STATUS OF MWRA BUDGETS

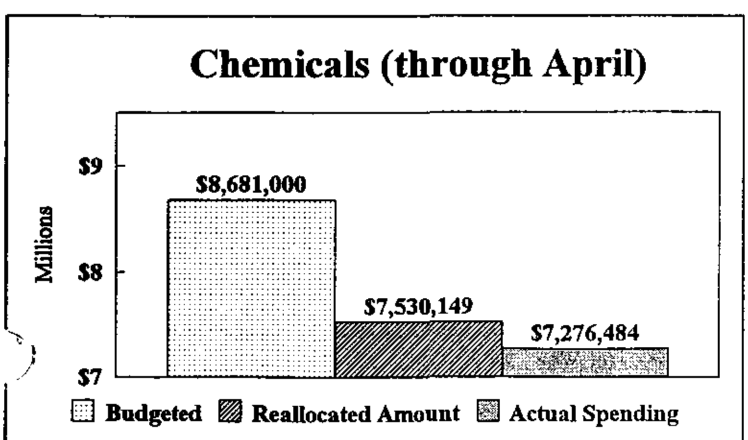
CEB through April 1997

FY97 Current Expense Budget

Through April 1997, Current Expense Budget spending came to nearly $292.1 million, or 2.9% below the $300.95 million budgeted for the ten-month period. Of the $8.87 million variance, $3.6 million was the result of lower than budgeted spending for *Direct Expenses* and $5.3 million was for lower spending for *Indirect Expenses*. Spending for the month of *April* came to $29.3 million, or $1.6 million (5.2%) below the $30.9 million budgeted. Direct Expense spending for April was $13.6 million or 2.4% above the $13.3 million budgeted, and Indirect Expense spending was $15.7 million or 11% below the $17.6 million budgeted for the month. The cumulative variance for the year to date has grown from just over $3 million as of two months ago to nearly $9 million.

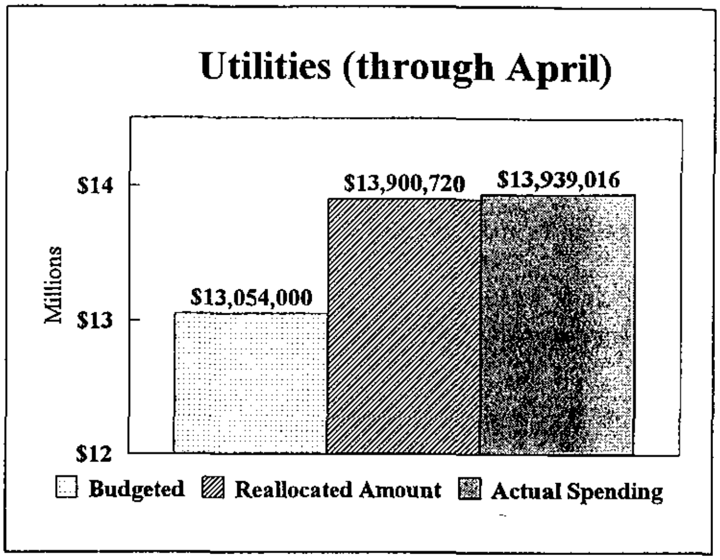
Direct Expenses reached $136.5 million or 2.5% below the $140.1 million budgeted for the year to date. Spending on *Wages and Salaries* through the month of April reached $67.2 million or less than 1% below the $67.9 million budgeted for the period. The decision to accrue for vacation and related reimbursable comp time ɑd sick leave eligible for the buy back program has narrowed the difference between budgeted and accrued Wages and Salaries expense during FY97. In previous years, these vacation and sick leave accruals were made at the close of the fiscal year.

Overtime spending is now $3.9 million, just under 2% below the $3.99 million budgeted for the period. Reallocations of $690,000 into this account have brought the revised budget for the year to $4.69 million. Spending in April was nearly $380,000 or 13% above the $336,000 budgeted for the month, reflecting the impact of the April 1 blizzard. Also contributing to higher levels of spending during the year were extreme wet weather conditions (particularly in October), impacting the Sewerage Division. Above budget spending in the Waterworks Division has been due primarily to increased water quality sampling and the need to add a sampling line at the interim corrosion control facility which delayed the conversion of the facility from 24-hour staffing to one-shift staffing.



Accrued spending on *Chemicals* was $7.3 million or 3.3% below the revised budget of $7.5 million for the ten-month period. More than $1.6 million has been reallocated out of this line, reflecting less use of chemicals for the corrosion and odor control program at Deer Island, and lower than budgeted spending on soda ash and carbon dioxide for the new interim corrosion control facility (because pH and alkalinity levels are being maintained at levels that are lower than assumed when the budget was prepared).

On the other hand, just over $1 million has been reallocated into the *Utilities* category, where spending through April has reached $13.9 million. The delayed startup of the steam turbine generators in the thermal facility at Deer Island has resulted in greater than budgeted utility spending and the loss of STG energy credits; also contributing to higher than budgeted utility use have been increased pumping due to unusually heavy rains, pump testing, and the availability of increased pumping capacity at Deer Island. Offsetting these spending patterns have been delays in the start-up of Battery A of secondary wastewater treatment and related residuals processing, improvements in sludge concentrations (following a period of unusually low concentrations; the Authority is charged a sewer services fee for the watery filtrate discharged into the Quincy sewer system for retreatment at Nut Island); and the charge of $1.2 million in diesel fuel expense related to boiler testing to the capital budget.



Year to date spending on *Maintenance* expense totaled nearly $9.1 million, 6.3% below the $9.7 million budgeted. Nearly $734,000 has been reallocated from this category of expense, reflecting the shift of $775,000 from the proposed Nut Island maintenance services contract to fund contract employees and to use overtime to cover the necessary maintenance.

Other Services spending was nearly $17.6 million for the year to date, within 1% of the amount budgeted. Spending on NEFCO pelletizing costs are closer to budget than in previous months, as later than planned start up and increases in sludge concentrations from previous months have resulted in lower than budgeted spending for April.

<u>Indirect Expenses</u> came to $155.5 million for the ten-month period, $5.3 million or 3.2% below the $160.8 million budgeted. *Capital Financing* expenses were $130.2 million, nearly $4.9 million below the budgeted amount, due primarily to the delay of SRF borrowing that had been scheduled for November. The Authority now plans to borrow through the SRF program this spring, and to issue $175 million in variable rate long-term debt in June. Further savings are anticipated for the spring issue, planned for June, resulting in an anticipated year-end variance for capital financing of $7.2 million. Accruals of anticipated expenses for *BECo* are projected to be $326,000 more than budgeted pending settlement of negotiations with BECo regarding contract terms. *Insurance* expenses are expected to be $161,000 less than budgeted primarily due to the settlement of a claim for less than the budgeted amount. The variance through April of $921,500 (61% below budget) is due primarily to differences in the timing of premium payments as compared to budgeted amounts.