



STATUS OF MWRA BUDGETS

Summary of FY99 Budgets (July 1999)

Focus on the FY99 Capital Improvement Program and Budget

Capital expenditures for FY99 totaled \$498.4 million, 95% of the amount budgeted. Spending on the *Boston Harbor Project* was 39% of all capital spending in FY99, as compared to 50% in FY98 and 61% in FY97. *Waterworks* spending continues to grow as a percentage of total capital spending -- increasing to 50% of all capital spending, from its FY98 share of 39%. The \$28.4 million variance was the result of lower than budgeted spending of \$23.8 million for wastewater projects and \$7.4 million for waterworks projects, offset by close to \$3 million in greater than budgeted spending for Y2K related equipment and financial management system computer hardware and software. Nearly half of the variance for *wastewater projects*, or \$13.2 million, was tied to Boston Harbor Project treatment related expenses. Residuals underspending at \$7.8 million accounted for most of the remaining underbudget variance. For *waterworks projects*, greater than budgeted spending of \$9.3 million for the Walnut Hill Treatment Plant and \$5 million for the Boston Low Service Pipe and Valve Rehabilitation project was offset by underbudget spending for the MetroWest Water Supply Tunnel of \$23.9 million, due primarily to project delays.

FISCAL YEAR 1999 YEAR-END EXPENDITURES CAPITAL IMPROVEMENT PROGRAM (\$000's)				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
<u>Wastewater</u>				
Interception & Pumping	\$16,472	\$13,055	(\$3,417)	-20.7%
Treatment	210,686	193,725	(16,961)	-8.1%
Residuals	11,428	3,623	(7,805)	-68.3%
CSO's	28,585	29,883	1,298	4.5%
<u>Other</u>	<u>2,027</u>	<u>5,126</u>	<u>3,099</u>	<u>152.9%</u>
<i>Subtotal</i>	\$269,198	\$245,412	(\$23,786)	-8.8%
<u>Waterworks</u>				
Supply & Treatment	\$33,710	\$44,541	\$10,831	32.1%
Transmission	171,079	147,014	(24,065)	-14.1%
Distribution & Pumping	36,406	41,787	5,381	14.8%
<u>Other</u>	<u>13,241</u>	<u>13,679</u>	<u>438</u>	<u>3.3%</u>
<i>Subtotal</i>	\$254,436	\$247,021	(\$7,415)	-2.9%
<u>Administration</u>				
Equipment	\$0	\$0	\$0	
Buildings	0	0	0	
<u>Other</u>	<u>3,138</u>	<u>5,948</u>	<u>2,810</u>	<u>89.5%</u>
<i>Subtotal</i>	\$3,138	\$5,948	\$2,810	89.5%
TOTAL	\$526,772	\$498,381	(\$28,391)	-5.4%

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Focus on the FY99 Current Expense Budget

The Authority ended FY99 with total revenue of \$413.3 million and total expenses of \$405.3 million, for a net surplus of \$8 million. *Total Revenue* was \$7.9 million, or 2% more than budgeted, due to greater than estimated investment income. *Direct Expenses* reached \$180.3 million, close to the \$178.4 million budgeted for the fiscal year. The \$1.95 million variance was due largely to greater than anticipated residuals processing costs and unexpected Y2K readiness costs. *Indirect Expenses* totaled \$224.9 million, nearly \$2 million less than anticipated due to savings yielded from debt service bond refundings.

FISCAL YEAR 1999 YEAR-END REVENUE AND EXPENSE SUMMARY CURRENT EXPENSE BUDGET				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
<u>Revenue</u>				
Rate Revenue	\$345,494,740	\$345,494,740	\$0	0.0%
Other User Charges	8,296,500	7,955,432	(341,068)	-4.1%
Other Revenue*	3,704,475	3,850,756	146,281	3.9%
Rate Stabilization	8,000,000	8,000,000	0	0.0%
Interest Income (including SWAP)	<u>39,842,000</u>	<u>48,010,211</u>	<u>8,168,211</u>	<u>20.5%</u>
TOTAL REVENUE[^]	\$405,337,715	\$413,311,139	\$7,973,424	2.0%
<u>Expenses</u>				
Wages & Salaries	\$85,323,724	\$85,452,535	\$128,811	0.2%
Overtime	3,589,263	3,800,164	210,901	5.9%
Fringe Benefits	9,685,820	9,564,962	(120,858)	-1.2%
Workers Comp	1,231,354	806,486	(424,868)	-34.5%
Chemicals	10,665,280	9,438,269	(1,227,011)	-11.5%
Utilities	19,835,611	21,039,585	1,203,974	6.1%
Ongoing Maintenance	14,319,184	15,832,074	1,512,890	10.6%
Training & Meetings	428,167	466,609	38,442	9.0%
Professional Services	6,157,913	5,774,153	(383,760)	-6.2%
Other Materials	5,372,815	5,486,543	113,728	2.1%
Other Services	<u>21,789,220</u>	<u>22,683,632</u>	<u>894,412</u>	<u>4.1%</u>
<i>Subtotal Direct Expenses</i>	\$178,398,351	\$180,345,012	\$1,946,661	1.1%
Insurance	\$1,200,000	\$1,222,941	\$22,941	1.9%
Reimbursements	17,267,400	17,753,794	486,394	2.8%
Debt Service	192,943,963	190,726,150	(2,217,813)	-1.1%
Other	5,915,000	6,003,198	88,198	1.5%
Mitigation	4,976,000	4,635,413	(340,587)	-6.8%
Additions to Reserves	1,364,000	1,364,000	0	0.0%
Pension Expense	<u>3,273,000</u>	<u>3,235,162</u>	<u>(37,838)</u>	<u>-1.2%</u>
<i>Subtotal Indirect Expenses</i>	\$226,939,363	\$224,940,658	(\$1,998,705)	-0.9%
TOTAL CURRENT EXPENSES	\$405,337,715	\$405,285,670	(\$52,045)	0.0%
*Other Revenue includes late charges, hydropower revenue, permit fees, fees, surcharges, penalties, payments from the Commonwealth, miscellaneous revenues, and profits from disposal of equipment.				
[^] FY 99 revenues outpaced expenses resulting in an \$8 million surplus.				