



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

File #: 21-0490 **Version:** 1

Type: Report **Status:** Filed

File created: 5/25/2021 **In control:** Budget & Employment Committee

On agenda: 6/3/2021 **Final action:** 6/3/2021

Title: Report on Budgetary Revenues and Expenditures for the first quarter of 2021, ended March 31, 2021

Sponsors:

Indexes:

Code sections:

Attachments: 1. Budget Summary Report_Q1.pdf

Date	Ver.	Action By	Action	Result
6/3/2021	1	Board of Commissioners	Published and Filed	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF JUNE 3, 2021

COMMITTEE ON BUDGET AND EMPLOYMENT

Mr. Brian A. Perkovich, Executive Director

Report on Budgetary Revenues and Expenditures for the first quarter of 2021, ended March 31, 2021

Dear Sir:

Attached is a report of revenues and expenditures for the first quarter of 2021, ended March 31, 2021. This report is prepared on an unaudited budgetary basis of accounting.

The 2021 first quarter actual Corporate Fund net tax revenue of \$111.1 million is 40.1 percent of the tax receivable in 2021. First quarter receipts are \$13.1 million under collections for the same period in 2020. The slow first quarter results were anticipated due to late fees and penalties being delayed by the Cook County Board until May 3, 2021, for first installment payments. Actual Corporate Fund non-tax revenue for 2021 includes the following: user charge income of \$16.0 million, TIF surplus distributions of \$13.5 million, and rental and easement income of \$5.1 million. The year-end outlook for non-tax revenue is positive. User charge income is projected to end the year at \$40.0 million, a \$3.0 million positive variance to the 2021 budget, but \$5.9 million under 2020 actual collections.

The 2021 first quarter expenditures of \$74.4 million are 18.6 percent of the \$399.3 million Corporate Fund budget. Energy and healthcare costs, two of the primary expenditure drivers, are monitored closely throughout the year. Energy expenditures (electricity and gas) in 2021 are 4.2 percent lower than the same period in 2020. Healthcare costs to date are 2.1 percent lower than the same period in 2020. We will continue to monitor healthcare expenditures cautiously. The first quarter year-over-year comparison is the last comparison to pre-pandemic conditions and healthcare expenditures are expected to normalize.

The two primary economic factors driving the District's revenues are the Consumer Price Index (CPI) and the real estate market. The Illinois Association of Realtors reports that Chicago metropolitan area home sales are up 22.5 percent through March 2021, while the median sales price has increased 11.7 percent in the same period.

Over the last 12 months, CPI increased 2.6 percent before seasonal adjustment. Goods prices rose 4.1% in March from a year ago, services increased 1.8%, and car and truck rental prices rose 11.7% from month earlier, while energy costs jumped 5%, the largest gain since September 2017. Federal Reserve policy makers view the current inflationary pressures as temporary and distorted by pandemic-related declines in March 2020. Bloomberg News reports that in an April 2021 survey, economists are increasing inflationary growth forecasts. Additionally, supply chain disruptions, supply shortages, and surging input costs have increased production costs, which increases risks of acceleration in consumer inflation. While CPI growth is favorable for 2022 District revenues, supply cost increases have begun to impact cost estimates, particularly for capital construction projects.

Through the end of the first quarter, the District's revenues and expenditures are performing as anticipated. We will continue to monitor revenues closely as the economy continues to recover from the global pandemic-related shutdowns.

Respectfully Submitted, Brian A. Perkovich, Executive Director, SAR

Attachment