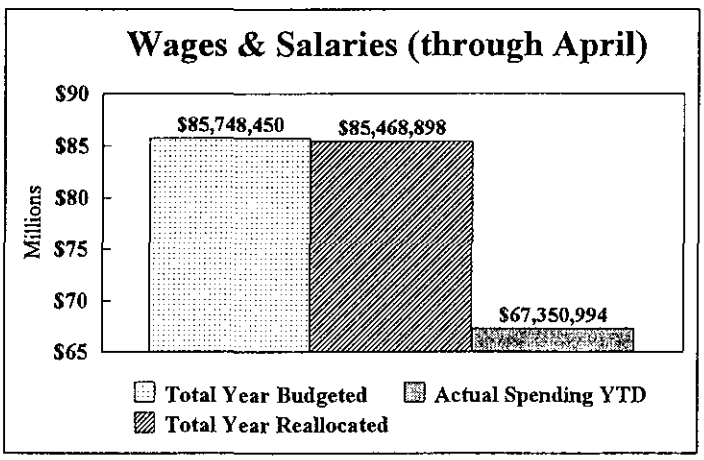
STATUS OF MWRA BUDGETS
CEB through April 1998

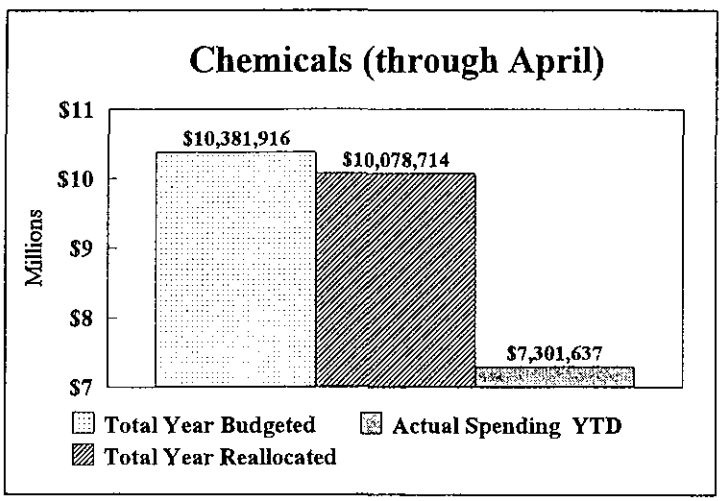
Focus on the FY98 Current Expense Budget

Through April 1998, Current Expense Budget spending came to $321.05 million or 2.3% below the $328.6 million budgeted for the ten-month period. Of the $7.57 million variance, nearly $5.2 million was the result of lower than budgeted spending for Direct Expenses and $2.4 million was for lower spending for Indirect Expenses. Spending for the month of April came to $28.7 million, or $0.95 million (3.2%) below the $29.7 million budgeted. Direct Expense spending for April came to $13.18 million or 6.9% below the revised budget of $14.2 million for the month. Indirect Expense accruals for April came to $15.565 million, just over the $15.54 million budgeted for the period.

Direct Expenses reached $140.1 million or 3.5% below the $145.2 million budgeted for the year to date. Spending on *Wages and Salaries* through the month of April reached $67.35 million or 2.4% below the $69.05 million budgeted for the period. Vacancy rates have been higher than budgeted, and spending on temporary employees and interns has been $0.6 million lower than budgeted.



Overtime spending is now $3.73 million or 2% above the $3.66 million budgeted for the year to date. This compares to the $3.9 million in spending for the ten-month period a year ago. Spending for the month of April was 19% below the budgeted amount.



Even with a $0.3 million reallocation out of the *Chemicals* category, spending for the year to date has been 12% or nearly $1.0 million below the $8.3 million budgeted. Lower than budgeted spending has been due to lower usage for nearly every category of chemicals expense in the Sewerage Division, with lower flows and later than planned start up of Deer Island treatment of south system flows. Testing activity and increased wet weather flow in late April and early May should result in higher levels of spending as of the May report.

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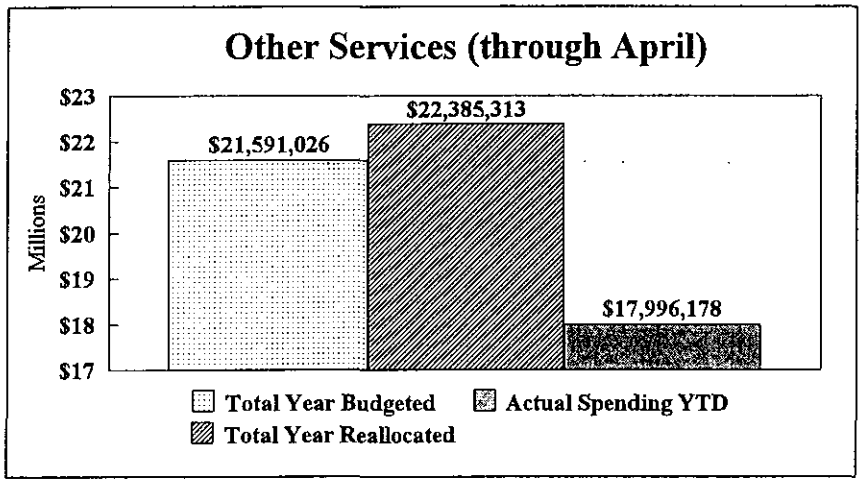
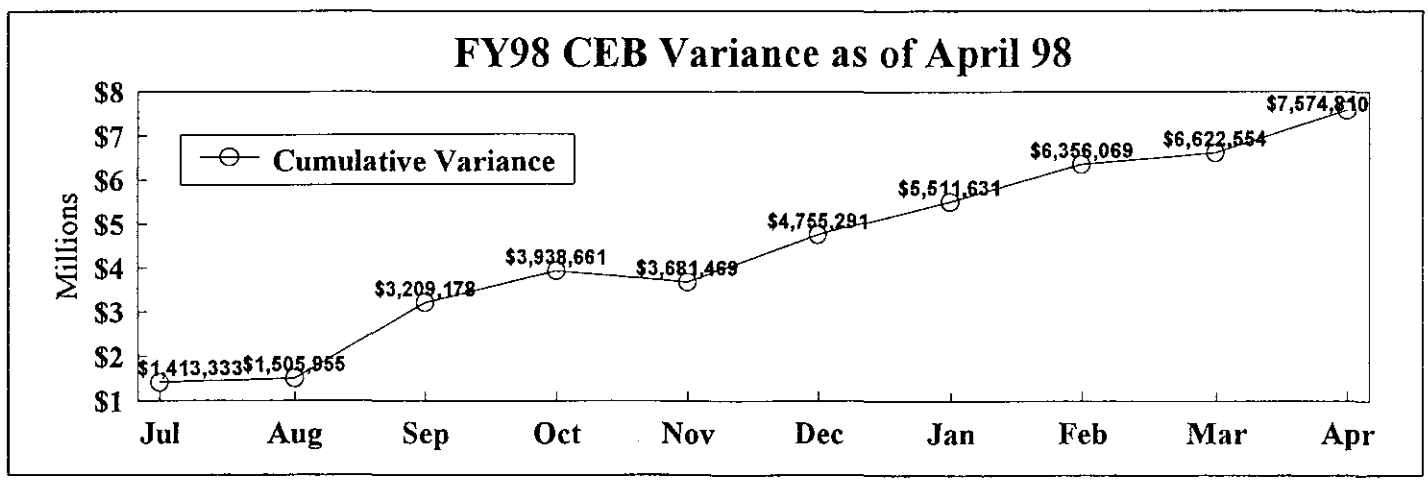
Spending on *Utilities* has been $15.9 million, within 2% of the revised budget of $16.6 million for the ten-month period. Reallocated out of this category of spending has been just over $425,000, reflecting lower than anticipated spending, despite higher prices and loss of CTG credits at Deer Island, due to later than planned increased spending at the new treatment facility. Again, testing and higher flows in late April and early May are likely to result in increased utility spending, especially for the Sewerage Division.

Year to date spending on *Maintenance* expense totaled $9.5 million, 5.4% below the $10.06 million budgeted, even with the $423,337 reallocated from this category. Lower than budgeted spending has occurred in the Residuals department, where lower than assumed quantities of sludge have been processed, reducing wear on equipment; and at Deer Island where computer and electrical services, among others, have been lower or later than budgeted.



Other Services spending was nearly $18 million for the year to date, or 5.2% below the amount budgeted for the year to date. Spending on NEFCo pelletizing costs has been $8.1 million, nearly $0.75 million below the budgeted amount for pelletizing and the potential landfill use charge. However, the variance over the next two months is expected to close, as sludge quantities increase with the gradual transfer of south system flows to Deer Island for more effective treatment and sludge capture.

Indirect Expenses came to nearly $181 million for the ten-month period, $2.4 million or 1.3% below the $183.4 million budgeted. *Capital Financing* expenses were $150.5 million (as compared to the $130.2 million at this time last year), or $1.75 million or 1.1% below the budgeted amount, due primarily to the delay of SRF borrowing that had been scheduled for earlier in the year. The Authority now plans to borrow through the SRF program in May. Accruals of *BECo expense* (for costs associated with the provision of electricity to Deer Island through the cross harbor cable) are now $5.6 million or $1 million below the amount budgeted, reflecting resolution of a number of outstanding issues involving both the capacity and O&M charges. Accruals for *Insurance* expense totaled $1.32 million or 50% above the $877,000 budgeted for the period, reflecting increases to certain claims reserves and costs associated with the recent settlement of several outstanding claims.