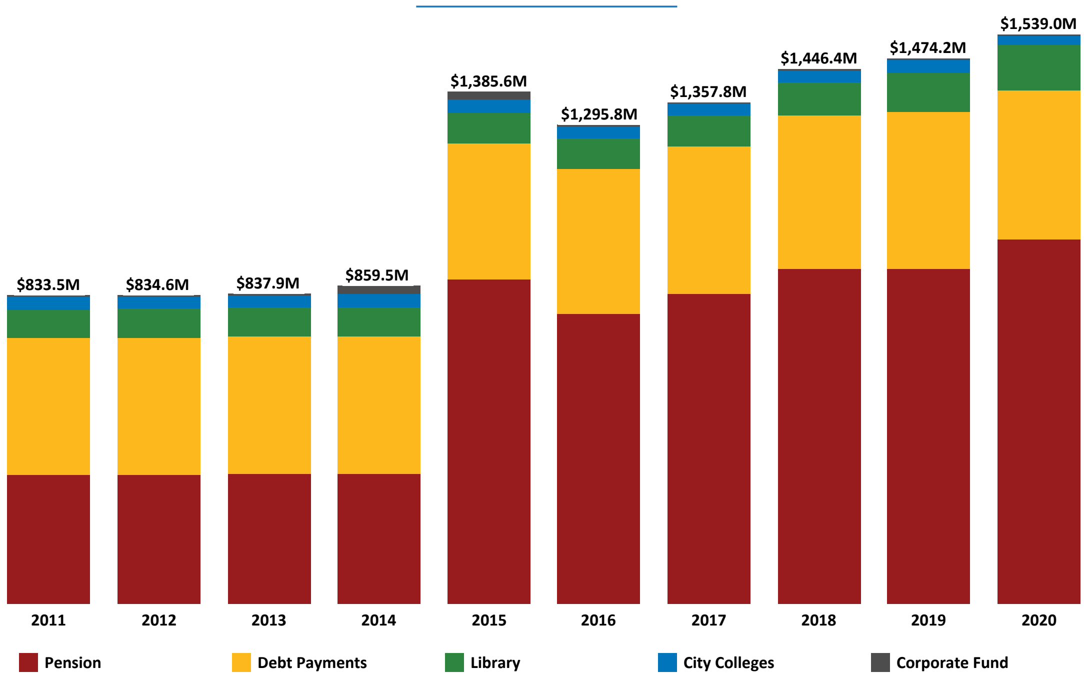
Revenue from the City and Library property tax levies are used to pay debt service on general obligation debt, the City's pension contributions, and for library operations. Property tax-derived revenue includes tax increment financing ("TIF") revenue; however, TIF revenue must be utilized for specific types of expenses in designated areas and is not general purpose revenue.

The City's property tax levy is used to pay for debt service and pension contributions. In 2020, the City budgeted $405.2 million in property tax revenue to fund debt service payments and $985.5 million to fund the City's contribution to pension funds. In addition, the City levy includes amounts dedicated to the payment of bonds for City Colleges of Chicago. In 2020, the City's levy includes $29.0 million dedicated to the payment of bonds issued in 1999 and 2007 by the City on behalf of the City Colleges of Chicago. Historically, in a limited number of years, a portion of the revenue from the City's property tax levy was used for general operating purposes. The Library property tax levy supports operations, debt service and pension contributions associated with Chicago Public Library ("CPL").

### CALCULATING PROPERTY TAX BILLS

Cook County administers and collects property taxes on behalf of all taxing districts based on the amount of each taxing district's levy. For many taxing districts, including the CPS, the levy amount is limited by State legislation that places a cap on the amount that the taxing district can request and extend; this is called the Property Tax Extension Limitation Law ("PTELL"). The City, however, is not subject to this state-mandated cap on the amount that it levies. Currently, approximately 25 percent of a property taxpayer's total bill is allocated to the City and CPL, and approximately 55 percent is allocated to CPS and the Chicago School Building and Improvement Fund.

*PROPERTY TAX LEVY*



The County determines the amount billed to an individual taxpayer on behalf of a taxing district based on the taxing district's final extension, the value of all property in the taxing district, and the value of the taxpayer's property.

The County reassesses all property values every three years, based on three prior years of sales. The last City of Chicago reassessment occurred in 2018, which was first reflected on the property tax bills paid in 2019. The assessed value of a property is adjusted using a state equalizer, which determines the final value of the property for purposes of taxation. This final value is referred to as the Equalized Assessed Value ("EAV"). The citywide 2019 equalized assessed value is $87.8 billion, an increase of 1.73 percent over 2018.

The County divides the taxing district's levy by the taxing district's aggregate EAV (subtracting the value of any property tax exemptions and incremental EAV for property located in a TIF), in order to determine the district's tax rate.

*Taxing District's Tax Rate = Taxing District's Requested Levy / Aggregate EAV of Taxing District*

The County determines a tax rate for each taxing district, and the sum of these tax rates for all taxing districts is the composite property tax rate, or the total rate that a taxpayer sees on their property tax bill.

This composite tax rate is applied to the EAV of each taxpayer's property, and the result is the dollar amount that the taxpayer must pay in a given year. Property tax bills are sent and paid one year in arrears, so the bills received by taxpayers in 2020 reflect 2019 tax extensions, tax rates, and valuations.

*Amount of Property Taxes Owed = Composite Tax Rate * EAV of Taxpayer's Property*

The annual tax bill is divided into two installments. The first installment is due in March and is equal to 55 percent of the prior year's total tax bill. The second installment is issued after July, when the property values, exemptions, and tax rates for the tax year are finalized. The second installment is the total taxed amount less the amount already billed in the first installment. Each bill includes a list of the amount being collected on behalf of each taxing district.

COOK COUNTY PROPERTY TAX EXEMPTIONS

***The Homeowner Exemption*** provides tax relief by reducing the EAV of an eligible residence by $10,000. First-time applicants must have been the occupants of the property as of January 1 of the tax year in question.

***The Senior Citizen Exemption*** provides tax relief by reducing the EAV of an eligible residence for seniors who own and occupy their homes (in addition to savings from the homeowner exemption).

***The Senior Freeze Exemption*** allows qualified senior citizens to apply for a freeze of the EAV of their properties for the year preceding the year in which they first apply. For example, if a senior applies in 2020 for the freeze, it would be retroactive to the 2019 tax year.

***The Home Improvement Exemption*** allows homeowners to make up to $75,000 worth of property improvements without an increase in property taxes for at least four years. The value varies depending on the reduction of the assessed value and the tax rates. Any exemption that is granted is reflected on the second installment tax bill.

***Veterans Returning from Active Duty*** in armed conflict are eligible to receive a $5,000 reduction in the EAV of their property for the taxable year in which they return.

***The Disabled Veteran Homestead Exemption*** provides tax relief to veterans as certified by the U.S. Department of Veteran Affairs as disabled. A disability of 30-49 percent qualifies for a $2,500 reduction in the EAV. A disability of 50-69 percent qualifies for a $5,000 exemption in the EAV. A disability of 70 percent or more may qualify for a 100 percent tax exemption.

***The Disabled Persons Exemption*** provides disabled persons with an annual $2,000 reduction in the EAV of their property.

**Actuarially-Calculated Contribution:** An amount determined sufficient to increase the funded ratio of the City of Chicago's pension funds, including Municipal Employees' Annuity and Benefit Fund, the Laborers' Annuity and Benefit Fund, the Policemen's Annuity and Benefit Fund and the Firemen's Annuity and Benefit Fund, to a statutorily required amount over a number of years.

**Amusement Tax:** A tax imposed upon the patrons of amusement activities within the City of Chicago including sporting events, theater productions, and a variety of other entertainment activities. The tax does not apply to admission fees to witness in-person live theatrical, live musical, or other live cultural performances that take place in a venue whose maximum capacity is 1,500 persons or fewer. The tax rate is 9.0 percent of the fee paid to witness in-person live theatrical, live musical, or other live cultural performances that take place in a venue whose maximum capacity is more than 1,500 persons. Authorization: Municipal Code 4-156-020.

**Appropriation:** An amount of money in the budget, authorized by the City Council, for expenditures for specific purposes. Appropriations are made by account group within each department and fund.

**Asset Lease and Concession Reserves:** Reserve funds are funds that the City of Chicago sets aside as an economic safety net to mitigate current and future risks such as contingencies, emergencies, or revenue shortfalls. Asset lease and concession reserves are reserve funds established in connection with the long-term lease or concession of City of Chicago assets, specifically the Skyway and parking meters.

**Automatic Amusement Device Tax:** A tax imposed on each automatic amusement device or machine used within the City of Chicago for gain or profit. The tax rate is $150 per amusement device annually. Authorization: Municipal Code 4-156-160.

**Aviation Funds:** Funds established to account for acquisition, operation, and maintenance of the City of Chicago's airports. Aviation funds are comprised of the O'Hare International Airport Fund and the Midway International Airport Fund.

**Benefits:** Includes costs such as healthcare, workers' compensation, life insurance, social security contributions and Medicare contributions.

**Boat Mooring Tax:** A tax imposed on the mooring or docking of any watercraft for a fee in or on a harbor, river, or other body of water within the corporate limits or jurisdiction of the City of Chicago. The tax rate is 7.0 percent of the mooring or docking fee. Authorization: Municipal Code 3-16-030.

**Bonds:** Long-term debt primarily used to finance infrastructure projects including street and alley construction and improvements, lighting, sidewalk replacement, curb and gutter repairs and replacement, and transportation improvements, as well as Enterprise Fund related projects. The City of Chicago has several different types of bonds including general obligation bonds, Motor Fuel Tax revenue bonds, tax increment allocation bonds, water and wastewater bonds, O'Hare and Midway Bonds.

**Business Taxes:** Consists of revenue from the City of Chicago's tax on hotel accommodations, the Checkout Bag Tax, and prior to 2019, Foreign Fire Insurance.

**Capital Improvement Plan:** A five-year plan that identifies capital projects, provides a planning schedule and identifies options for financing projects.

**Charges for Services:** Charges levied for services provided by the City of Chicago that are not covered by general tax revenue. Such services include building inspections, information requests, emergency medical services, and safety services.

**Checkout Bag Tax:** A tax of $.07 per bag on the retail sale or use of paper and plastic checkout bags in Chicago, of which retail merchants retain $.02 and the remaining $.05 is remitted to the City of Chicago. Authorization: Municipal Code 3-50-030.

**Cigarette Tax:** A tax of $0.059 per cigarette ($1.18 per pack of twenty) is imposed upon all cigarettes possessed for sale within the City of Chicago. The tax is paid through the purchase of tax stamps from the City of Chicago's Department of Finance. In the City of Chicago's budget, this also includes the liquid nicotine product tax, which is imposed on the retail sale of liquid nicotine products in the City of Chicago at $1.50 per product unit and $1.20 per fluid milliliter of consumable nicotine solution. Authorization: Municipal Code 3-42-020 (cigarette) and 3-47-030 (liquid nicotine).

**Claims, Refunds, Judgments and Legal Fees:** Includes expenses incurred with claims filed against the City of Chicago, legal settlements and judgments, and related legal fees including attorney costs.

**Choose Chicago:** The official destination marketing organization for the City of Chicago.

**Collective Bargaining Agreement ("CBA"):** A written legal contract between an employer and union representing employees.

**Commercial Paper:** A short-term debt instrument issued by an organization, typically for the financing of short-term liabilities.

**Commodities and Equipment:** Consists of costs for gas, electricity, and natural gas, as well as small equipment.

**Comprehensive Annual Financial Report ("CAFR"):** Provides complete and accurate financial information from an independent third-party auditor which complies with the reporting requirements of the Municipal Code of Chicago.

**Consumer Price Index ("CPI"):** Generally understood as a way to measure inflation, CPI measures the average change over time in the prices paid for a set of consumer goods and services.

**Contractual Services:** Comprised of costs incurred related to services provided to the City of Chicago by a vendor that are dictated by a contractual agreement, such as information technology or auditing services.

**Corporate Fund:** The City of Chicago's general operating fund, used to account for basic City operations and services such as public safety, business and consumer services, and tree trimming.

**COVID-19:** An infectious disease caused by severe acute respiratory syndrome coronavirus 2, known as SARS-CoV-2.

**Debt Service Funds:** Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt service and related costs. Revenue bonds issued for the City of Chicago's Enterprise Funds and debt issued for special taxing districts are not included in the City's general Debt Service Funds.

**Delegate Agencies:** Organizations that provide services on behalf of the City of Chicago through a grant contract.

**Emergency Communication Surcharge:** A surcharge imposed on all billed subscribers of telecommunications services within the City of Chicago for the purpose of funding a portion of the maintenance and operation of the City's emergency 911 system. The surcharge is $5.00 per month for each network connection and wireless number, and a 9.0 percent tax on pre-paid wireless service. Authorization: Municipal Code 3-64-030 and 7-50-020.

**Emergency Communication Fund:** A Special Revenue Fund that is comprised of funds from the collection of the emergency communication surcharge, and funds 911 and emergency preparedness activities of the Office of Emergency Management and Communication.

**Enterprise Funds:** Funds established to account for acquisition, operation, and maintenance of government services such as water, sewer, and the airports. These funds are self-supporting in that they derive revenue from user charges.

**Equalized Assessed Value ("EAV"):** The equalized assessed value of a property is the result of applying a State equalization factor to the assessed value of a parcel of property. The State equalization factor is used to bring all property in Illinois to a uniform level of assessment.

**Fines, Forfeitures, and Penalties:** Fines and any associated penalties levied for violations of the Municipal Code. The primary source of this type of revenue is from parking tickets. Also included in this category are red-light and automated speed enforcement fines, moving violations, booting-related fees, sanitation code violations, and housing court fines.

**Fiscal Year ("FY"):** The City of Chicago's fiscal year aligns with the calendar year: January 1 to December 31.

**Full Time Equivalent ("FTE"):** The ratio of the total number of paid hours during a period by the number of working hours in that period. One FTE is equivalent to one employee working full-time.

**Foreign Fire Insurance Tax:** A tax imposed on any business not incorporated in the State of Illinois that is engaged in selling fire insurance in the City of Chicago. The tax is paid for the maintenance, use, and benefit of the Chicago Fire Department. The tax rate is 2.0 percent of the gross receipts received for premiums. Authorization: Municipal Code 4-308-020.

**Garbage Fee:** Chicago residences receiving City-provided garbage collection services are charged a $9.50 monthly fee per dwelling unit. City-provided garbage collection services are provided to single family homes and multi-family buildings with four units or fewer. Authorization: Municipal Code 7-28-235.

**General Obligation Debt:** Comprised of three types of general obligation bonds including Tax Levy Bonds, Alternate Revenue Bonds and Pledge Bonds.

**General Financing Requirements:** Comprised of the Finance General budgeting category that represents cross-departmental expenses such as information technology systems, employee benefits, contributions to employee pension funds, and long-term debt service payments.

**Governmental Accounting Standards Board ("GASB"):** An independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles.

**Gross Domestic Product:** The total value of goods produced and services provided in a country during one year.

**Ground Transportation Tax:** A tax imposed on the provision of hired ground transportation to passengers in the City of Chicago. The tax rate is $98 per month on medallion licensees. There is a $3.50 per day charge for each non-taxicab vehicle with a seating capacity of 10 or fewer passengers, $6 per day for each non-taxicab vehicle with a seating capacity of 11 to 24 passengers, $9 per day for each non-taxicab vehicle with a capacity of more than 24 passengers. Transportation network provider vehicles are charged $1.13 per trip for single ride trips that begin or end in Chicago, or $0.53 for shared rides that begin or end in Chicago, and $0.10 per trip Accessibly Fund payment for all trips that begin or end in Chicago. Additionally, a $5.00 per trip surcharge on all transportation network provider vehicles for airport, Navy Pier, and McCormick Place pick-up and drop-off. As of 2020, the City also implemented a downtown surcharge on weekdays from 6 am to 10 pm of $1.75 per trip for single rides and $0.60 per trip for shared rides. Lastly, the City of Chicago charges $1.00 per day for pedicabs for each day in service. Authorization: Municipal Code 3-46-030.

**Hotel Accommodations Tax:** A 4.5 percent tax imposed on the rental or lease of hotel accommodations in the City of Chicago. For vacation rentals and shared housing units, a 6.0 percent surcharge is added to the 4.5 percent base rate for a total City tax rate of 10.5 percent of the gross rental or leasing charge. Authorization: Municipal Code 3-24-030.

**Income Tax:** A tax imposed by the State of Illinois on the privilege of earning or receiving income in Illinois. The tax rate is 7.0 percent of net income for corporations and 4.95 percent of net income for individuals, trusts, and estates. Of the net income tax receipts after refund, 6.06 percent of personal income tax receipts and 6.85 percent of corporate income tax receipts is placed in the Local Government Distributive Fund, which is then distributed to municipalities based on population. Authorization: 35 ILCS 5/201, 5/901; 30 ILCS 115/1, 115/2.

**Intergovernmental Tax Revenue:** Consists of the City of Chicago's share of State Income Tax, Personal Property Replacement Tax and Municipal Auto Rental Tax received through the State of Illinois.

**Internal Service Earnings:** Reimbursements from other City of Chicago funds to the Corporate Fund for services that are provided to other City funds. Certain internal service earnings are allocated using cost accounting methods, while others are reimbursed using intergovernmental purchase orders.

**Lease of Personal Property Tax:** A tax that applies to businesses or individuals that either are a lessor or lessee of personal property used in the City of Chicago.

**Licenses and Permits:** Licenses and permits are required for the operation of certain construction and business activities in the City of Chicago. Fees for these licenses and permits vary with the type of activity authorized.

**Liquor Tax:** A tax imposed on the retail sale of alcoholic beverages in the City of Chicago. Each wholesale dealer who sells to a retail dealer located in the City of Chicago collects the tax and any such retail alcoholic beverage dealer in turn collects the tax from the retail purchaser. The tax rate is $0.29 per gallon of beer, $0.36 per gallon for alcoholic liquor containing 14.0 percent or less alcohol by volume, $0.89 per gallon for liquor containing more than 14.0 percent and less than 20.0 percent alcohol by volume, and $2.68 per gallon for liquor containing 20.0 percent or more alcohol by volume. Authorization: Municipal Code 3-44-030.

**Local Funds:** All funds used by the City of Chicago for non-capital operations other than Grant Funds. Includes the Corporate Fund, Enterprise Funds, and Special Revenue Funds.

**Local Non-Tax Revenue:** Local non-tax revenue consists of fees charged for the issuance of licenses and permits; fines, forfeitures and penalties for traffic or other violations; various charges for services; municipal parking; leases, rentals and sales of City-owned property; internal service earnings; and interest and other revenue.

**Local Tax Revenue:** Consists of taxes collected by the City of Chicago, including utility, transportation, transaction, recreation, and business taxes.

**Long-Term Debt:** Used to finance infrastructure projects in City of Chicago neighborhoods including street and alley construction and improvements, lighting, sidewalk replacement, curb and gutter repairs and replacement, and transportation improvements, including street resurfacing, bridge rehabilitation and traffic safety improvements, as well as Enterprise Fund related projects.

**Midway Airport Fund:** A fund established to account for the acquisition, operation, and maintenance of Midway International Airport.

**Motor Fuel Tax:** A tax imposed by the State of Illinois on the sale of motor fuel within the State. The tax rate is $0.387 per gallon of gasoline and $0.462 per gallon of diesel fuel. A portion of the revenue is distributed to municipalities and townships based on population via a Statewide allocation formula. Authorization: 35 ILCS 505/2, 505/8.

**Motor Fuel Tax Fund:** A Special Revenue Fund comprised of revenue derived from the Motor Fuel Tax that funds expenses such as costs associated with streetlight energy, salt purchases for snow removal, street pavement, bridge maintenance, and related personnel costs.

**Motor Vehicle Lessor Tax:** A tax imposed on the leasing of motor vehicles in the City of Chicago to a lessee on a daily or weekly basis. The lessor is allowed to pass this tax on to lessees as a separate charge on rental bills or invoices. The tax is $2.75 per vehicle per rental period. Authorization: Municipal Code 3-48-030.

**Municipal Hotel Operators' Occupation Tax:** A tax authorized by State legislation and imposed on the activity of renting hotel accommodations in the City of Chicago. The tax rate is 1.0 percent of gross receipts. The tax is administered and collected by the Illinois Department of Revenue and distributed monthly to the City of Chicago. Authorization: Municipal Code 3-40-470.

**Municipal Parking:** A category of revenues that currently includes revenue generated by various parking permits. Historical collections in this category also include parking meter revenues generated prior to the long-term lease of the City of Chicago's parking meter system in 2009.

**O'Hare Airport Fund:** A fund established to account for the acquisition, operation, and maintenance of O'Hare International Airport.

**Parking Garage Tax:** A tax imposed on the privilege of parking a motor vehicle in any commercial parking lot or garage in the City of Chicago. The tax rate is currently 22.0 percent for daily parking during the week as well as all weekly and monthly parking and 20.0 percent for daily parking on the weekends. Authorization: Municipal Code 4-236-020.

**Personnel Services:** Personnel-related costs, which include salaries and wages, pension contributions, healthcare, overtime pay, and unemployment compensation.

**Pension Funds:** The City of Chicago's employees are covered under four defined-benefit retirement plans established by State statute and administered by independent pension boards. These plans are the Municipal Employees' Annuity and Benefit Fund, the Laborers' Annuity and Benefit Fund, the Policemen's Annuity and Benefit Fund, and the Firemen's Annuity and Benefit Fund. Each independent pension board has authority to invest the assets of its respective plan subject to the limitations set forth in 40 ILCS 5/1-113.

**Personal Property Lease Transaction Tax:** A tax imposed on the lease, rental or use of rented, personal property in the City of Chicago. The tax rate is currently 9.0 percent of the lease or rental price. The lease transaction tax rate for nonpossessory computer leases of software and infrastructure – referred to as cloud software and cloud infrastructure – is 7.25 percent. Authorization: Municipal Code 3-32-030.

**Personal Property Replacement Tax:** Two categories of taxes levied by the State and distributed to local governments to replace personal property taxes no longer allowed under the Illinois Constitution: 1. An income-based tax on corporations, partnerships, and other business entities. The tax rate is 2.5 percent for corporations and 1.5 percent for partnerships, trusts, and subchapter S corporations. The tax allocation formula for local governments in Cook County is based on the 1976 distribution of the repealed personal property tax. Authorization: 35 ILCS 5/201(c), (d); 30 ILCS 115/12. 2. A tax on invested capital imposed by the State of Illinois on public utilities. The tax rate is 0.8 percent on invested capital. The tax allocation formula for local governments in Cook County is based on the 1976 distribution of the repealed personal property tax. Authorization: 35 ILCS 610/2a.1, 615/2a.1, 620/2a.1, 625/2a.1; 30 ILCS 115/12.

**Prior Year Available Resources:** The result of savings and sustainable revenue growth, along with spending controls and other efficiencies, resulting in healthy growth of the Corporate Fund balance.

**Proceeds and Transfers In:** Consists of amounts transferred into the Corporate Fund from outside sources.

**Proceeds of Debt:** Funds generated from the sale of bonds or notes.

**Property Tax:** A tax levied on the equalized assessed valuation of real property in the City of Chicago. Cook County collects the tax with assistance from the Illinois Department of Revenue. Authorization for the City's property tax levy occurs through bond ordinances and property tax levy ordinances in connection with the annual appropriation ordinances.

**Real Property Transfer Tax:** A tax imposed on the transfer of title to, or beneficial interest in, real property located in the City of Chicago. The tax rate is $3.75 per $500 of transfer price, or fraction thereof, and is paid by the transferee. Authorization: Municipal Code 3-33-030.

**Real Property Transfer Tax—CTA Portion:** A supplemental tax on the transfer of real property in the City of Chicago for the purpose of providing financial assistance to the Chicago Transit Authority. The tax rate is $1.50 per $500 of the transfer price or fraction thereof and is paid by the transferor. Authorization: Municipal Code 3-33-030.

**Recreation Taxes:** Consist of taxes on amusement activities and devices, the mooring of boats, liquor, cigarettes, non—alcoholic beverages, and off-track betting.

**Reimbursements and Financial Expenses:**
Reimbursements consist of amounts transferred to the Corporate Fund from other City of Chicago funds for central services such as information technology, police and fire services, street and building maintenance, and administrative services.

**Reserves:** Funds that the City of Chicago sets aside as an economic safety net to mitigate current and future risks such as contingencies, emergencies, or revenue shortfalls

**Sales Tax Securitization Corporation Residual Revenues:** In October 2017, the City Council passed an ordinance authorizing the creation of a Sales Tax Securitization Corporation ("STSC"). This revenue securitization structure was developed because of legislation passed by the Illinois General Assembly, allowing all home rule municipalities to create a special purpose corporation organized for the sole purpose of issuing bonds paid for from revenues collected by the State. In December 2017, the City of Chicago entered into a sale agreement ("Agreement") with the STSC. Under the Agreement, the City sold to the STSC the City's rights to receive Sales Tax revenues collected by the State. In return, the City received the proceeds of bonds issued by the STSC as well as a residual certificate. Sales Tax revenues received by the STSC are paid first to cover the STSC's operating expenses and debt service on the STSC's bonds. All remaining Sales Tax revenues are then paid to the City as the holder of the residual certificate.

**Sewer Fund:** An Enterprise Fund that supports the operation, maintenance, and capital programs of the City of Chicago's sewer systems.

**Short Term Debt:** Comprised of debt issued to address various operating, liquidity, and capital needs, including general obligation short-term borrowing program, water and sewer systems commercial paper notes and line of credit notes, Chicago O'Hare International Airport commercial paper notes and credit agreement notes, and Chicago Midway Airport commercial paper notes.

**Special Events and Municipal Hotel Operators' Occupation Tax Fund:** Includes revenues from the Municipal Hotel Operator's Occupation Tax and is used to support the promotion of tourism, cultural and recreational activities.

**Special Revenue Fund:** A fund established to account for the operations of a specific activity and the revenue generated for carrying out that activity. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**Structural Budget Deficit:** Any structural budget imbalance between existing revenues and anticipated expenses for that budget year. Commonly referred to as the "gap".

**Tax Increment Financing ("TIF"):** TIF is a funding tool used to improve neighborhood infrastructure and promote investment in communities across the City of Chicago. The program is governed by a State law allowing municipalities to capture property tax revenues derived from the amount of incremental equalized assessed value ("EAV") above the base EAV that existed before an area was designated as a TIF district.

**Transaction Taxes:** Consist of taxes on the transfer of real estate, the lease or rental of personal property, and the short-term lease of motor vehicles within the City of Chicago.

**Transportation Network Providers (“TNP”):** Rideshare companies that provide prearranged transportation services for compensation through an Internet-enabled application or digital platform to connect passengers with drivers of vehicles for hire.

**Transportation Taxes:** Consist of taxes on vehicle fuel, garage parking, and hired ground transportation.

**Transfers Out:** The movement of resources from local funds to reserves and other non-recurring revenue sources.

**Utility Taxes and Fees:** Consist of taxes on the purchase of telecommunication services, electricity, natural gas and cable television.

**Vehicle Fuel Tax:** A tax imposed on the purchase of vehicle fuel purchased or dispensed within the City of Chicago. The tax rate is $0.05 per gallon. Authorization: Municipal Code 3-52-020.

**Vehicle Tax Fund:** Includes revenue from vehicle sticker sales, impoundment fees, abandoned auto sale fees, pavement cut fees, and a portion of the Garage Parking Tax for the maintenance of the public way.

**Water Fund:** An Enterprise Fund that supports the operation, maintenance, and capital programs of the City of Chicago’s water systems.

**Water and Sewer User Fees:** A fee imposed on water and sewer usage within the City of Chicago. The revenue collected via water charges and the sewer surcharges on City of Chicago utility bills. The Water and Sewer Funds are segregated funds where water fund revenue is used to support the water system and sewer fund revenue is used to support the sewer system. Authorization: Municipal Code 11-12-260.

**Water and Sewer Tax:** A utility tax assessed on water and sewer use within the City of Chicago. Beginning in 2017, the combined tax was $.59 per 1,000 gallons of water and sewer use and increased to $1.28 per 1,000 gallons in 2018. The current rate is $2.51 per 1,000 gallons in 2020. Authorization: Municipal Code 3-80-040.

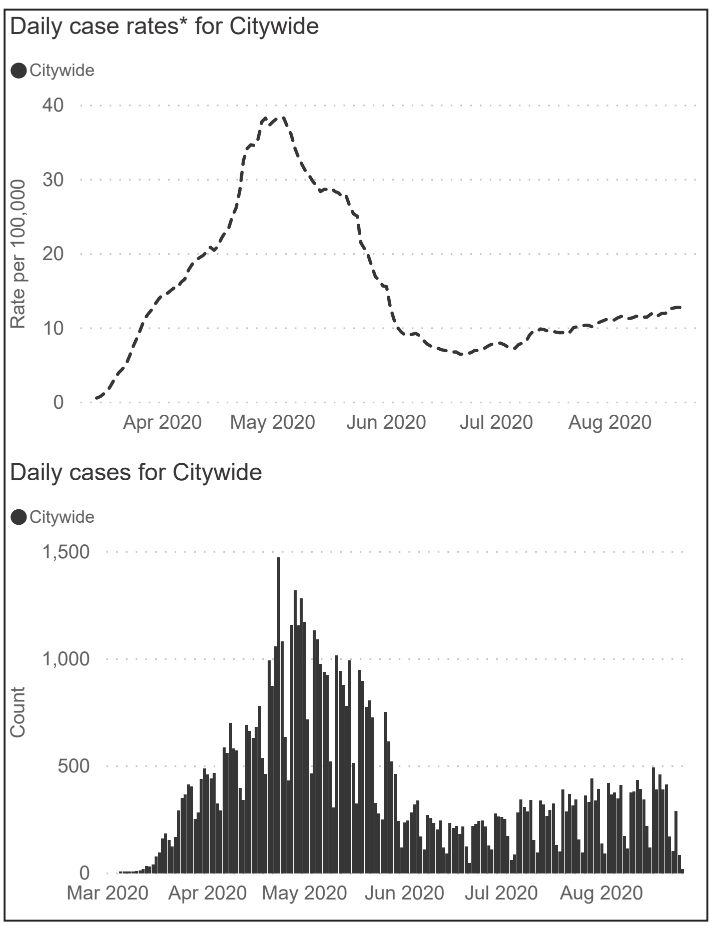
**Wheel Tax (referred to as the Vehicle Sticker Fee):** An annual fee imposed on the privilege of operating a motor vehicle within the City of Chicago that is owned by a resident of the City of Chicago. The annual fee is $90.88 for smaller passenger automobiles (less than 4,500 pounds) and $144.33 for larger passenger automobiles (4,500 pounds or more). The fee varies for other vehicle classifications. Authorization: Municipal Code 3-56-050.

# REVENUE SUPPLEMENT

## COVID-19 IMPACT ON REVENUES

The COVID-19 pandemic has had a significant impact on the broader economy, both nationally and locally, which has had a resulting impact on City revenues. Perhaps most importantly, the situation remains fluid, with various factors continuing to change the impacts on the broader economy. National and local trending of cases and positivity rates continue to impact the level of restrictions placed on economic activity. Businesses are still determining their ability to create a safe work environment while weighing the benefits of remaining in a teleworking model and recent damage to local businesses will impair the ability for the Chicago economy to recover as quickly. Lack of an additional federal stimulus bill also hinders the City's ability to recover from the revenue loss due to COVID-19. The timing of a vaccine will determine the speed of our recovery and the return of tourism and conventions and the related consumer spend.

***OVERALL COURSE OF COVID-19 PANDEMIC***




Source: City of Chicago, COVID Dashboard. (chi.gov/coviddash)

The revenue projections in the 2021 Budget Forecast represent a snapshot in time given how fluid COVID-19 remains. As demonstrated by the COVID-19 case charts below, the arc of this pandemic has changed course several times in the last six months.

This supplement is intended to provide additional information about the assumptions made within the revenue forecasts in the Budget Forecast in order to provide transparency about the projection of the arc of the recovery, what outside factors may change these revenue assumptions, and how future events may change the impact on the City's finances.

### COVID-19 PANDEMIC ASSUMPTIONS

The primary driver of economic conditions in the near term is the course of the pandemic. The City's forecast scenarios make different assumptions about the course and duration of the pandemic.

The base outlook assumes the course of the pandemic is continued, and limited restrictions will continue on certain activities until a vaccine or treatment becomes widely available by the third quarter of 2021. The City assumes this is the most likely scenario.

The positive outlook assumes that treatment and/or diminishing cases allows for a more rapid return to normal, with few to no restrictions by the first half of 2021.

Under the negative outlook, a major second wave of the pandemic leads to another shelter in place in the winter of 2020-2021. It also assumes limited effect of treatment vaccination leading to an extended duration of the pandemic.

### GDP ASSUMPTIONS

Many of the City's revenues are consumer based and as a result, the baseline gross domestic product ("GDP") assumptions for each of these revenue streams serves as a basis for the projections. The chart below provides the GDP projections that the City revenue projections are based upon. Overall, the City saw a 10 percent decline in GDP in the second quarter. This compares favorably to the national GDP which saw an 11 percent decline, which is a testament to the diversity of the City's economic base and revenue sources as well as the relatively lower reliance on economically sensitive revenues.

In the baseline outlook, the projection assumes that the City will see a 4.7 percent decline on GDP for the entire 2020 fiscal year, and then 4.0 percent growth in 2021. A full recovery is expected by the end of 2021. This baseline scenario assumes no additional federal stimulus beyond the CARES Act is made available, that the City continues a steady trend toward full re-opening, and a vaccine begins broader dissemination in the third quarter of 2021.

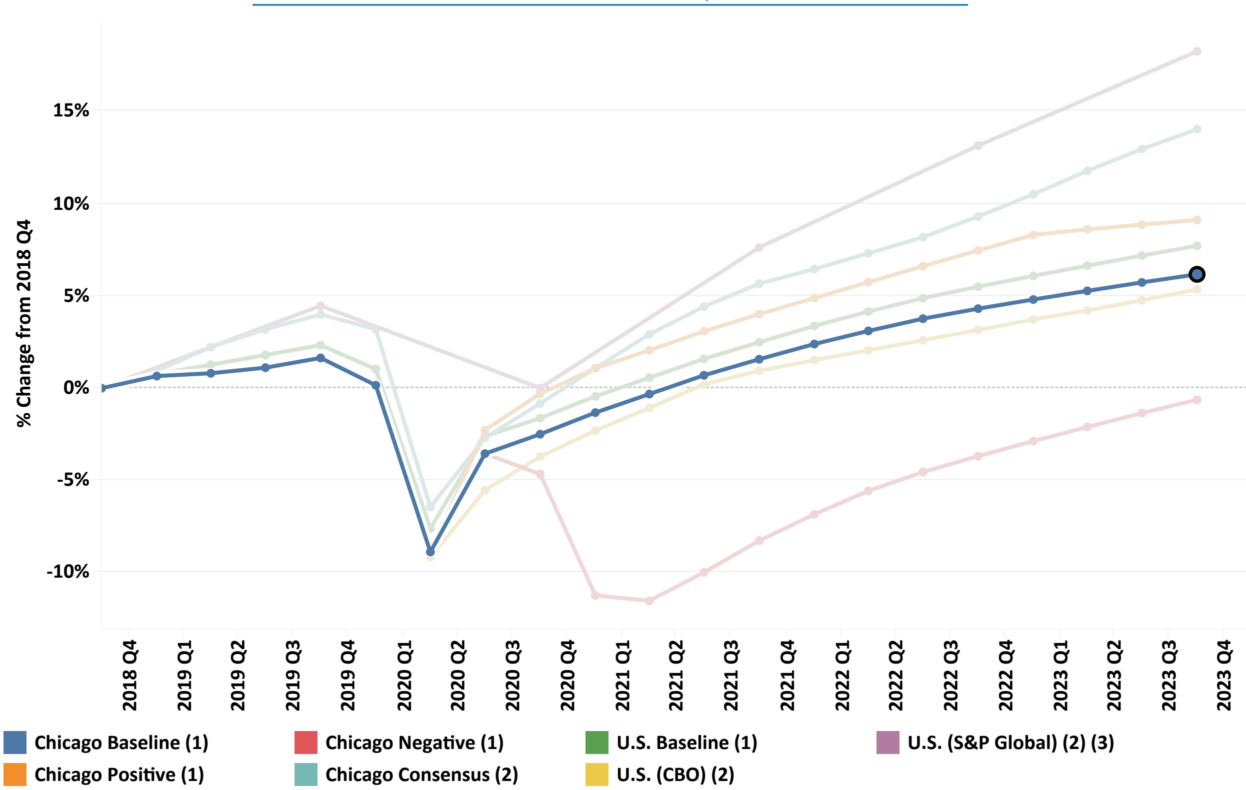
In the negative outlook, the City enters into a “second wave” of COVID-19 cases which includes a major shutdown of major parts of the economy as well as delayed or less effective treatment which would further delay the economic recovery. In this scenario, the City forecast projects GDP to decline by 5.2 percent in 2020 and 6.3 percent in 2021, followed by 5.7 percent growth in 2022 and 3.6 percent growth in 2023. Full recovery does not occur in the forecast window.

The below chart shows the base GDP for the Chicago Metropolitan Statistical Area (bold in blue) that forms the basis for the revenue forecast that follows. The other muted lines in the chart are included to provide context, showing additional forecasts for both Chicago and the U.S., making different assumptions about the course of the COVID-19 pandemic and recovery.

Federal Stimulus has had a significant impact on the Chicago economy, reducing the severity of the economic contraction in the second quarter of 2020 by providing financial support directly to residents through one-time stimulus checks and supplemental unemployment benefits, as well as support for local businesses able to take advantage of the Paycheck Protection Program (“PPP”) and other business supports included in the CARES Act. Extension of these programs could further improve economic conditions and allow GDP to recover in early 2021, in line with the City’s positive outlook.

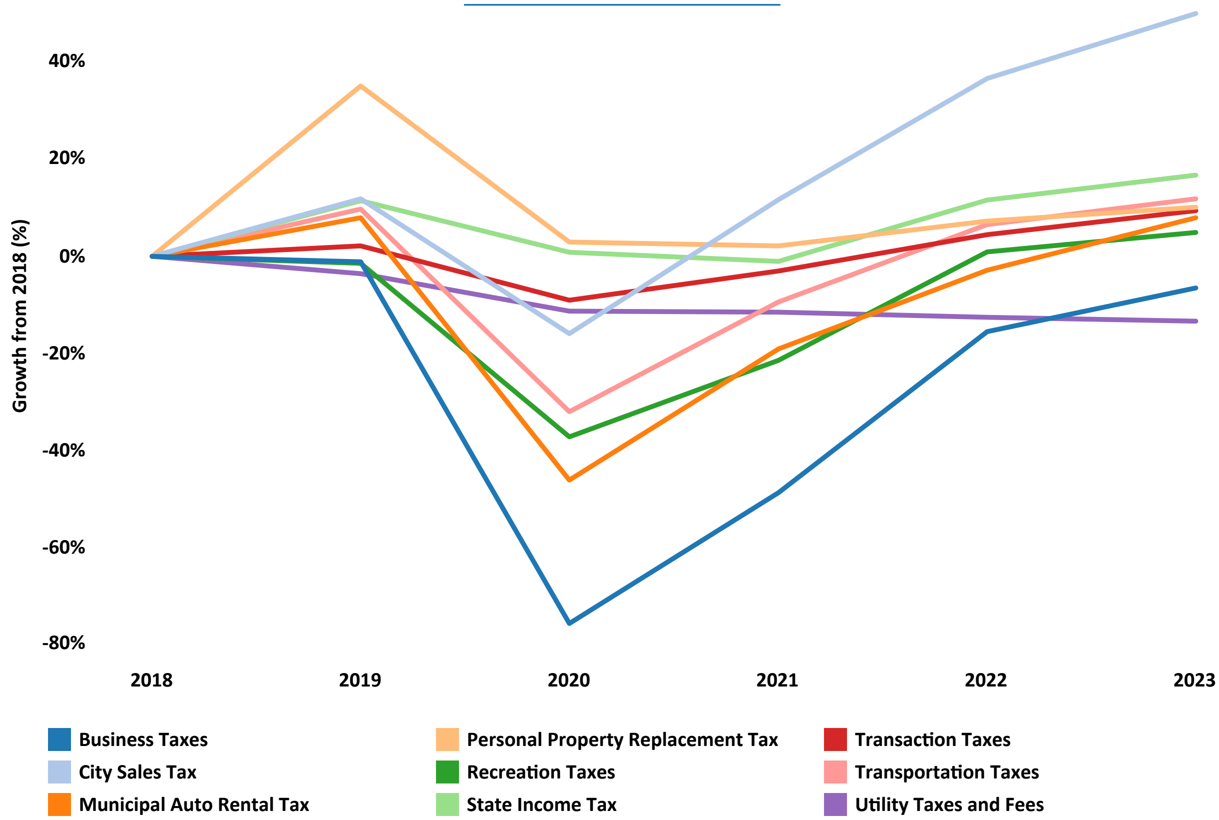
The diversity of the City’s revenue sources is both a critical strength to the City’s finances, but also an important component to forecasting the City’s revenues. As expected, various consumer-based revenues saw significant declines in the second quarter of 2020, but have since begun to recover since COVID-19-related restrictions have been lifted post-shelter in place.

*U.S. AND CHICAGO GDP FORECASTS, MULTIPLE SOURCES*




(1) Chicago Baseline, Optimistic, Pessimistic, and U.S. Baseline were developed by Ernst & Young based on Oxford Economics Data
(2) Consensus, S&P, and CBO estimates are included for reference
(3) S&P Global estimates are annual figures

*TAX REVENUE FORECAST*




## Local Taxes

### *Utility Taxes*

Total 2020 utility taxes are projected at $383.4 million, which is $32.8 million below budget. This is driven largely by a decline in natural gas tax revenues. Through the first six months of the year, Natural Gas Occupation Tax revenue was an estimated 17.0 percent below budget, due to a warmer than average winter and gas prices that are nearly 30.0 percent lower than the prior year. Electricity use and infrastructure maintenance revenues are estimated to be below expectations by approximately 5.0 percent through the first six months of the year.

Utility tax revenues are projected to remain below 2020 budgeted and historical levels through 2023 based in part on expected low natural gas prices and climate change contributing to warm winters. An additional driver of lower utility tax revenues is the long-term trend in decreasing Telecommunications Tax, driven by changes in consumer behavior shifting from phone use to data use, which is not subject to telecom tax.

### *Chicago Sales Taxes*

Locally collected sales taxes are projected for 2020 at $47.9 million, which is $26.1 million below budget. This is driven primarily by losses in Restaurant Tax revenue resulting from both temporary and permanent closures in the industry due to the pandemic. Through the first six months of the year, Restaurant Tax revenue is estimated at 58.0 percent below expectations. Other locally collected sales tax estimates are also seeing reductions through the first six months, but the impact appears less severe.

Restaurant Tax revenue is not expected to recover from the effects of the pandemic until the last year of the City's forecast in 2023. While there is a great deal of uncertainty around the long-term effects of the pandemic, at least some of the closures in 2020 are expected to be permanent, as the federal response to small business needs, particularly those in the restaurant industry, will be insufficient to make up for lost revenue in an industry that already tended to operate on small margins.

### *Transaction Taxes*

Transaction taxes are projected for 2020 at $434.4 million, which is $74.4 million below budget. The two significant transaction taxes are Real Property Transfer Tax and Personal Property Lease Tax.

The pandemic accelerated a downward trend in Real Property Transfer Tax revenue that began in early 2019 as the commercial and large multi-family real estate markets began to slow. Through the first six months of 2020, commercial real estate transactions are estimated to be down approximately 24.0 percent from the same period in 2019, while single family home transactions are estimated to be down an estimated 16.0 percent. Reports on both the temporary and permanent effects of the pandemic on business decisions regarding office space use contribute to an unfavorable outlook for commercial property sales, with expected tax revenue approximately 30.0 percent below 2019.

Home sales are forecast to begin recovering in 2021, particularly in the second half of the year after the effects of the pandemic are expected to subside. While commercial and large multifamily sales are also expected to begin recovering, the declines in 2019 will take longer to recover from. Similar to the last recession, and largely due to concerns about the commercial real estate market, Real Property Transfer Tax is not expected to recover for several years despite favorable interest rates.

Personal Property Lease Taxes include both physical lease of assets, like car rentals and leases, and the use of cloud computing and software as a service. Year-over-year growth in Personal Property Lease Tax revenue had been high for several years driven by the growth in the tech industry and shifts to increasingly utilize cloud computing for business and personal use, with tax revenue growing 11.0 percent in both 2018 and 2019. In 2019, cloud computing made up approximately 20.0 percent of the total Lease Transaction Tax. A two-percentage point increase in the tax rate for cloud computing was expected to bring in an additional $20.0 million in 2020 assuming continued growth.

Through the first six months of 2020, Lease Transaction Tax revenue is estimated to be approximately 9.0 percent below expectations, largely due to a drastic drop in the rental car market, which offset continued growth in the cloud computing industry. With business travel and tourism expected to remain weak for the duration of the pandemic, Lease Transaction Tax revenue is not expected to recover until 2022.

*Transportation Taxes*

Transportation tax revenues are projected for 2020 at $208.9 million, which is $174.6 million below budget. Transportation taxes include Parking Garage Tax, Vehicle Fuel Tax, and Ground Transportation Tax, all of which have seen significant impacts from the pandemic.

Parking Garage Tax is closely tied to commuting, business travel, and tourism. In the month of May parking tax collections had dropped an estimated 95.0 percent from expectations. While revenue is expected to recover to some extent as commuters return to offices, uncertainty around the extent to which commuters return and the expectation of low business travel and tourism contribute to a forecast that still includes a 40.0 percent reduction in revenue by the fourth quarter of 2020.

Based on expectations around mobility and return-to-work, Parking Garage Tax is expected to be slow to recover; the City expects that this tax will remain significantly lower in 2021 and will not reach the pre-pandemic peak in the forecast period.

Vehicle Fuel Tax revenue includes a tax on jet fuel and, as Chicago is home to two major airports, is heavily influenced by fluctuations in the aviation industry. In April, Vehicle Fuel Tax fell an estimated 62.0 percent from the same month in 2019, with Jet Fuel Tax revenue falling 80.0 percent as airlines cancelled flights and people began staying home. As with Parking Garage Tax, some degree of recovery is expected as commuters return to work, but both gasoline and jet fuel consumption is expected to remain low for all of 2020 with only modest recovery from the second quarter low.

After the 2008-2009 recession, Vehicle Fuel Tax revenue did not return to pre-recession levels until 2019. Based on expectations for both gasoline and jet fuel consumption, Vehicle Fuel Tax is expected to remain low for the duration of the forecast.

The largest source of Ground Transportation Tax revenue is a per trip fee on rideshare services. In 2020, an increase to the per trip fee, along with a newly implemented congestion fee on trips in and out of the central business district was expected to increase revenue by $50.0 million. As with the other transportation taxes, Ground Transportation Tax has been heavily impacted by the pandemic, with revenue in the first six months estimated to be 23.0 percent below budget. As restrictions are lifted, some recovery is anticipated in the second half of 2020, but overall revenue will remain below budget.

Ground Transportation Tax is expected to remain below 2020 budgeted levels in 2021, as some restrictions are expected to remain for the first half of the year, and perceived risk and hesitation on the part of customers remain. Assuming broader legal issues around rideshare are not a factor, Ground Transportation Tax is expected to recover by 2023 as commuters resume using rideshare services and tourism returns.

*Recreation Taxes*

Recreation taxes are projected to end 2020 at $175.7 million, which is $97.6 million below budget. Revenue losses here are driven by Amusement Tax. While approximately a third of Amusement Tax revenue comes from cable, streaming, and online gaming services, the majority comes from in-person amusements such as sporting events, concerts, and theater. As a result, revenue from Amusement Tax is estimated to be down 42.0 percent in the first half of 2020. No in-person amusements are expected to resume in 2020. In addition, refunds issued for cancelled events that were sold in the prior year are expected to further decrease overall Amusement Tax revenue in 2020.

Under the baseline scenario, Amusement Tax revenue is expected to begin to recover in 2021 as concerns about the pandemic subside and treatment or vaccination becomes available mid-year. As a result, a return to more normal revenue is anticipated in the second half of 2021, with full recovery by 2022.

Other major recreation taxes include Cannabis, Cigarette, Alcohol, and Non-Alcohol Taxes. The recreational cannabis industry is in its infancy in Illinois, and the City's excise tax did not take effect until July 2020. As a result, available data for these estimates is limited to Statewide sales and a small portion the City receives for public safety. Based on the limited data available, it appears Cannabis Tax may slightly exceed the budget of $1.58 million in 2020. Alcohol sales are estimated to be down 12.0 percent in the first half of 2020 as a result of restaurant and bar closure. Non-Alcohol Taxes are expected to remain at budget, as a bump in Bottled Water Tax at the start of the pandemic offset losses from Soft Drink Taxes that are dependent on restaurant and bar sales. Cigarette Tax revenue is expected to offset some losses in other areas as a result of audit activity around e-cigarettes bringing taxpayers into compliance.

Cannabis Tax revenue is expected to follow a similar trajectory as other states, growing approximately 25.0 percent per year in 2021 and 2022 as the industry matures, stabilizing by 2023. Alcohol Tax is expected to imrpove in 2021 as pandemic concerns subside. However, the permanent closure of some restaurants and bars during the pandemic is expected to reduce revenue through 2023. Non-Alcohol taxes tend to be stable from year to year. Prior recessions have had little impact on revenue, and revenue has tended to recover quickly. Estimates for 2021 through 2023 reflect this as well. Cigarette Tax has trended downward as the number of smokers decreases, with the exception of the addition of the e-cigarette tax in 2016 and subsequent increase in 2018. This downward trend is expected to resume in 2021.

*Business Taxes*

Business taxes are composed of Hotel Tax and Checkout Bag Tax, and are projected at $34.7 million for 2020, which is $99.7 million below budget. This is entirely due to the loss of both business travel and tourism as a result of the pandemic. Since March, all major conferences have been cancelled, and the precipitous decline in hotel reservations has resulted in a decline in Hotel Tax revenue which was down an estimated 96 percent at the height of the pandemic. Room occupancy is forecast to modestly recover by the end of 2020, while still only reaching approximately 30.0 percent of expected tax revenue in December.

Hotel Tax revenue is not expected to return to near pre-pandemic levels until 2022. In 2021, revenue is expected to remain low as the pandemic is expected to remain a concern for the first half of the year in the base scenario.

**Intergovernmental Taxes**

Intergovernmental taxes are projected at $402.8 million, which is $30.3 million below budget. Intergovernmental taxes are comprised primarily of Income Tax and Personal Property Replacement Tax ("PPRT"), a form of corporate income tax, of which the City receives a proportionate share from the State. While the pandemic and resulting recession have reduced incomes, two factors have mitigated the impact in 2020. First, a portion of income and PPRT received in 2020 was for the 2019 tax year and is received when taxes are filed, which was delayed by the State in 2020 in response to COVID-19. A second factor impacting Income Tax receipts is the significant boost to unemployment benefits included in the CARES Act, with a peak estimate of 1.2 million Illinois recipients in May. Largely as a result of these two factors, Income Tax receipts for the first half of 2020, once the deferred filing deadline was factored in, are estimated to be largely in line with budget. The decline in Income Tax revenue for the second half of 2020 coincides with the expiration of the supplemental unemployment funding. The modest decline in PPRT is based on declines in GDP, after accounting for expected revenue from the tax filing deadline.

Assuming no change in tax policy, Income Tax revenue is likely to remain low in 2021 because a portion of 2021 revenue is derived from 2020 income, and the ongoing effects of the recession will continue to decrease incomes. Recovery to pre-pandemic levels is forecast for 2022, when the unemployment rate is expected to return to pre-pandemic levels. PPRT revenue is also expected to recover by 2022, as GDP is forecast to reach pre-recession levels by the beginning of 2022.

**Proceeds and Transfers**

Residual from the Sales Tax Securitization Corporation ("STSC"), which are sales and use taxes collected by the State after withholdings for STSC debt service, appear in the City's budget as a transfer in. Estimated revenue for 2020 is projected at $461.4 million, which is $154.1 million below budget. While all revenues included here are affected by the pandemic, the impact varies. While the City's share of the State tax, the City's Home Rule Sales Tax, and the City's Use Tax are estimated to all decline significantly in the first five months of 2020, some of that estimated decline is offset by growth in State Use Tax of approximately 22.0 percent resulting from increased internet sales. Overall Sales Taxes from the State are estimated to be down an estimated 16.0 percent from the same period in 2019. The most impacted categories of Sales Tax in the first half of 2020 include restaurants and bars and clothing, each of which are expected to have declined more than 50.0 percent in the second quarter from the same period in 2019. The only category with positive growth is grocery, estimated to have grown 5.0 percent in the same period.

Despite expected continued growth in State Use Tax from online sales, overall Sales Tax revenue is not expected to reach pre-recession levels until 2022, and the growth in previously scheduled debt service payments owed by the STSC will further reduce residual to the City. As a result, STSC residual is expected to remain significantly below pre-recession levels.

Projections for Sales Tax revenue in 2021 and going forward do not factor in the impact of changes to Sales Tax collection from online sales that will result from State law set to take effect January 1, 2021. This is due to uncertainty around the exact impact of the law on online retailers: most large online retailers are believed to fall in the same category as current law, so no change in tax collection from these retailers is expected outside regular growth.

**Local Non-Tax Revenue**

Local non-tax revenue is projected to end 2020 at $1,275 million, which is $196.9 million below budget. While there are general declines across non-tax revenues, including licenses and permits and leases, rentals, and sales, the two most significant declines are expected to come from Fines, Forfeitures, and Penalties and Charges for Service. Through the first half of 2020, Fines, Forfeitures, and Penalties revenue is estimated to be down 34.0 percent from the same period in 2019 due to reduced enforcement, reduced hearings activity, deferred payment requirements, and deferred penalties. While revenue is expected to increase in the second half of the year due to the expiration of deferrals, reduced enforcement activity is expected to have an ongoing effect as that reduced activity in the second quarter will directly impact revenue in future periods. The estimated decrease in Charges for Service is a result of decreased utilization of those services as overall activity declined due to the pandemic.

Fines, Forfeitures, and Penalties revenue is historically stable; changes in revenue are generally more closely associated with policy change than economic conditions. As a result, revenue is expected to increase in 2021 from the low in 2020 and remain stable through 2023 as the deferrals and reduced enforcement expires. However, policy changes intended to reduce the impact of fines and fees on low-income residents in 2019 and 2020 are expected to result in reduced revenue going forward.

**Methodology**

The forecast combines short-run effects of the COVID-19 pandemic with long-run economic factors. In the near term, swings in revenue are driven primarily by COVID-related restrictions on economic activity and shifting consumer behavior, such as an accelerated shift to purchasing goods online. This was measured using data such as consumer spending as measured by tracktherecovery.org. As the pandemic subsides, these effects are expected to be less pronounced and long-run drivers, including GDP, employment, and sector-specific growth are weighted more heavily in later years.

For those tax revenues most impacted by the COVID pandemic, the City contracted with Ernst and Young to model the economic sectors that drive City tax revenue. As with other City forecasts, Ernst and Young utilized tax-specific econometric models using long-run drivers of activity. These models were then adjusted to account for short-run impacts of COVID using real-time data sources. Forecasts of the recovery from the economic contraction vary and are heavily influenced by assumptions about the ongoing effects of the pandemic. The most significant factor in the City's revenue estimates depend on the duration and effects of the pandemic. While the discussion of revenues is on the baseline scenario, which the City considers to be the most likely outcome, the City also developed revenue estimates based on both postiive and negative scenarios.

Due to a lag in collections that varies depending on both revenue source and how the revenue is collected, revenues from the first half of the year are a combination of actual collections and estimated collections. These timing differences include some that are collected in the month they are due, such as permit and license fees, to some tax revenues that are largely remitted regularly in the month following the liability month, such as Restaurant Tax. Still others have a more significant lag time of up to three months, such as STSC residual, because they are received by the State a month after the liability month, processed by the State, passed to the STSC, and finally are recorded as revenue by the City. This combination of actual and estimated revenue from the first half of the year is the foundation for projections for future periods.

ALBANY PARK ✶ ARCHER HEIGHTS ✶ ARMOUR SQUARE ✶ ASHBURN ✶ AUBURN GRESHAM ✶ AUSTIN ✶
AVALON PARK ✶ AVONDALE ✶ BELMONT CRAGIN ✶ BEVERLY ✶ BRIDGEPORT ✶ BRIGHTON PARK ✶ BURNSIDE
✶ CALUMET HEIGHTS ✶ CHATHAM ✶ CHICAGO LAWN ✶ CLEARING ✶ DOUGLAS ✶ DUNNING ✶ EAST GARFIELD
PARK ✶ EAST SIDE ✶ EDGEWATER ✶ EDISON PARK ✶ ENGLEWOOD ✶ FOREST GLEN ✶ FULLER PARK ✶ GAGE
PARK ✶ GARFIELD RIDGE ✶ GRAND BOULEVARD ✶ GREATER GRAND CROSSING ✶ HEGEWISCH ✶ HERMOSA
✶ HUMBOLDT PARK ✶ HYDE PARK ✶ IRVING PARK ✶ JEFFERSON PARK ✶ KENWOOD ✶ LAKE VIEW ✶ LINCOLN
PARK ✶ LINCOLN SQUARE ✶ LOGAN SQUARE ✶ LOOP ✶ LOWER WEST SIDE ✶ MCKINLEY PARK ✶ MONTCLARE
✶ MORGAN PARK ✶ MOUNT GREENWOOD ✶ NEAR NORTH SIDE ✶ NEAR SOUTH SIDE ✶ NEAR WEST SIDE ✶
NEW CITY ✶ NORTH CENTER ✶ NORTH LAWNDALE ✶ NORTH PARK ✶ NORWOOD PARK ✶ OAKLAND ✶ OHARE
✶ PORTAGE PARK ✶ PULLMAN ✶ RIVERDALE ✶ ROGERS PARK ✶ ROSELAND ✶ SOUTH CHICAGO ✶ SOUTH
DEERING ✶ SOUTH LAWNDALE ✶ SOUTH SHORE ✶ UPTOWN ✶ WASHINGTON HEIGHTS ✶ WASHINGTON
PARK ✶ WEST ELSDON ✶ WEST ENGLEWOOD ✶ WEST GARFIELD PARK ✶ WEST LAWN ✶ WEST PULLMAN ✶
WEST RIDGE ✶ WEST TOWN ✶ WOODLAWN ✶ ALBANY PARK ✶ ARCHER HEIGHTS ✶ ARMOUR SQUARE ✶
ASHBURN ✶ AUBURN GRESHAM ✶ AUSTIN ✶ AVALON PARK ✶ AVONDALE ✶ BELMONT CRAGIN ✶ BEVERLY
✶ BRIDGEPORT ✶ BRIGHTON PARK ✶ BURNSIDE ✶ CALUMET HEIGHTS ✶ CHATHAM ✶ CHICAGO LAWN ✶
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NORTH SIDE ✶ NEAR SOUTH SIDE ✶ NEAR WEST SIDE ✶ NEW CITY ✶ NORTH CENTER ✶ NORTH LAWNDALE
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✶ UPTOWN ✶ WASHINGTON HEIGHTS ✶ WASHINGTON PARK ✶ WEST ELSDON ✶ WEST ENGLEWOOD ✶ WEST
GARFIELD PARK ✶ WEST LAWN ✶ WEST PULLMAN ✶ WEST RIDGE ✶ WEST TOWN ✶ WOODLAWN ✶ ALBANY
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✶ AVONDALE ✶ BELMONT CRAGIN ✶ BEVERLY ✶ BRIDGEPORT ✶ BRIGHTON PARK ✶ BURNSIDE ✶ CALUMET
HEIGHTS ✶ CHATHAM ✶ CHICAGO LAWN ✶ CLEARING ✶ DOUGLAS ✶ DUNNING ✶ EAST GARFIELD PARK ✶
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