

STATUS OF MWRA BUDGETS THROUGH AUGUST 1992

FY93 Current Expense Budget

Spending for the first two months of the fiscal year totaled \$48.4 million, or 92% of the \$52.6 million budgeted for the period. Just under half of the \$4.2 million variance, nearly \$1.9 million, is in direct expenses, while the \$2.3 million in indirect expense variance is mostly the result of not paying (or accruing) the budgeted debt service on the MDC debt.

After the Authority's FY93 budget was finalized, the state Legislature approved a provision which would require the Authority to pay \$80 million in FY93, in lieu of any further debt service payments on the water and sewer debt incurred by the MDC prior to the creation of the MWRA. The Authority is continuing to investigate approaches to making the \$80 million payment.

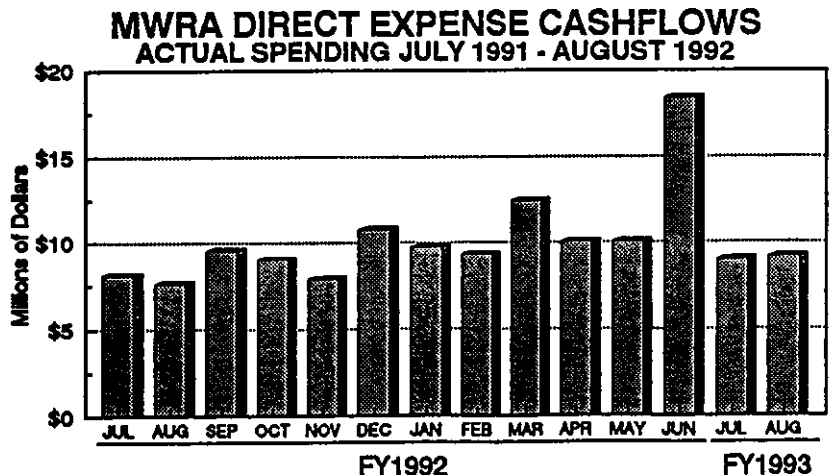
Accrued expenses for a number of direct expense items is close to \$1.9 million less than budgeted:

. Wages and Salaries spending is more than \$547,000 under the amount budgeted, reflecting an increasing number of vacancies. The Authority now has 1,790 authorized positions as compared to the 1,735 positions in the FY92 budget. By the end of this fiscal year, the Authority plans to eliminate 39 of these positions (through reorganizations, early retirements, and attriting some positions vacated when current employees fill new positions for the new Deer Island plant) so that by June 30, 1993 there will be 1,751 authorized positions. As of the end of August, there were 1,573 filled positions.

. Sodium hypochlorite expense at Deer Island is more than \$218,000 less than budgeted due to more efficient usage.

. Electricity costs at Deer Island is more than \$285,000 less than budgeted as the Authority continues to use the diesel engines and methane mixture to maximize energy savings. The budgeted amount reflect the expectation that DEP will be revising its air quality permit to disallow the use of methane and require more expensive electricity be used to power the plant.

. Maintenance materials and services spending at Deer Island is more than \$240,000 under budget, much of it due to completed but unbilled work on Digester #3.



. Pelletizing plant costs are more than \$231,000 under budget, even though July quantities of sludge were greater than planned and a CPI cost adjustment for FY92 operations was accrued. Reduced costs associated with producing sludge cake but not pellets are not yet reflected in accruals to date.

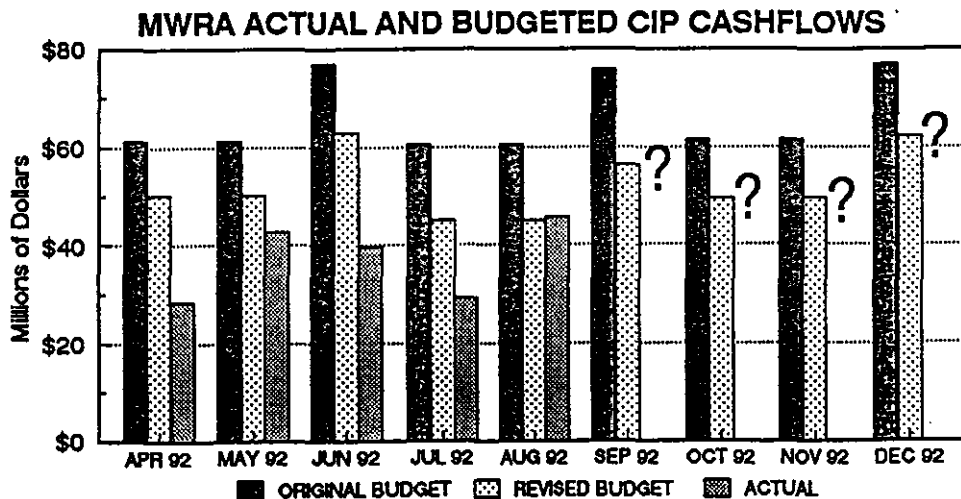
FY92 Surplus. The Authority ended the year with a (pre-audited) surplus of \$21.7 million. More than half of the amount, or nearly \$12.9 million, comes from greater than budgeted non-rate revenue (most notably the interest income from the construction fund which is now credited to the Current Expense Budget rather than to the CIP). Another \$5.3 million is due to direct expense underspending for Authority programs. And \$3.6 million is from indirect expenses: greater than expected spending for newly-issued Authority debt (\$4.3 million), SRF borrowing (\$1.3 million), and for BECo (\$0.45 million), mitigation (\$0.48 million), and watershed(\$1.5 million) payments was offset by the \$11.75 million budgeted for MDC (or related payments) that was not made in FY92. Of the \$21.7 million surplus, \$8.7 million is budgeted as non-rate revenue in FY93, with the remaining \$13 million available to offset rate revenue requirements in future years.

FY93 Capital Budget

Accrued spending for the first two months of the fiscal year came to \$75.1 million, or 62% of the \$121.1 million budgeted in the FY92-94 CIP. Using the Authority's revised (but not formally adopted) budget of \$90.2 million for the first eight weeks of the fiscal year, the accrued spending came to 83% of the amount projected to have been spent.

The \$15 million difference between actual accruals and revised projections is due mainly to continuing delays in bringing the outfall tunnel boring machine up to full production speed (\$9.9 million less than projected). Three Southern Sewer System relief projects (the New Neponset, Wellesley, and Framingham projects) account for \$1.5 million in less than expected spending; the North Metropolitan Sewer project for \$0.9 million; personnel and RO/RO materials transport to and from Deer Island for \$1.2 million; and the Domestic Device Retrofit project for \$1.5 million.

Construction Fund Balance. The Authority borrowed over \$1 billion in FY92: \$300 million in October 1991 and \$717 million in March 1992. At the close of the second borrowing, early in April, the Construction Fund balance stood at \$817.6 million. By July 1st the balance was \$731.5 million; and as of September 1st, the balance in the Construction Fund was \$656.1 million.



Note: Budgeted numbers do not include contingency.

for September 1, 1992 AS RECEIVING