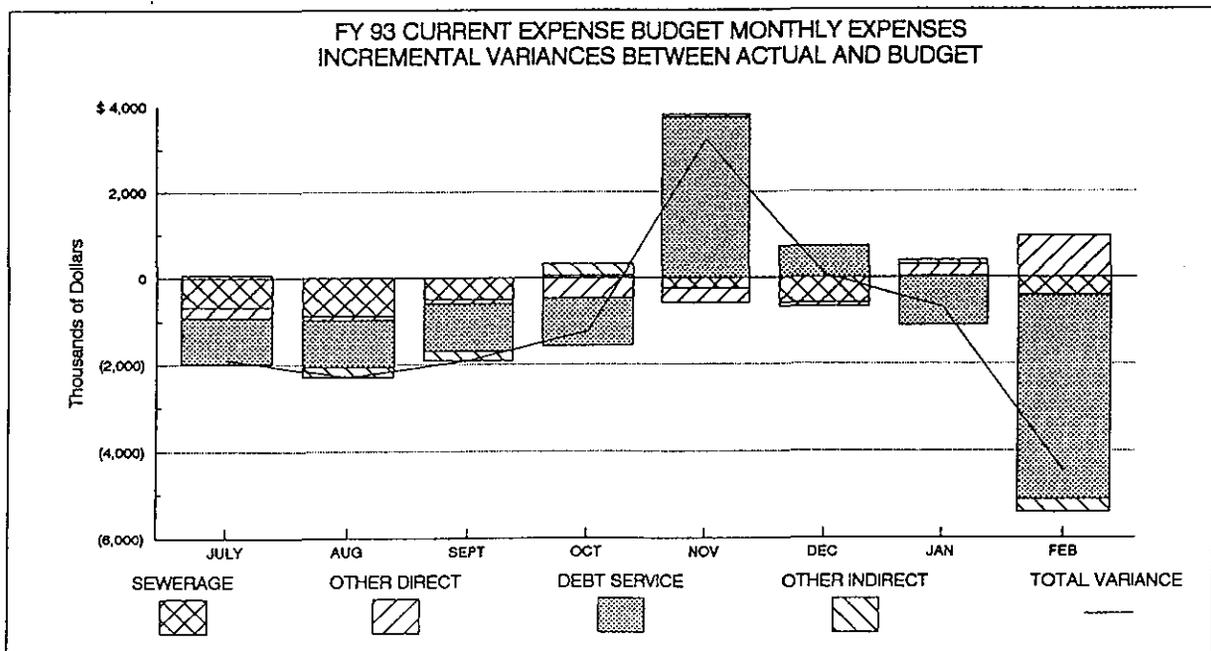


FY93 Current Expense Budget

Spending during the first eight months of fiscal year 1993 totaled \$210.2 million, or 95.8% of the \$219.4 million budgeted for the period. Of the \$9.2 million variance, \$3.3 million is the result of less than budgeted **direct expense** spending.

- *Regular pay* is \$2.4 million under budget. This is somewhat offset by spending for interns and temporary help that is \$430,477 greater than budget. As of the end of February, authorized positions had been reduced to 1,762 with 164 positions vacant. 11 positions remain to be eliminated to reach the target of 1,751 by June 30, 1993.
- *Utility expense* at Deer Island is now \$786,000 under budget. Although both fuel oil and diesel fuel combined are \$198,305 over the \$74,493 budgeted to date, this is mitigated by a \$981,494 under budget variance for electricity. This is due primarily to continued use of the diesel engines and methane mixture to meet energy needs, as compared to the budgeted amounts which reflect the possible requirement of using more expensive electric energy supplied by the cross harbor cable.

Indirect expenses are \$5.9 million under budget. Debt service is \$5.7 million under budget, reflecting approximately \$1.8 million in savings associated with the December 1992 bond refinancing issue, and \$3.3 million in savings associated with the postponed spring bond issue. The Authority is currently prepared to refund an additional \$450 million in outstanding bonds, and thus take advantage of continuing low interest rates and high demand in the municipal bond markets. However, the amount of debt service savings resulting from (and thus the window of opportunity for) such an issue will be influenced significantly by the capital market's appraisal of the possibility of higher inflation and the resulting effect on certain key interest rates.



¹ Prepared for the MWRA Advisory Board Meeting March 18, 1993.

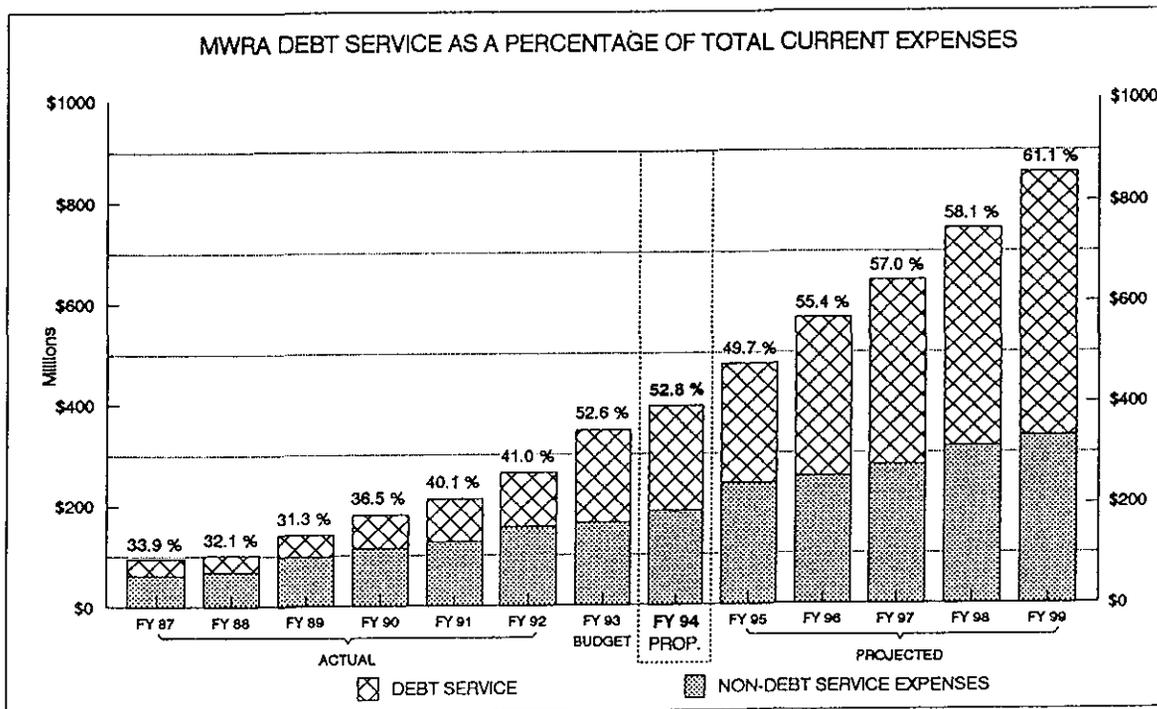
FY93 Capital Improvement Program

Accrued spending through February of FY93 totaled \$297.6 million. According to the Authority's revised (but not formally adopted) fiscal year 1993 Capital Improvement Program (CIP) budget, accrued spending during the first eight months equaled approximately 43% of the \$687 million spending accruals projected for the whole of fiscal year 1993. The revised budget spending for the upcoming last three months of fiscal year 1993 was projected to be \$201.8 million, or 67.8 % of the actual accrued spending during the first eight months of the fiscal year.

Continued delays in bringing the *Tunnel Boring Machine* on the *Effluent Outfall Tunnel* up to full production speed have been exacerbated by the recent electrical fire on its operating console. Although the cost of repairs is expected to be absorbed by the contractor, the machine will be delayed by an additional week. Year-to-date accrued spending is \$18.2 million of the \$75.9 million projected for the year in the Authority's revised fiscal year 1993 Capital Improvement Program budget.

Construction Fund Balance

The balance on the Construction Fund as of March 16th was \$444 million, much higher than had been expected by this time. The Authority's latest projections of FY93 sources and uses of capital funds² estimated cash spending for the entire year at \$577.8 million. If the Authority were to spend all of this amount, there would be \$275.3 million left in the Construction Fund as of July 1, the start of FY94. The final balance and resultant immediate new financing needs will of course be determined by the pace of spending during the final four months of fiscal year 1993.



² Preliminary Official Statement dated March 4, 1993 - Refunding Issue MWRA 1993 Series B.