



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 5, 2015

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. David St. Pierre, Executive Director

Report on Budgetary Revenues and Expenditures Through Third Quarter September 30, 2015

Dear Sir:

Attached is a report of revenues and expenditures for the first quarter ended September 30, 2015. This report is prepared on an unaudited budgetary basis of accounting.

The Third quarter of 2015 includes receipts from the tax year 2014 second real estate tax installment, which were due on August 3. Second quarter receipts are within normal levels.

Corporate Fund expenditures through the third quarter are within normal levels. Energy and healthcare costs, two of the primary expenditure drivers, are monitored closely throughout the year. Energy expenditures (electricity and gas) through the third quarter 2015 are about 1.8 percent lower than the same period last year. Healthcare costs are running a little over 1 percent higher during the same period last year.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The CPI increased 1.3 percent through September 30 of 2015, essentially unchanged over the previous twelve months. The energy index rose 0.1 percent in July, fell 2.0 percent in August and declined 4.7 percent in September. Over the past twelve months, the energy index has declined 18.4 percent. The decline in the energy index over the past year offset increases in the indexes for food (up 1.6 percent) and all items less food and energy (up 1.9%).

As reported by the Federal Reserve Bank for the Chicago District, the growth in construction and real estate activity has been steady. Residential rents, home prices and home sales increased. Commercial real estate activity increased modestly. The Illinois Association of Realtors reports the median price of a home in

September in the Chicago PMSA was \$207,570, up 6.4% from September of 2014.

A conservative approach used to develop the 2015 five-year financial plan is expected to maintain budgetary fund balances at policy levels.

Respectfully Submitted, Eileen McElligott, Administrative Services Manager

Attachment