



## Summary of FY97 and FY98 Budgets

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### CURRENT EXPENSE BUDGET

**FY97 Current Expense Budget:** the Authority ended FY97 with total revenue of \$376.1 million and total expenses of \$374.7 million, for a net surplus of \$1.4 million.

**Total revenue** for FY97 was \$10.3 million (2.8%) more than budgeted, primarily due to greater than budgeted investment income (including interest income from swap agreements). Also contributing to the interest income surplus were successful competitive procurement of a guaranteed investment contract for the construction fund for the 1996A bond issue, and higher than anticipated construction fund balances.

**Current expenses** were \$8.97 million (2.5%) more than budgeted, and included use of \$2.6 million to begin payment of watershed debt service to the Commonwealth (for increased watershed land acquisition) and \$17 million to escrow MWRA debt service payments. Reallocations, approved by the Board of Directors in late May, for these two categories of expense were possible primarily because of the revenue surplus and a \$7.2 million capital financing variance. The lower than budgeted capital financing expense was the result of savings on debt service payments for SRF borrowings, a lower than budgeted interest rate for the 1996A borrowing, and savings on the variable rate bond issue in June.

The **FY98 Current Expense Budget** has been set at \$395.4 million. Total **expenses** are net of \$40.7 million in anticipated debt service assistance from the Commonwealth to be used to offset capital financing costs. Through August, spending came to \$69.1 million, \$1.5 million (or 2.1%) below the \$70.6 million budgeted for the two-month period. Just over half of total current expenses, \$35 million, was for debt service. Another \$3 million was accrued to reimburse the Commonwealth for costs associated with the MDC Watershed Division. **Revenues** through August were \$69.3 million, 1.2% above the amount budgeted for the period.

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### CAPITAL IMPROVEMENT PROGRAM AND BUDGET

**Capital expenditures for FY97** totaled \$376.8 million, 88.4% of the amount budgeted. Spending on the Boston Harbor Project was 61% of all capital spending in FY97, as compared to 85% in FY96. Waterworks spending increased to 25% of all capital spending, from the FY96 share of 9%.

The \$49.5 million variance was the result of lower than budgeted spending of \$36.3 million for wastewater projects, \$8.3 million for waterworks projects, and \$4.9 million for administration projects. For **wastewater projects**, the variances resulted from delays or revised budgets primarily for the Framingham Extension relief Sewer project (\$7.3 million), the North Metropolitan Trunk Sewer project (\$9.7 million), the Boston Harbor Project (\$11.1 million), and the Residuals Pelletizing Plant Expansion project (\$9.7 million). However, spending was greater than budgeted for the CSO project (\$2.6 million or 26%) and the Infiltration/Inflow Local Financial Assistance Program (\$4.5 million), both due to shifts in budgeted schedule assumptions. For **waterworks projects**, lower than budgeted spending for Drinking Water Quality Improvements for the Wachusett (\$8.0 million) and Quabbin (\$2.0 million) Reservoirs as well as Spot Pond Pump Station Improvements (\$2.5 million) and Rehabilitation of Existing Facilities (\$2.3 million), was partially offset by \$6.8 million of earlier than budgeted accruals for the MetroWest Water Supply Tunnel project. For **administrative projects**, delay of the North Maintenance Facilities project contributed to most (\$4.2 million) of the under budget variance.

The **FY98 Capital Budget** has been set at \$509.3 million: \$217.6 million for **the Boston Harbor Project**, \$74.0 million for **other wastewater projects**, \$165.9 for **waterworks projects**, \$2.9 million for **administration projects** and \$48.8 million for spending that may be authorized via contingency funds. Through August, capital spending came to \$67.1 million or 19% below the \$83.1 million budgeted for the two-month period. Just over half of the lower than budgeted accruals were related to the Boston Harbor Project.

**SUMMARY OF FY97 AND FY98 BUDGETS**

	Fiscal Year 1997					Fiscal Year 1998			
	FY97 Budget	Reallocations	Revised FY97 Budget	Actual Spending	Variance Amount (rev bud)	FY98 Budget	YTD Budget thru Aug.	YTD Actual	Variance Amount
<b>CURRENT REVENUE &amp; INCOME</b>									
RATE REVENUE	\$321,905,086	\$0	\$321,905,086	\$321,905,086	\$0	\$336,991,837	\$58,325,511	\$58,325,510	(\$1)
OTHER USER CHARGES	2,205,331	0	2,205,331	2,721,601	516,270	2,873,720	359,300	529,234	169,934
OTHER REVENUE	4,240,225	0	4,240,225	3,278,816	(961,409)	3,638,525	289,000	336,233	47,233
RATE STABILIZATION	600,000	0	600,000	600,000	0	9,870,000	1,709,000	1,709,000	0
INTEREST INCOME (INCL. SWAP)	36,767,000	0	36,767,000	47,556,805	10,789,805	42,034,000	7,752,000	8,378,070	626,070
<b>TOTAL CURRENT REVENUE &amp; INCOME</b>	<b>\$365,717,642</b>	<b>\$0</b>	<b>\$365,717,642</b>	<b>\$376,062,308</b>	<b>\$10,344,666</b>	<b>\$395,408,082</b>	<b>\$68,434,811</b>	<b>\$69,278,047</b>	<b>\$843,236</b>
<b>CURRENT EXPENSES</b>									
WAGES AND SALARIES	\$82,529,459	\$103,540	\$82,632,999	\$82,896,946	\$263,947	\$85,748,450	\$14,448,736	\$13,596,933	(\$851,803)
OVERTIME	4,002,453	705,000	4,707,453	4,750,180	42,727	4,280,485	739,718	908,275	168,557
FRINGE BENEFITS	9,160,120	0	9,160,120	9,125,464	(34,656)	9,487,110	1,583,112	1,587,551	4,439
WORKERS' COMPENSATION	1,400,000	0	1,400,000	925,743	(474,257)	1,271,321	216,371	307,964	91,593
CHEMICALS	10,947,473	(1,653,146)	9,294,327	8,523,891	(770,436)	10,381,916	2,064,719	1,855,027	(209,692)
ENERGY & UTILITIES	16,043,647	1,084,617	17,128,264	16,391,072	(737,192)	20,240,483	2,886,685	2,662,600	(224,085)
MAINTENANCE	12,753,644	(678,514)	12,075,130	11,920,389	(154,741)	13,872,661	1,592,162	1,593,515	1,353
TRAINING AND MEETINGS	513,424	28,870	542,294	450,551	(91,743)	491,352	20,171	29,026	8,855
PROFESSIONAL SERVICES	6,242,247	(53,049)	6,189,198	5,984,972	(204,226)	6,905,471	843,993	950,726	106,733
OTHER MATERIALS	5,918,737	307,390	6,226,127	6,331,625	105,498	5,264,548	544,276	592,611	48,335
OTHER SERVICES	20,826,148	155,292	20,981,440	20,836,770	(144,670)	21,591,026	4,094,820	3,630,807	(464,013)
<b>TOTAL DIRECT EXPENSES</b>	<b>\$170,337,352</b>	<b>\$0</b>	<b>\$170,337,352</b>	<b>\$168,137,603</b>	<b>(\$2,199,749)</b>	<b>\$179,534,823</b>	<b>\$29,034,763</b>	<b>\$27,715,035</b>	<b>(\$1,319,728)</b>
INSURANCE	\$1,623,559	\$0	\$1,623,559	\$1,417,166	(\$206,393)	\$1,807,288	\$252,000	\$132,906	(\$119,094)
WATERSHED/PILOT	13,292,000	0	13,292,000	15,109,407	1,817,407	17,600,000	3,046,000	3,046,000	0
CAPITAL FINANCING	164,151,034	(521,000)	163,630,034	173,384,696	9,754,662	177,586,971	35,043,090	35,043,090	0
BEC <sub>o</sub> PAYMENT	7,956,696	355,000	8,311,696	8,452,667	140,971	7,980,000	1,330,000	1,278,902	(51,098)
MITIGATION	4,742,000	166,000	4,908,000	4,615,489	(292,511)	5,039,000	873,000	873,000	0
ADDITIONS TO RESERVES	2,115,000	0	2,115,000	2,115,000	0	3,178,000	550,000	550,000	0
RETIREMENT FUND	1,500,000	0	1,500,000	1,455,185	(44,815)	2,682,000	464,000	447,965	(16,035)
<b>TOTAL INDIRECT EXPENSES</b>	<b>195,380,289</b>	<b>0</b>	<b>195,380,289</b>	<b>206,549,610</b>	<b>11,169,321</b>	<b>215,873,259</b>	<b>41,558,090</b>	<b>41,371,863</b>	<b>(186,227)</b>
<b>TOTAL CURRENT EXPENSES</b>	<b>\$365,717,642</b>	<b>\$0</b>	<b>\$365,717,642</b>	<b>\$374,687,213</b>	<b>\$8,969,572</b>	<b>\$395,408,082</b>	<b>\$70,592,853</b>	<b>\$69,086,898</b>	<b>(\$1,505,955)</b>
<b>TOTAL REVENUE LESS TOTAL EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,375,095</b>	<b>\$1,375,095</b>	<b>\$0</b>			
<b>CAPITAL EXPENDITURES</b>									
<b>TOTAL CAPITAL EXPENSES</b>	<b>\$426,260,192</b>	<b>\$0</b>	<b>\$426,260,192</b>	<b>\$376,800,152</b>	<b>(\$49,460,040)</b>	<b>\$509,277,000</b>	<b>\$83,107,000</b>	<b>\$67,058,000</b>	<b>(\$16,049,000)</b>