



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 3, 2020

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. Brian A. Perkovich, Executive Director

Report on Budgetary Revenues and Expenditures for the year ended December 31, 2019

Dear Sir:

Attached is a report of revenues and expenditures for the year ended December 31, 2019. This report was prepared on an unaudited budgetary basis of accounting.

The 2019 Corporate Fund revenues ended 2019 at \$31.1 million, or 9.2 percent, above budget. The net tax revenue of \$260.8 million is 104.9 percent of the budgeted tax receivable and included a Personal Property Replacement Tax (PPRT) allocation of \$27.4 million, or \$7.5 million over budget. The favorable PPRT allocation was the result of a one-time \$5.0 million distribution of excess funds and higher than anticipated collections. Actual Corporate Fund non-tax revenue for 2019 included the following: user charge income of \$51.8 million, TIF surplus distributions of \$10.6 million, and rental and easement income of \$25.8 million. Additionally, an unbudgeted land sale of \$3.1 million contributed to the strong revenue results.

The 2019 actual year-end expenditures of \$352.9 million were 93.5 percent of the \$377.6 million Corporate Fund budget, which was prepared with a target expenditure rate of 92 percent. Energy and healthcare costs, two of the primary expenditure drivers, were monitored closely throughout the year. Energy expenditures (electricity and gas) in 2019 were 1.0 percent lower than in 2018. Year-end healthcare costs were 0.6 percent lower than in 2018. Expenditures for waste material disposal, facility repairs and repair parts, and chemicals were all higher in 2019 relative to 2018.

Across all funds, investment income performed extremely well compared to budget due to strong economic growth in 2019. Total investment income was budgeted at \$7.8 million, but year-end actuals were \$14.8 million, resulting in positive budget to actual variances for non-tax revenue in the Construction, Reserve Claim, Bond Redemption & Interest Funds. The Stormwater Fund non-tax revenue totaled \$1 million, which included a \$347,000 non-budgeted grant for flood mitigation and investment income of \$689,000.

The two primary economic factors that drive District revenues are the Consumer Price Index (CPI) and the real estate market. For the 12 months ending December 31, 2019, the CPI increased 1.9 percent before seasonal adjustment. The Illinois Association of Realtors reported that Chicago metropolitan area home sales were down 4.9 percent through December 2019, while the median price rose 1.7 percent in the same period.

Driven by strong revenue collections, the District maintained a favorable position in 2019.

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

Attachment