



OFFICE OF **BUDGET & MANAGEMENT**

EUGENE L. MUNIN, BUDGET DIRECTOR

2011 Preliminary Budget

Briefing to the City Council
July 30, 2010



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2009 Year-end Results



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2009 Year-end Revenue Results

Source	2009							
	Budget	Revised	Revised Variance from Budget		Actual	Actual Variance from Revised		
Utility Taxes	\$ 523.3	\$ 491.9	\$ (31.4)	-6.0%	\$ 481.3	\$ (10.6)	-2.2%	
Sales Taxes	547.5	485.4	(62.2)	-11.4%	476.6	(8.8)	-1.8%	
Transaction Taxes	257.3	175.1	(82.2)	-31.9%	179.6	4.6	2.6%	
Transportation Taxes	161.6	155.7	(5.9)	-3.7%	155.9	0.2	0.1%	
Recreation Taxes	162.6	156.1	(6.4)	-4.0%	154.0	(2.1)	-1.3%	
Business Taxes	94.0	78.3	(15.6)	-16.6%	79.6	1.2	1.5%	
Income Taxes	362.0	277.1	(85.0)	-23.5%	251.8	(25.3)	-9.1%	
Other Intergovernmental Revenue	6.3	5.7	(0.6)	-10.2%	5.1	(0.6)	-9.9%	
Transfers-In	181.6	222.8	41.2	22.7%	217.0	(5.8)	-2.6%	
Non-Tax Revenue	888.9	773.2	(115.7)	-13.0%	777.8	4.6	0.6%	
Prior Year Unreserved	1.5	0.2	(1.2)	-84.7%	1.4	1.2	519.5%	
sub -total	\$ 3,186.5	\$ 2,821.4	\$ (365.0)	-11.5%	\$ 2,780.1	\$ (41.4)	-1.5%	
Solutions to Balance								
Rainy Day Fund		217.6	217.6		217.6			
Commercial Paper through Bond Financing		40.0	40.0		40.0			
sub -total		\$ 257.6	\$ 257.6		\$ 257.6			
Total	\$ 3,186.5	\$ 3,079.0	\$ (107.4)	-3.4%	\$ 3,037.7	\$ (41.39)	-1.3%	

2009 Year-end final results short of revised estimates in utilities, sales and recreation taxes. Timing of State Income Tax receipts decreased payments available in 2009.



2009 Year-end Corporate Fund Expenses

Total Corporate Fund expenses under budget by \$146 million

- General government expenditures savings of \$173.2 million
 - Timing of police and fire retroactive salary, \$116.9 million
 - Healthcare savings of \$13.8 million (fewer employees, credits)
 - Payroll salvage in non-public safety departments \$18.6M
- Offset by Public Safety overages of roughly 2 percent, or \$39 million

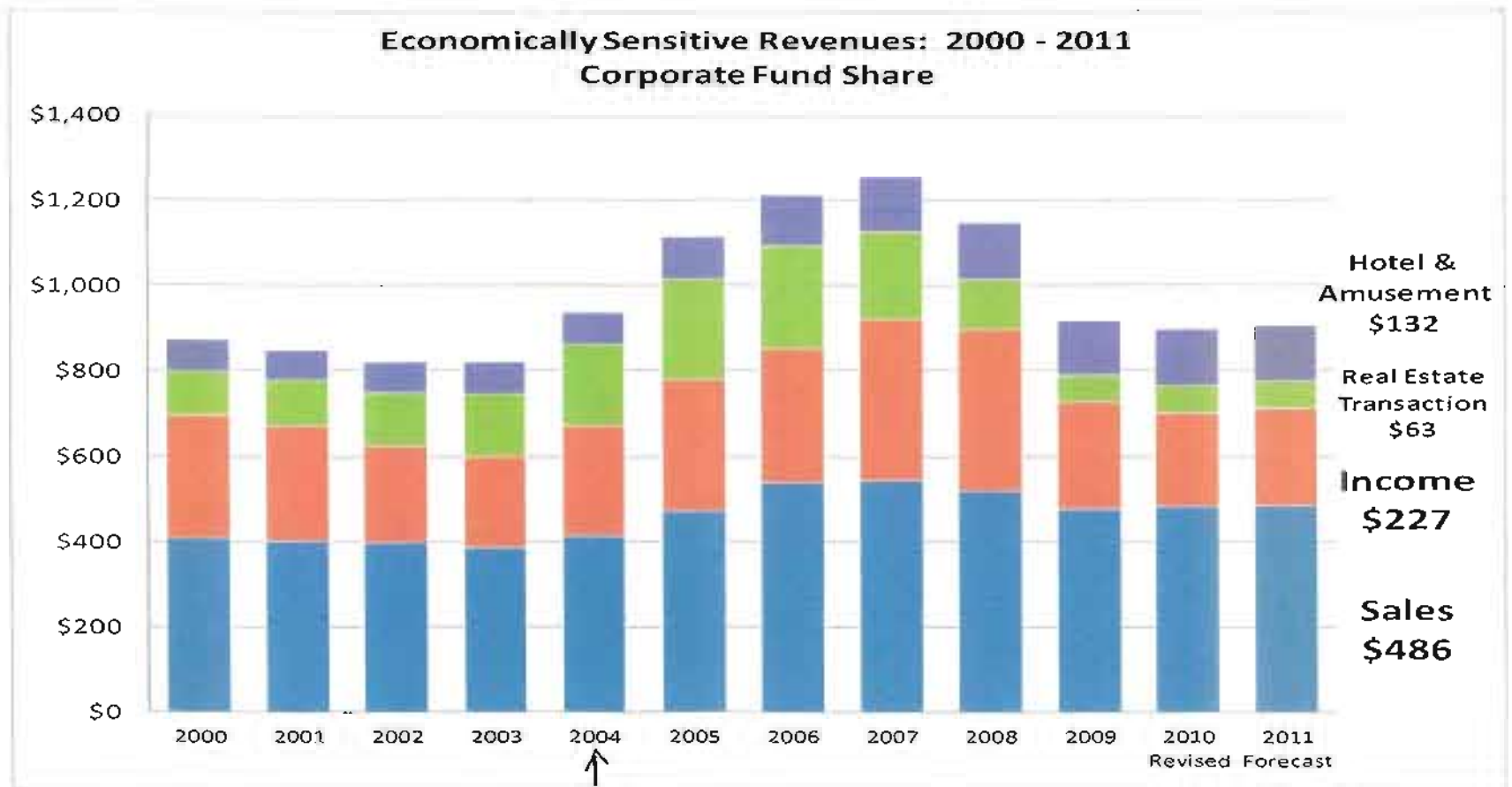


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2010 Revised Year-end Estimates



2010 Corporate Fund (\$ millions)



The global recession continues to depress revenues

Good news: meeting budget expectations ~ Bad news: revenues at 2004 levels

2011 Expenses + growing



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2010 Monthly Sales Tax (HROT and ROT only)

Collections vs. Estimates



Sales Tax Revenues

2010 Monthly Income Taxes

Collections vs. Estimates



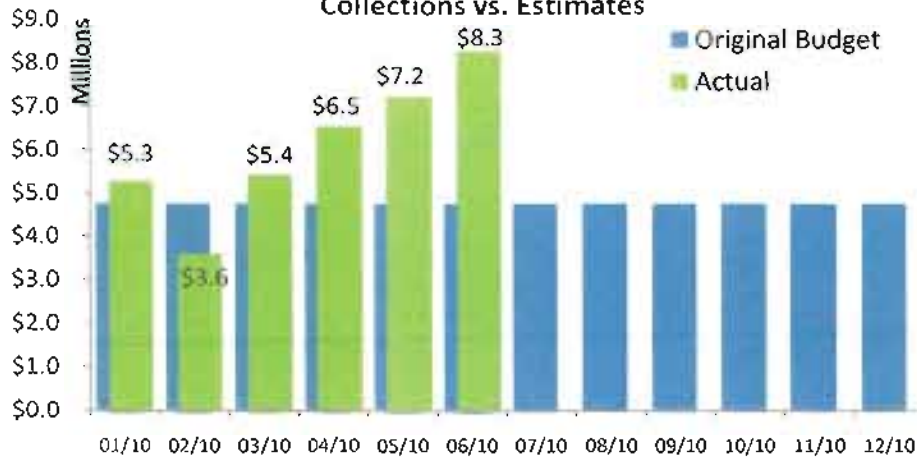
Income Tax Revenues

Note: Reflects amount owed to the city; does not reflect delay in distribution of \$100 million.

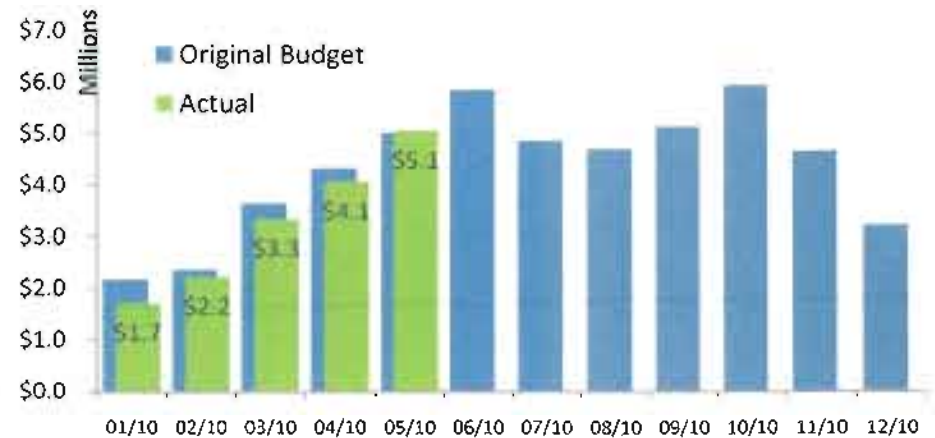


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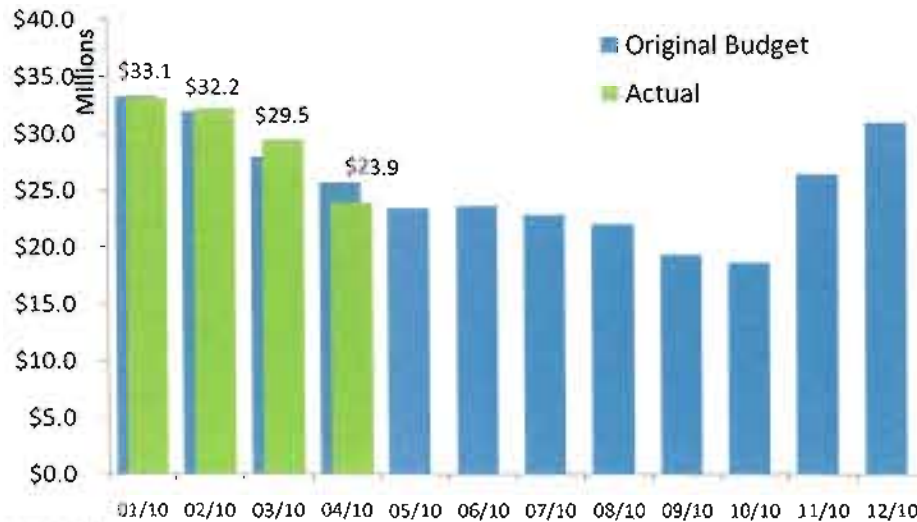
2010 Monthly Real Estate Transfer Tax Collections vs. Estimates



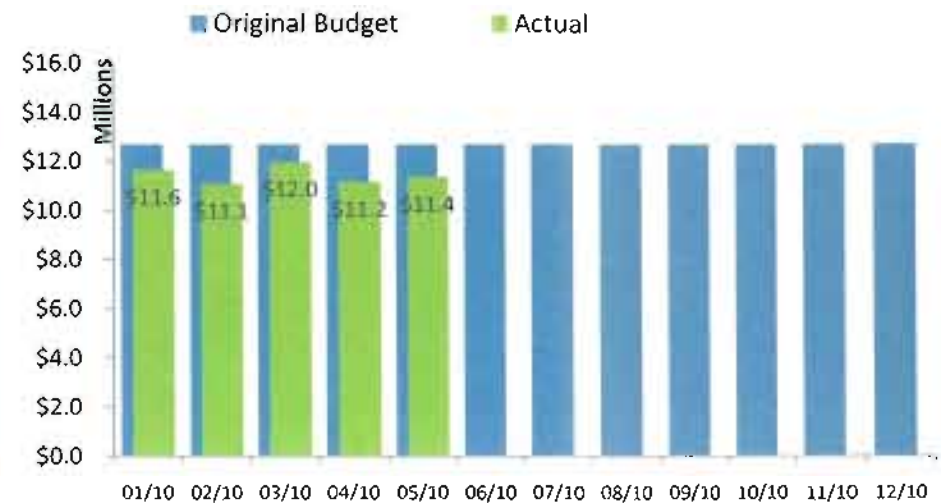
2010 Monthly Hotel Tax Collections vs. Estimates



2010 Monthly Utility (Electricity & Gas) Taxes Collections vs. Estimates



2010 Monthly Telecommunication Taxes Collections vs. Estimates





2010 Year-end Estimates

Revenues

- In total, year-end revenue projections remain level with budget
 - Key sources meeting and slightly exceeding budget estimates
 - Telecommunications, Parking, Vehicle Fuel and Hotel Taxes under budget estimates

Expenditure savings

- Timing and amount of arbitration award \$29M
- Maintaining hiring freeze \$23M
- Police sworn attrition \$20M *"lack of hiring has saved this"*
- Employee /annuitant health care savings of \$18M
- Other savings \$14M

Expenditure overruns

- Public safety injured on duty \$15M
- Fire payroll / less attrition \$14M
- Public safety overtime \$14M
- Non-public safety workers' compensation \$11M

2010 estimated end result: \$60M positive variance

Reduce the borrowing from long term reserves



2011 Forecasts



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2011 Forecasts

Revenues: Net decline from 2010 budget (\$448M)

- Adjust for the one-time sources of \$500 million used with the 2010 budget (*borrowing this*)
- Offset by minimal growth, in total, of \$52 million

Expenditure increases \$207M

- Police contractual pay increase \$98M
- Debt Service \$50M
- Employee/annuitant health care \$44M
- Workers' compensation \$13M
- Personnel increases (excluding Police and Fire) \$13M
- Non-personnel increase \$12M
- Fire payroll-related costs \$12M
- Offset by 2010 savings carried through of \$10M and timing of the Fire arbitration \$26M

Preliminary Gap

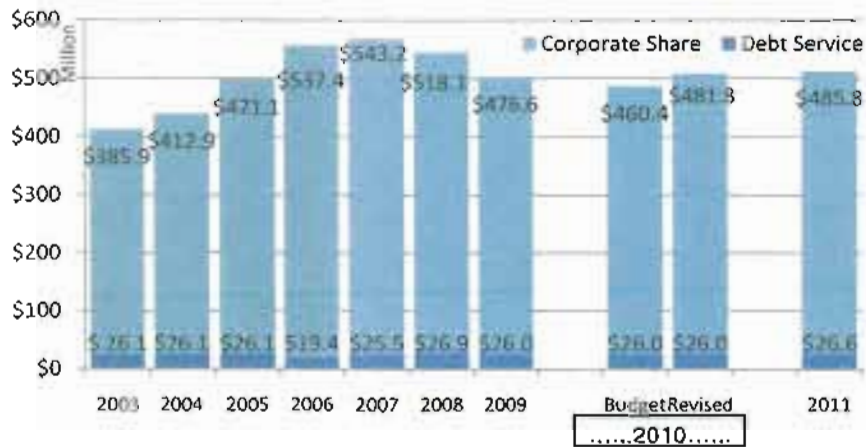
\$654.7M

*100 from Skyway + meters for 2011
or would be \$754mm.*

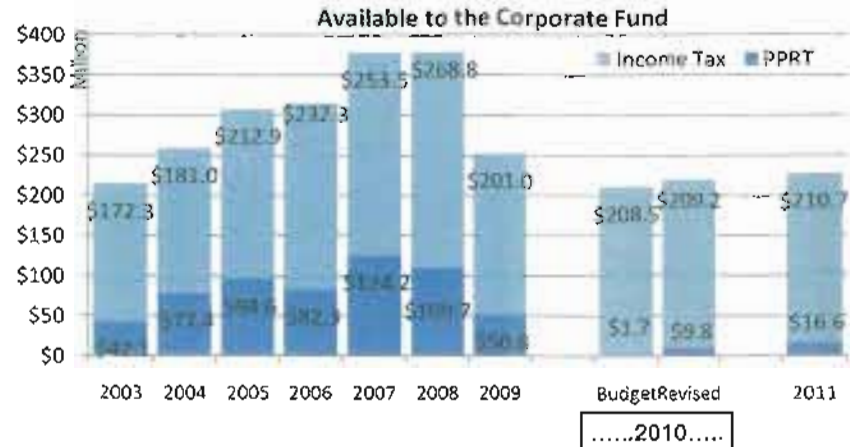


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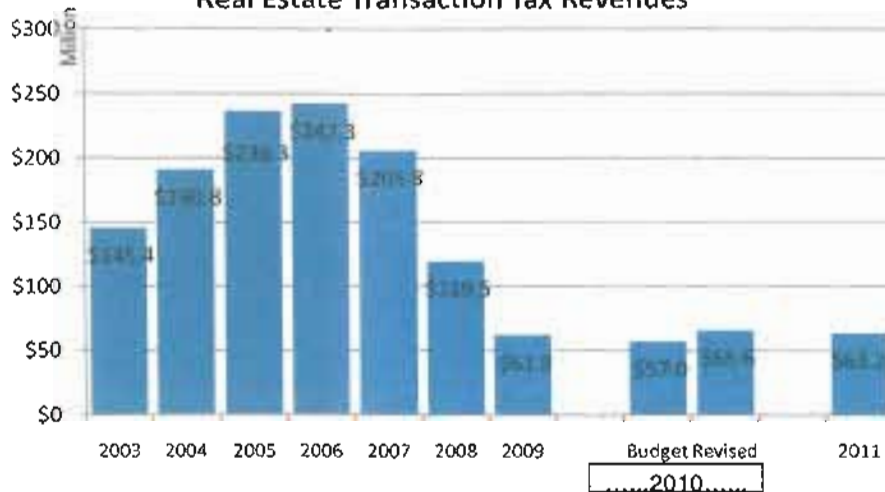
Sales Taxes Revenues



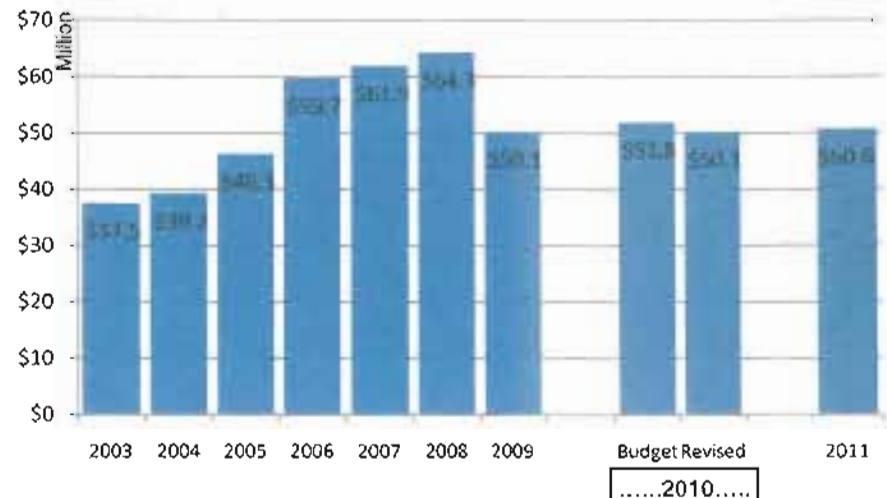
Income Taxes Revenues



Real Estate Transaction Tax Revenues

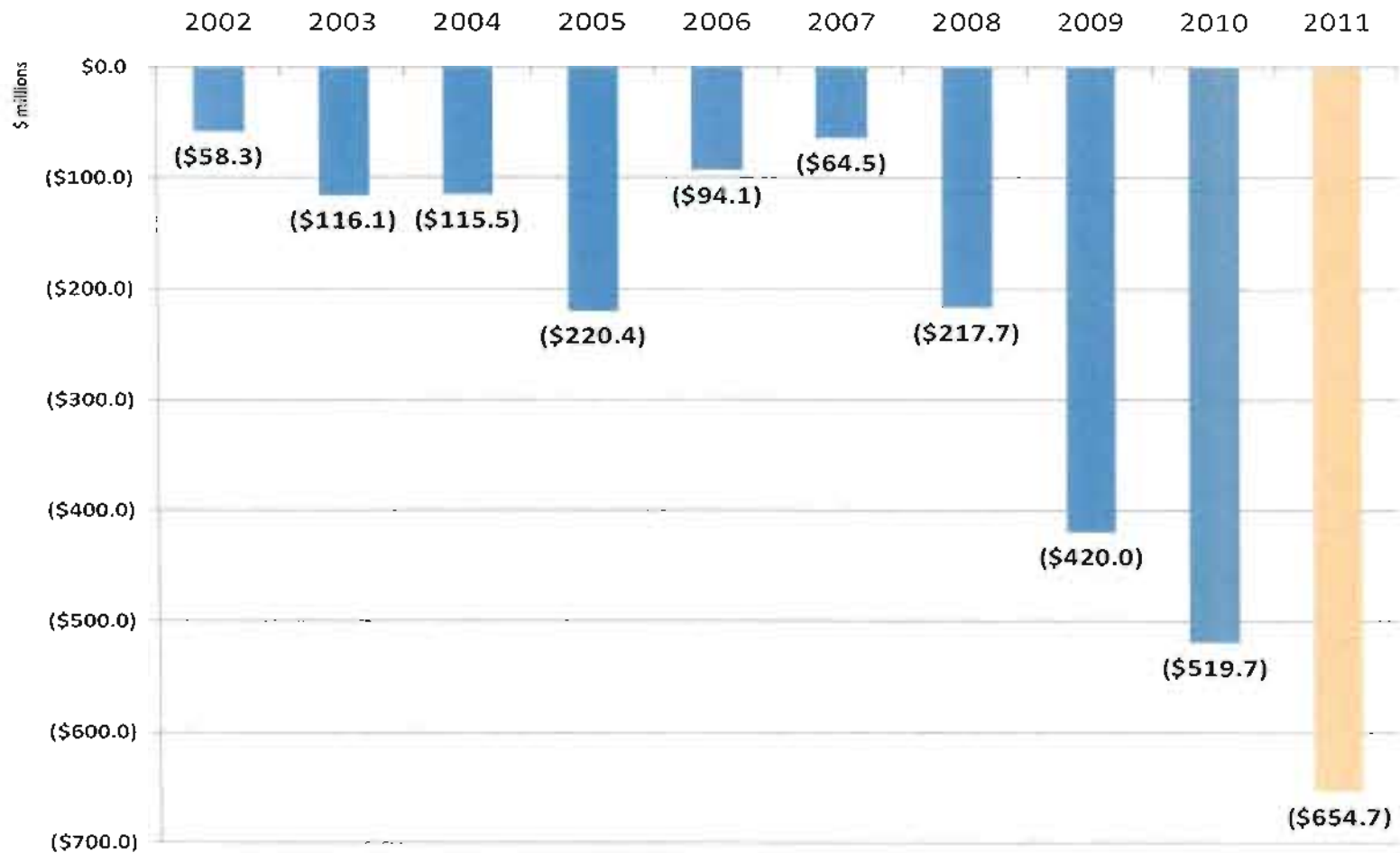


Hotel Tax Revenues





Preliminary Budget Gaps 2002 - 2011





Reserve Allocations (\$ millions)

Estimated Balance on 12/31/2010

LONG-TERM RESERVES REMAINING

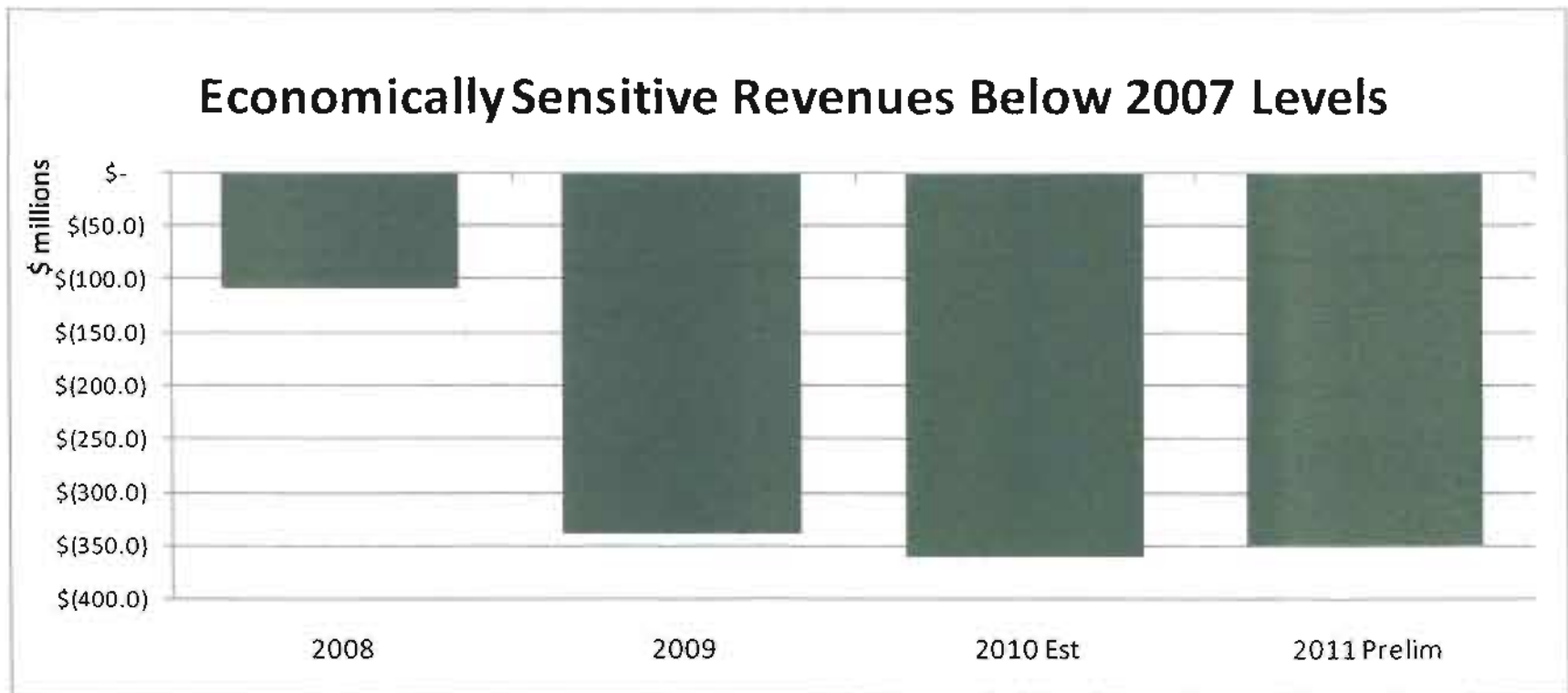
Chicago Skyway	\$ 500
Chicago Metered Parking System *	<u>190</u>
Total Reserves (not scheduled for allocation) estimated on 12/31/2010	\$ 690

MID-TERM RESERVES SCHEDULED FOR 2011 ALLOCATION

Chicago Skyway	\$ 50
Chicago Metered Parking System	<u>50</u>
Total scheduled by ordinance for 2011 allocation	\$ 100

Total Reserves estimated on 12/31/2010 \$ 790

* Reflects the \$60 million positive balance from 2010 year-end results



Since the peak year of 2007, economically sensitive revenues have declined by a total of \$1.15 billion



Other Funds



Other Funds

Motor Fuel Tax

- \$16.4 million deficit
- Includes, snow removal, street light energy, pavement maintenance, street light maintenance

Special Events Fund

- \$6.1 million deficit
- Reduced sponsorship revenue, reduced revenues at events



Timeline

- Department's 2011 budget requests due August 5
- Analyze additional revenue receipts for trends, monitor economic forecasts

- Public Hearings scheduled for:

Tuesday, August 24, 2010

Westinghouse College Prep.
3223 W. Franklin Blvd.

Wednesday, August 25, 2010

South Shore Cultural Center
7059 S. South Shore Drive

Thursday, August 26, 2010

North-Grand High School
4338 W. Wabansia Ave.