



STATUS OF MWRA BUDGETS

FY2001 Update (through April 2001)

Focus on the FY2001 Current Expense Budget

For the ten months through April 2001, current expense spending came to \$348.9 million or \$10.9 million (3.0%) below the \$359.8 million budgeted for the period. **Direct Expense** spending accounted for most of the lower than budgeted spending: nearly \$8.0 million (5.1%) below the \$156.2 million budgeted. **Indirect Expense** accruals reached \$200.7 million, \$2.9 million (1.4%) below the \$203.68 million budgeted. Direct expense spending for the year to date was slightly lower than for the same period one year ago. Spending on most categories of indirect expense was also lower than for the same period a year ago, with the notable exceptions of capital financing expense and reimbursements to the MDC for watershed related expense. These two categories are also the drivers of budget increases for the FY02 current expense budget.

For the **month of April**, spending was \$34.02 million, \$1.94 million (5.4%) below the \$35.96 million budgeted. Direct Expense spending was \$14.775 million, within 0.4% of the \$14.84 million budgeted. Indirect Expense accruals came to \$19.24 million, \$1.88 (8.9%) below the \$21.125 million budgeted for the month. The Authority has recently updated its year-end projections, and currently anticipates a surplus of \$23 million (including greater than budgeted revenues).

Contributing to the below budget variance have been lower wages and salaries costs, reduced maintenance related spending, lower spending for residuals processing at the Fore River pelletizing facility, and lower chemicals spending.

The largest variance for the year to date is for **Personnel related costs**: \$4.04 million for lower than budgeted spending on the category that includes *Wages and Salaries, Overtime, Fringe Benefits, and Workers' Compensation*. April spending on all personnel related costs is 6.8% below budgeted amounts, as compared to the 4.7% for the year to date, suggesting that year-end variances will grow. Staffing levels as of the end of April fell to 1,544 (net of Retirement positions), the lowest in several years.

At \$1.8 million below budgeted amounts, **Maintenance** spending accounts for the largest variance for the year to date. The Authority notes that nearly \$1.0 million of the underspending is due to lower spending at Deer Island for service contracts. Underspending at the pelletizing plant, primarily for the plant and machinery category, accounts for another \$0.357 million. Savings for metering equipment maintenance as well as delays for some equipment and materials purchases account for \$0.305 million in lower spending in Wastewater Operations, and underspending for Waterworks Operations of \$0.2 million is due to differences

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between spending and budget spread assumptions, and is expected to close by the end of the year.

The renegotiation of the residuals processing contract, as well as improvements in processing efficiencies at the Fore River pelletizing plant (following installation of new equipment) have translated into below budgeted spending for the **Residuals Department** for the year to date of \$2.36 million (12% below the budgeted amount). Costs for the month of April were \$1.34 million, 28.5% below the budgeted amount, again suggesting that the variance can be expected to grow during the remaining months of the fiscal year.

Chemicals spending has been \$0.9 million below budgeted amounts for the year to date. Most of the year to date variance is due to lower spending at Deer Island related to the new sodium hypochlorite contract and less than budgeted polymer use.

Utilities spending is now \$1.24 million greater than budgeted, primarily due to higher electricity pricing.

Indirect Expenses totaled \$200.7 million for the year to date, 1.4% or \$2.9 million below the \$203.68 million budgeted. The largest component of this category of spending is **Debt Service**, which came to \$173.2 million or \$1.99 million below the \$175.2 million budgeted (the result of delayed borrowing this spring). All other categories of indirect expense are under budgeted amounts with the exception of **Watershed Reimbursement**, where PILOT payments are \$0.222 million greater than budgeted.

Revenue through April was \$369.1 million, \$7.66 million (2.1%) greater than the \$361.4 million budgeted. Contributing to the positive variance was higher than budgeted **Investment Income** (\$5.3 million more than the \$35.45 million budgeted), greater than budgeted **Other User Charges** (by \$1.02 million), and greater than budgeted **Other Income** (including permit fee and hydropower revenues).

