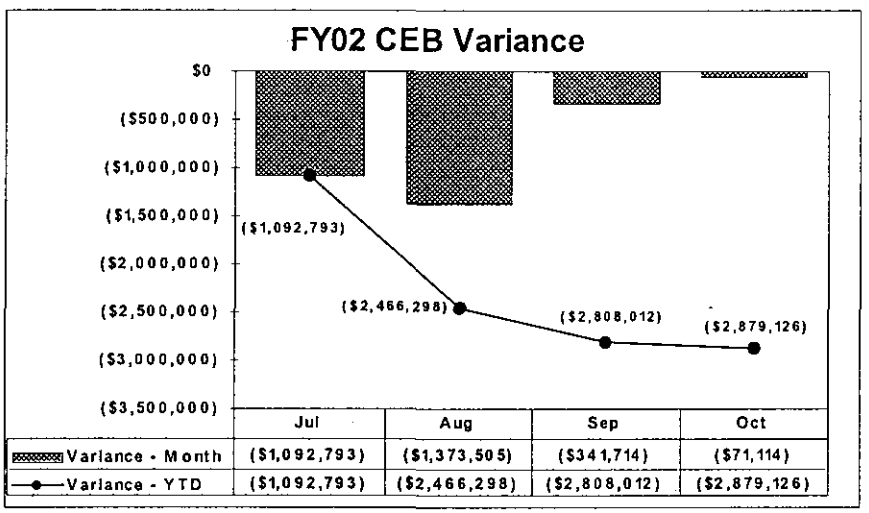
STATUS OF MWRA BUDGETS

FY2002 through October 2001

Focus on the FY02 Current Expense Budget

For the first four months of the fiscal year spending came to $151.3 million, or $2.88 million (1.9%) below the $154.18 million budgeted. Total spending was nearly $10 million more than the $141.58 million for the comparable period a year ago. **Direct Expense** spending was nearly $57.5 million, or $1.9 million *less* than the $59.4 million of one year ago and the *lowest in the last four years*. **Indirect Expense** accruals reached $93.8 million, $11.6 million more than for the same period one year ago, reflecting increases in capital financing and Watershed related expense.



	Jul	Aug	Sep	Oct
Variance - Month	($1,092,793)	($1,373,505)	($341,714)	($71,114)
Variance - YTD	($1,092,793)	($2,466,298)	($2,808,012)	($2,879,126)

For the month of October, spending totaled $36.6 million, within $71,000 of the $36.67 million budgeted. **Direct Expense** spending was $13.95 million, or 3% ($425,000) below the $14.38 million budgeted. **Indirect Expense** accruals were $22.64 million or 1.6% ($353,500) *more* than the $22.29 million budgeted for the month.

The largest contributors to the year to date variance were lower than budgeted *Capital Financing* expense ($1.56 million lower), *Other Services* spending ($1.05 lower), *Wages and Salaries* ($802,600 lower), and *Maintenance* spending ($737,800 lower). *Personnel* costs (including *Wages and Salaries*, *Overtime*, *Fringe Benefits*, and *Workers' Compensation*) totaled $33.2 million or 2.2% below the budgeted amounts. Spending on all categories of *Personnel* expense is 57.8% of all Direct Expenses.

Spending on ***Wages and Salaries*** through the month of October was $27.9 million, 2.8% ($0.8 million) below the $28.7 million budgeted. The number of authorized positions is now 1,660 or 91 fewer than at the same point one year ago. As of the end of October, filled positions numbered 1,530 (as compared to the 1,589 one year ago) and vacant positions were 130. The number of authorized positions is now 230 less than three years ago.

Spending on ***Chemicals*** reached $2.83 million for the year to date, more than $595,000 (27%) greater than the budgeted amount. Contributing to this overage are greater than budgeted spending on *sodium hypochlorite*, *sodium hydroxide*, *polymer* and *activated carbon*, all at Deer Island. *Sodium hypochlorite* use has been affected by increased disinfection dosages due to incoming sewage characteristics as well as some degradation during storage. *Sodium hydroxide* expense was also higher, with increased use due to various mechanical and instrumentation issues in the odor control systems, as well as earlier than assumed product delivery. *Hydrogen peroxide* use was up with the earlier than budgeted startup of the peroxide pretreatment system. Also contributing to the variance were accruals in FY02 of expenses in FY01.

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Utilities spending was $6.3 million or nearly $390,000 more than the $5.9 million budgeted. Much of the greater than budgeted spending was for electricity at Deer Island, where, despite dry weather and greater than projected self generation of electricity, usage and unit price have been high. The Authority has recently entered into a new power purchase agreement for Deer Island that should result in measurable reductions in electricity related expense between November 1, 2001 and March 31, 2003.

Lower than budgeted spending on ***Maintenance*** resulted from continued reduction of excess inventory, delayed service contract renewals at Deer Island, and delayed spending for Metropolitan Maintenance plant and equipment materials. Spending has increased in October, and the variances have begun to close.

Other Services spending was $7.7 million or $1.05 million less than the $8.79 million budgeted for the year to date. Contributing to the variance were late completion of the new Maintenance building in Chelsea, resulting in delayed rent payments, and later payments for agencywide memberships in national organizations.

Indirect Expenses came to $93.8 million or $660,000 below the $94.5 million budgeted for the period. ***Capital Financing*** expense was responsible for most of the underspending due primarily to the timing of the recent fall borrowing (two months later than budgeted). Capital Financing (net of assumed state debt service assistance payments) is 52.7% of the full year budget (as compared to 48.5% last year). ***Mitigation*** payments reached $1.27 million, nearly triple the amount budgeted for the period, with greater than budgeted accruals for the City of Quincy.

Year to Date Expenditures - Through October 2001				
	YTD FY99	YTD FY00	YTD FY01	YTD FY02
DIRECT EXPENSES				
Wages and Salaries	$26,439,023	$29,566,839	$28,197,474	$27,876,923
Overtime	1,430,840	1,350,211	1,154,461	1,357,916
Fringe Benefits	3,154,908	3,234,380	3,386,973	3,560,376
Workers' Compensation	393,690	563,803	201,132	407,515
Chemicals	3,316,247	3,060,579	3,315,462	2,828,955
Energy & Utilities	7,508,379	7,503,973	6,536,504	6,296,048
Maintenance	5,186,384	4,416,214	4,712,538	4,243,063
Training & Meetings	79,672	145,433	121,471	106,151
Professional Services	1,868,078	1,773,615	1,912,338	1,923,044
Other Materials	1,173,809	1,267,955	1,282,750	1,127,802
Other Services	8,628,942	8,137,930	8,547,109	7,738,152
Total Direct Expenses	***$59,179,972***	***$61,020,932***	***$59,368,212***	***$57,465,945***
INDIRECT EXPENSES				
Insurance	$326,549	$245,838	$289,087	$440,186
Watershed/PILOT	5,644,000	6,138,000	6,698,458	7,030,940
Capital Financing	76,837,149	67,713,747	71,158,617	82,551,733
BECo Payment	2,006,288	1,997,336	1,808,008	1,726,200
Mitigation	1,626,653	1,655,700	1,413,941	1,273,691
Additions to Reserves	444,000	446,000	0	0
Retirement Fund	1,123,198	987,062	845,163	812,715
Total Indirect Expenses	***$88,007,837***	***$79,183,683***	***$82,213,274***	***$93,835,465***
Total Current Expenses	**$147,187,809**	**$140,204,615**	**$141,581,486**	**$151,301,410**

Revenue through October was $147.3 million or $1.2 million greater than the $146.1 million budgeted. While *Other User Charges* were $2.3 million greater than budgeted (due to a spread issue), *Investment Income* is now $1.23 million (9.6%) below budgeted amounts. Lower fund balances, due to the later than budgeted borrowing this fall, as well as lower interest rates, contributed to the lower than planned receipts for investment income.