



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 17, 2014

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. David St. Pierre, Executive Director

Report on Budgetary Revenues and Expenditures for the Year Ended December 31, 2013

Dear Sir:

Attached is a report of revenues and expenditures for the year ended December 31, 2013. This report is prepared on an unaudited budgetary basis of accounting.

Total Corporate Fund revenues were higher than budgeted primarily due to the conservative budgeting of miscellaneous revenues. Expenditures were lower than budgeted in the areas of salaries, health care, consulting services, and contractual services, including maintenance and disposal costs, and materials and supplies.

The actual 2013 Corporate Fund net tax revenue of \$260.5 million is \$9.8 million above the 2013 budget of \$250.7 million for the tax levy collection, primarily due to increased Personal Property Replacement Tax revenue.

Actual Corporate Fund non-tax revenue for 2013 includes the following: user charge income of \$48.9 million is below budget by \$1.1 million, TIF surplus distributions of \$3.1 million exceed budget by \$0.2 million, rental and easement income of \$14.9 million exceeds budget by \$1.4 million, and investment income of \$3.0 million is below budget by \$0.3 million. In 2013, 326.4 acres of District real estate located in Will County was sold to the Forest Preserve District of Will County for a consideration of \$2.5 million. Overall, non-tax revenue exceeds budget by \$8.0 million.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The CPI rose 1.5 percent in 2013 over December 2012. The energy index rose 0.5 percent

in 2013, the same increase as in 2012. The natural gas index declined 0.1 percent in 2013, making it the fifth consecutive year the index has declined.

Commercial real estate construction continued to grow modestly through year end 2013, with vacancies showing a decline in the fourth quarter. Residential construction continued to expand in the fourth quarter, with the strongest growth in new multifamily construction. Cook County showed a year-over-year median home price increase in December of 2013, up 17.3 percent to \$175,900. The Regional Economics Applications Laboratory of the Institute of Government and Public Affairs at the University of Illinois projects that the nine-county Chicago Primary Metropolitan Statistical Area foreclosure inventory will return to the pre-bubble levels of 2005 by June 2015.

The District was in a favorable financial position in 2013, allowing a \$30 million equity transfer to the Retirement Fund from the Corporate Fund in the first quarter of 2013, and \$20 million in advanced funding to the Other Post-Employment Benefit Trust Fund. The conservative approach in development of the 2014 five-year financial plan is expected to maintain budgetary fund balances at policy levels to ensure that the District remains on sound financial footing in the coming years.

Respectfully Submitted, Eileen McElligott, Administrative Services Manager, BKS

Attachment