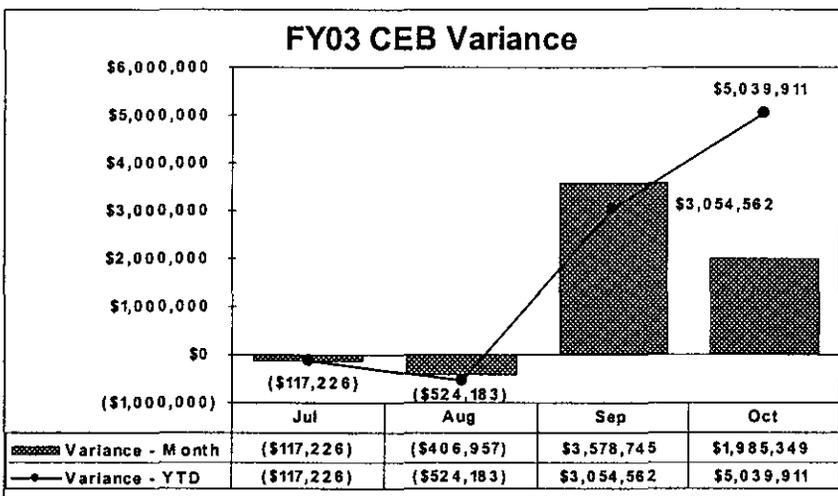


STATUS OF MWRA BUDGETS

FY2003 through October 2002

Focus on the FY03 Current Expense Budget

For the first four months of the fiscal year, spending came to \$159 million, \$5 million (3.3%) more than the \$154.0 million budgeted. Total spending was nearly \$8 million *more* than the \$151.3 million for the comparable period a year ago. **Direct Expense** spending came to \$57.8 million, or \$0.367 million more than the \$57.47 million of one year ago, and is \$0.425 million more than the \$57.4 million budgeted. **Indirect Expense** accruals reached \$101.2 million, \$7.4 million more than for the same period one year ago, reflecting increases in capital financing expense and initial impacts of the debt service assistance shortfall in FY03.



Direct Expense spending has been more than 99% of the budgeted amount for the first three months this year. For the month of October, however, direct expense accruals totaled \$14.1 million, \$634,000 or 4.7% *more* than the budgeted amount and \$155,650 *more* than for the same period one year ago. Yet, the FY03 budget for Direct Expenses is, at \$174.2 million, the lowest in five years. Furthermore, the proposed budget amendment calls for another \$4.6 million in lower direct expense spending for the remainder of the fiscal year.

The largest contributors to the greater than budgeted variance have been *Capital Financing* (\$4.6 million greater than budgeted), *Chemicals* (\$0.776 million greater than budgeted), *Maintenance* (\$0.685 million greater than budgeted), and *Workers' Compensation* (\$0.637 million). On the other hand, *Wages and Salaries* expense is \$1.2 million (4.5%) below the amount budgeted for the period.

Spending on **Wages and Salaries** through the month of October was \$25.99 million, 4.5% (\$1.22 million) below the \$27.21 million budgeted. As of the end of October, filled positions numbered 1,374 (net of five Information Aide positions). The number of filled positions is now 156 less than one year ago and 380 less than five years ago. *Personnel-Related Costs* (including *Wages and Salaries*, *Overtime*, *Fringe Benefits*, and *Workers' Compensation*) totaled just under \$32 million or 2.7% below the budgeted amounts. Spending on all categories of *Personnel* expense is 58% of the Direct Expense budget for the year.

Accruals for **Workers' Compensation** have increased sharply and now stand at nearly \$1 million, \$637,000 or nearly three times the \$347,000 budgeted for the year to date. The Authority reports the higher spending is due to an increase in the number of claims and an increase in the reserves. The accruals are under review.

Spending on **Chemicals** reached \$3.175 million for the year to date, more than \$776,000 (32%) greater than the budgeted amount. Contributing to this overage are greater than budgeted spending on sodium hypochlorite, polymer and hydrogen peroxide, all at Deer Island. *Sodium Hypochlorite* use has been impacted by increased disinfection dosages due to incoming sewage characteristics, as well as increased use following the process upset during the Nyacol field study in August. Staff report that the overspending for *Hydrogen Peroxide* is due to elevated H2S levels in the incoming wastewater and a chemical spill in September. Greater than budgeted spending for *Polymer* is the result of higher use, due to poor sludge thickening performance and accruals this year of some FY02 expenses.

Maintenance spending reached \$5.8 million, \$685,000 (13%) greater than the \$5.1 million budgeted for the period. Most of the overspending is at Deer Island, including spending for *HVAC Materials* and *Electrical Materials* (including combustible gas sensors, flow meters and transformers).

Indirect Expenses came to \$101.2 million, or \$4.6 million (4.8%) more than the \$96.6 million projected for the period. **Capital Financing** expense is now running 5.3% over the year to date budget as the Authority begins to reflect the monthly impact of \$1.3 million of the debt service assistance shortfall; the total year's impact of the shortfall is projected to be \$14.3 million.

Year to Date Expenditures - Through October 2002				
	YTD FY00	YTD FY01	YTD FY02	YTD FY03
DIRECT EXPENSES				
Wages and Salaries	\$29,566,839	\$28,197,474	\$27,876,923	\$25,989,826
Overtime	1,350,211	1,154,461	1,357,916	1,220,529
Fringe Benefits	3,234,380	3,386,973	3,560,376	3,766,697
Workers' Compensation	563,803	201,132	407,515	983,967
Chemicals	3,060,579	3,315,462	2,828,955	3,175,144
Energy & Utilities	7,503,973	6,536,504	6,296,048	5,011,194
Maintenance	4,416,214	4,712,538	4,243,063	5,804,846
Training & Meetings	145,433	121,471	106,151	57,922
Professional Services	1,773,615	1,912,338	1,923,044	2,911,969
Other Materials	1,267,955	1,282,750	1,127,802	994,308
Other Services	8,137,930	8,547,109	7,738,152	7,917,122
Total Direct Expenses	\$61,020,932	\$59,368,212	\$57,465,945	\$57,833,524
INDIRECT EXPENSES				
Insurance	\$245,838	\$289,087	\$440,186	\$359,722
Watershed/PILOT	6,138,000	6,698,458	7,030,940	6,738,046
Capital Financing	67,713,747	71,158,617	82,551,733	91,100,744
BECo Payment	1,997,336	1,808,008	1,726,200	1,676,000
Mitigation	1,655,700	1,413,941	1,273,691	489,074
Additions to Reserves	446,000	0	0	0
Retirement Fund	987,062	845,163	812,715	853,351
Total Indirect Expenses	\$79,183,683	\$82,213,274	\$93,835,465	\$101,216,937
Total Current Expenses	\$140,204,615	\$141,581,486	\$151,301,410	\$159,050,461

Revenue through October was \$151.3 million, \$1.55 million greater than budgeted, primarily due to **Investment Income** that reached \$1.1 million more than budgeted for the year to date. The Authority reports the year to date accruals are due to one-time gains from securities that were called or sold prior to maturity. *Investment Income* fell below budgeted amounts for the month of October.