



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 1, 2016

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. David St. Pierre, Executive Director

Report on Budgetary Revenues and Expenditures through Second Quarter June 30, 2016

Dear Sir:

Attached is a report of revenues and expenditures through the second quarter ended June 30, 2016. This report is prepared on an unaudited budgetary basis of accounting.

The second quarter of 2016 includes receipts from the tax year 2015 first real estate tax installment, which were due on March 1. Second quarter receipts are within normal levels.

Preliminary Corporate Fund expenditures through the second quarter are at 42.2% of budget and within normal levels. Energy and healthcare costs, two of the primary expenditure drivers, will be monitored closely throughout the year as additional expenditure data becomes available.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The CPI increased .2 percent in June and an increase of 1.0 percent over the previous twelve months. Food prices fell by .1 percent and apparel by .3 percent, while the energy index increased 1.3 percent in June and follow similar gains in the previous four months. This gain was driven by increases in gasoline, but offset by declines in electricity and natural gas.

The CPI index for housing costs has had steady increases during the quarter, including .3 percent increase in May over April, followed by another .3 percent increase in June. As reported by the Federal Reserve Bank for the Chicago District through April 30, the growth in construction and real estate activity was modest. Demand for multi-family and single family-residential construction grew slightly. Leasing demand in the retail sector was noted as particularly strong.

A conservative approach used to develop the 2016 five-year financial plan is expected to maintain budgetary fund balances at policy levels.

Respectfully Submitted, Eileen McElligott, Administrative Services Manager

Attachment