



# Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street  
Chicago, IL 60611

## Legislation Text

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### **TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 6, 2018**

#### COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. John P. Murray, Acting Executive Director

Report on Budgetary Revenues and Expenditures for the second quarter of 2018, ended June 30, 2018

Dear Sir:

Attached is a report of revenues and expenditures for the second quarter of 2018, ended June 30, 2018. This report is prepared on an unaudited budgetary basis of accounting.

The actual second quarter Corporate Fund net tax revenue of \$117.7 million is 50.1 percent of the budgeted revenues and is \$7.6 million below the collections for the same period in 2017. The difference is primarily attributed to Personal Property Replacement Tax (PPRT) receipts allocated to the Corporate Fund is \$6.2 million less in 2018 compared to 2017. In 2018, the PPRT allocation to the Retirement Fund is \$2.1 million more than in 2017. Additionally, due to the State of Illinois' budgetary allocation of PPRT to fund higher education, we anticipate that the revenue will end the year under budget by \$1.5 million.

Actual Corporate Fund non-tax revenue for the period includes the following: user charge income of \$22.5 million, TIF surplus distributions of \$10.4 million, and rental and easement income of \$11.0 million. These revenue receipts are within the expected range for the period.

Second quarter actual expenditures of \$159.7 million are 43.1 percent of the \$370.2 million Corporate Fund budget. Corporate Fund expenditures through the second 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 second quarter 2018 have remained virtually flat to the expenditures for the same period last year. Healthcare costs are running 11.2 percent higher than the same period last year. The increase is due to an increase in the expenses for PPO claims.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The June Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent from May on a seasonally adjusted basis. Over the last 12 months, the all items index increased 2.9 percent before seasonal adjustment. This is the largest 12-month gain since February 2012. The food index increased 0.2 percent in June. Despite a 0.5 percent increase in the gasoline index, the energy index declined 0.3 percent, with the indexes for electricity and natural gas both falling.

The Illinois Association of Realtors reports that June Chicago metropolitan area home sales are down 8.7 percent from June 2017, while the median price has increased 2.0 percent in the same period.

A conservative approach to developing the five-year forecast, as well as the 2018 budget is expected to maintain budgetary fund balances to ensure that the District remains on sound financial footing in the coming years.

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

Attachment