



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 2, 2014

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. David St. Pierre, Executive Director

Report on Budgetary Revenues and Expenditures Through First Quarter March 31, 2014

Dear Sir:

Attached is a report of revenues and expenditures for the first quarter ended March 31, 2014. This report is prepared on an unaudited budgetary basis of accounting.

The first quarter of 2014 includes receipts from the tax year 2013 first real estate tax installment, which were due on March 4. First quarter receipts are within normal levels.

Preliminary Corporate Fund expenditures for the first quarter are 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 rose 1.4 percent in the first three months of 2014 and 1.5 percent over the previous twelve months. The energy index rose 0.6 percent in January, declined 0.5 percent in February, and fell 0.1 percent in March. Over the past twelve months, the energy index has increased 0.4 percent.

As reported by the Federal Reserve Bank for the Chicago District, the growth in construction and real estate activity was modest, due to the adverse weather conditions in the first quarter of the year. Commercial real estate construction remains weak. Residential home sales declined, while the demand for nonresidential construction grew at a moderate pace. The Illinois Association of Realtors (IAR) also attributed the decline in residential home sales, in part, to the inclement weather. In the nine-county Chicago Primary Metropolitan Statistical Area, the IAR reported home sales in March 2014 of 7,177 homes, or a decrease of 11.1 percent,

from March 2013 home sales of 8,072.

A conservative approach used to develop the 2014 five-year financial plan is expected to maintain budgetary fund balances at policy levels.

Respectfully Submitted, Eileen McElligott, Administrative Services Manager, BKS

Attachment