Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 15, 2018

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. David St. Pierre, Executive Director

Report on Budgetary Revenues and Expenditures for the year ended December 31, 2017

Dear Sir:

Attached is a report of revenues and expenditures for the year ended December 31, 2017. This report is prepared on an unaudited budgetary basis of accounting.

The actual 2017 Corporate Fund net tax revenue of $243.1 million is 102.8 percent of the budgeted revenues due primarily to Personal Property Replacement Tax receipts coming in higher than expected during the first three quarters. Corporate Fund non-tax revenue for 2017 includes the following: user charge income of $53.3 million, TIF surplus distributions of $12.0 million, $6.0 million in Build America Bonds subsidy transfer from the Capital Improvements Bond Fund, and rental and easement income of $20.6 million. Overall, non-tax revenue exceeds original budget by $9.9 million. Total 2017 Corporate Fund revenues totaled $345.2 million.

The 2017 actual expenditures of $338.2 million are 91.7 percent of the $368.9 million Corporate Fund budget. Corporate Fund expenditures in 2017 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) in 2017 are 2.7 percent higher than 2016. Healthcare costs have remained flat to 2016.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The December CPI for All Urban Consumers (CPI-U) rose 0.1 percent over November on a seasonally adjusted basis. Over the last 12 months, the all items index increased 2.1 percent before seasonal adjustment. The index for all items less food and energy increased 1.8 percent over the last year. The food index rose 1.6 percent over the past year. The index for energy increased 6.9 percent, with all of its major component indexes rising during 2017.

The equalized assessed property valuation for the District increased by 8.0 percent from 2015 to 2016, a $10.4 billion increase. The Illinois Association of Realtors reports that December Chicago metropolitan area home sales are down 2.1 percent over December 2016, while the median price has increased 5.1 percent in the same period.

The District maintained a favorable financial position in 2017, but relatively low inflation over the past several years has resulted in a small annual increase in property tax revenues. Additionally, increases in the Retirement Fund levy necessary to stabilize the pension fund have restricted growth in the Corporate, Construction, and Reserve Claim Fund levies.

Respectfully Submitted, Eileen M. McElligott, Administrative Services Officer, SAR

Attachment