

- **Electric Fund Expenditures:** Total Electric Fund Expenditures increased \$3,023,200.
 - The impact of the purchase order encumbrance carryforward from FY22 to FY23 was \$1,506,900 as follows. Capital Expenditures increased \$988,200 for capital projects not completed by fiscal year end and Operating Expenditures increased \$518,700 for professional services-related expenses.
 - Operating expenses also increased by \$33,300 due to parking deck fees being moved from W/WW Fund to the Electric Fund.
 - Debt Service increased by \$925,400 due to GASB 87 & 96 lease principal payments for FY23.
 - Capital also increased by \$327,900 as a result of FY22 projects and equipment with an expected delivery or completion date in FY23.
 - Budgetary Appropriations increased by \$229,700 due to the FY22 rollover of unused budgeted legal services into the legal reserve.

W/WW Fund

- **W/WW Fund Revenue:** Total W/WW Fund Revenue increased \$4,625,300.
 - Transfer from Budget Carryover Reserve decreased by \$78,900 due to equipment that was expected to be received in FY23 but was instead received in FY22.
 - Appropriation from W/WW Net Position increased by \$4,704,200 due to expenses below.
- **W/WW Fund Expenditures:** Total W/WW Fund Expenditures increased \$4,625,300.
 - The impact of the purchase order encumbrance carryforward from FY22 to FY23 was \$1,538,600 as follows. Capital Expenditures increased \$1,144,700 for capital projects not completed by fiscal year end and Operating Expenditures increased \$393,900 for professional services-related expenses.
 - Operating expenses also decreased by \$33,300 due to parking deck fees being moved from W/WW Fund to the Electric Fund.
 - Debt Service increased by \$925,400 due to GASB 87 & 96 lease principal payments for FY23.
 - Capital also increased by \$2,023,600 as a result of FY22 projects and equipment with an expected delivery or completion date in FY23.
 - Budgetary Appropriations increased by \$171,000 due to the net effect of the FY22 rollover of unused budgeted legal services into the legal reserve, and the reduction of Appropriation to W/WW Net Position to zero.

Staff recommends that the Commission adopt the attached budget ordinance amendment PWCORD2022-29.

FY 2023 AMENDMENT #2 BUDGET ORDINANCE (PWCORD2022-29)

BE IT ORDAINED BY THE COMMISSIONERS OF THE FAYETTEVILLE PUBLIC WORKS COMMISSION (PWC):

That the Fayetteville Public Works Commission Budget Ordinance adopted June 8, 2022 is hereby amended as follows:

Section 1. It is estimated that the following revenues and other financing sources will be available during the fiscal year beginning July 1, 2022, and ending June 30, 2023, to meet the appropriations listed in Section 2.

	Listed As	Revision	Revised Amount
<u>Schedule A: Electric Fund</u>			
Electric Revenues	\$ 203,245,400	\$ (508,400)	\$ 202,737,000
Operating and Other Revenues	13,824,400	-	13,824,400
BWGP Lease Payment	12,760,000	-	12,760,000
Customer Contributions	1,216,400	-	1,216,400
Budgetary Appropriations	42,166,500	3,531,600	45,698,100
Total Estimated Electric Fund Revenues	\$ 273,212,700	\$ 3,023,200	\$ 276,235,900
<u>Schedule B: Water and Wastewater Fund</u>			
Water Revenues	\$ 54,926,500	\$ -	\$ 54,926,500
Wastewater Revenues	60,948,100	-	60,948,100
Operating and Other Revenues	8,033,500	-	8,033,500
Customer Contributions	5,537,000	-	5,537,000
Intergovernmental Revenue - Assessments	1,290,000	-	1,290,000
Budgetary Appropriations	8,354,500	4,625,300	12,979,800
Total Est Water and Wastewater Fund Revenues	\$ 139,089,600	\$ 4,625,300	\$ 143,714,900
Grand Total	\$ 412,302,300	\$ 7,648,500	\$ 419,950,800

Section 2. The following amounts are hereby appropriated for the operations of the Fayetteville Public Works Commission and its activities for the fiscal year beginning July 1, 2022, and ending June 30, 2023, according to the following schedules:

	Listed As	Revision	Revised Amount
<u>Schedule A: Electric Fund</u>			
Operating Expenditures	\$ 213,784,600	\$ 552,000	\$ 214,336,600
Debt Service	2,193,300	925,400	3,118,700
Capital	21,242,400	1,316,100	22,558,500
Payment in Lieu of Taxes - City	12,405,800	-	12,405,800
Intergovernmental Expenditure - Economic Development	-	-	-
Intergovernmental Expenditure - Other	-	-	-
Budgetary Appropriations	23,586,600	229,700	23,816,300
Total Estimated Electric Fund Expenditures	\$ 273,212,700	\$ 3,023,200	\$ 276,235,900
<u>Schedule B: Water and Wastewater Fund</u>			
Operating Expenditures	\$ 78,581,800	\$ 360,600	\$ 78,942,400
Debt Service	28,833,500	925,400	29,758,900
Capital	19,541,000	3,168,300	22,709,300
Budgetary Appropriations	12,133,300	171,000	12,304,300
Total Est Water and Wastewater Fund Expenditures	\$ 139,089,600	\$ 4,625,300	\$ 143,714,900
Grand Total	\$ 412,302,300	\$ 7,648,500	\$ 419,950,800

Section 3. That appropriations herein authorized shall have the amount of outstanding purchase orders as of June 30, 2022, added to each appropriation as it appears in order to account for the payment against the fiscal year in which it is paid

Adopted this 24th day of August, 2022.

ELECTRIC & W/WW FUNDS SUMMARY

DESCRIPTION	ADOPTED	BUDGET	BUDGET	PROPOSED
	ORIGINAL BUDGET	AMD #1	AMD #2	AMENDED BUDGET
	FY 2023	FY 2023	FY 2023	FY 2023
ELECTRIC FUND:				
REVENUES	\$229,829,800	\$0	(\$508,400)	\$229,321,400
CONTRIBUTIONS AND/OR GRANTS	1,216,400	0	0	1,216,400
REMITTANCES FROM CITY	0	0	0	0
APPR. FROM RATE STABILIZATION FUND	5,000,000	8,545,200	508,400	14,053,600
TRANSFER FROM ELECTRIC CAPITAL RESERVE	0	0	0	0
TRANSFER FROM BWGP STARTUP COST RES	0	0	0	0
TRANSFER FROM REPS	1,867,300	0	0	1,867,300
TRANSFER FROM COAL ASH RESERVE	7,175,700	0	0	7,175,700
TRANSFER FROM BUDGET CARRYOVER	216,500	0	111,400	327,900
NOTES RECEIVABLE - COAL ASH ADJUSTMENT CREDIT	0	0	0	0
TRANSFER FROM CAPITALIZED INTEREST FUND	130,000	0	0	130,000
SERIES 2021 BOND PROCEEDS	0	0	0	0
APPR. FROM ELECTRIC NET POSITION	13,021,900	6,209,900	2,911,800	22,143,600
TOTAL REVENUES ELECTRIC	\$258,457,600	\$14,755,100	\$3,023,200	\$276,235,900
EXPENDITURES				
EXPENDITURES	\$57,339,300	\$0	\$552,000	\$57,891,300
PURCHASED POWER & GENERATION	147,998,300	8,545,200	0	156,543,500
BOND INTEREST EXPENSE	1,030,600	0	0	1,030,600
BOND INTEREST AMORTIZATION	(172,600)	0	0	(172,600)
OTHER FINANCE COST	24,100	0	0	24,100
INTEREST - LEASES	50,300	0	0	50,300
PAYMENT IN LIEU OF TAXES - CITY	12,405,800	0	0	12,405,800
CAPITAL EXPENDITURES	21,242,400	0	1,316,100	22,558,500
DEBT RELATED PAYMENTS	1,162,700	0	0	1,162,700
PRINCIPAL PAYMENT-LEASES	0	0	925,400	925,400
APPR. TO RATE STABILIZATION FUND	1,319,000	5,355,200	0	6,674,200
TRANSFER TO REPS RESERVE	2,275,900	0	0	2,275,900
BWGP START COST RESERVE	60,000	0	0	60,000
TRANSFER TO ANNEXATION PH V RESERVE - CITY FUND PORTION	5,487,800	0	0	5,487,800
TRANSFER TO COAL ASH RESERVE	3,573,000	854,700	0	4,427,700
TRANSFER TO ELECTRIC SUBSTATION REBUILD	3,000,000	0	0	3,000,000
TRANSFER TO TRANS EQUIPMENT CPF	1,411,000	0	0	1,411,000
LEGAL RESERVE	250,000	0	229,700	479,700
APPR. TO ELECTRIC NET POSITION	0	0	0	0
TOTAL EXPENDITURES ELECTRIC	\$258,457,600	\$14,755,100	\$3,023,200	\$276,235,900
WATER & WASTEWATER FUND:				
REVENUES	\$123,908,100	\$0	\$0	\$123,908,100
CONTRIBUTIONS AND GRANTS	5,537,000	0	0	5,537,000
REMITTANCES FROM CITY	1,290,000	0	0	1,290,000
APPR. FROM ANNEX PH V RES. FUND	4,940,400	0	0	4,940,400
TRANSFER FROM CAPITALIZED INTEREST FUND	1,311,600	0	0	1,311,600
TRANSFER FROM BUDGET CARRYOVER RES	2,102,500	0	(78,900)	2,023,600
APPR. FROM W/WW NET POSITION	0	0	4,704,200	4,704,200
TOTAL REVENUES WATER & WASTEWATER	\$139,089,600	\$0	\$4,625,300	\$143,714,900
EXPENDITURES				
EXPENDITURES	\$79,534,500	\$0	\$360,600	\$79,895,100
BOND INTEREST EXPENSE	11,319,400	0	0	11,319,400
BOND INTEREST - AMORTIZATION	(1,034,700)	0	0	(1,034,700)

ELECTRIC & W/WW FUNDS SUMMARY

DESCRIPTION	ADOPTED	BUDGET	BUDGET	PROPOSED
	ORIGINAL BUDGET FY 2023	AMD #1 FY 2023	AMD #2 FY 2023	AMENDED BUDGET FY 2023
LOAN INTEREST EXPENSE	462,500	0	0	462,500
OTHER FINANCE COST	31,700	0	0	31,700
INTEREST - LEASES	50,300	0	0	50,300
CAPITAL EXPENDITURES	19,208,000	333,000	3,168,300	22,709,300
DEBT RELATED PAYMENTS	13,147,600	0	0	13,147,600
LOAN PRINCIPAL PAYMENTS	3,904,000	0	0	3,904,000
PRINCIPAL PAYMENT LEASES	0	0	925,400	925,400
APPR. TO RATE STABILIZATION FUND	250,000	0	0	250,000
APPR. TO ANNEXATION PHASE V RESERVE	2,202,700	0	0	2,202,700
TRANSFER TO ANNEXATION PHASE V RESERVE	2,100,000	0	0	2,100,000
TRANSFER TO NCDOT RESERVE	5,472,300	0	0	5,472,300
TRANSFER TO TRANS EQUIPMENT CPF	1,835,000	0	0	1,835,000
LEGAL RESERVE	250,000	0	194,300	444,300
APPR. TO W/WW NET POSITION	356,300	(333,000)	(23,300)	0
TOTAL EXPEND. WATER & WASTEWATER	\$139,089,600	\$0	\$4,625,300	\$143,714,900
TOTAL ELECTRIC & W/WW	\$397,547,200	\$14,755,100	\$7,648,500	\$419,950,800

ELECTRIC FUND SUMMARY

DESCRIPTION	ADOPTED	BUDGET	BUDGET	PROPOSED
	ORIGINAL BUDGET FY 2023	AMD #1 FY 2023	AMD #2 FY 2023	AMENDED BUDGET FY 2023
ELECTRIC OPERATING REVENUE	\$228,507,800	\$0	(\$508,400)	\$227,999,400
OTHER ELECTRIC REVENUE	1,322,000	0	0	1,322,000
TOTAL OPERATING & OTHER REVENUE	\$229,829,800	\$0	(\$508,400)	\$229,321,400
CONTRIBUTIONS AND GRANTS	\$1,216,400	\$0	\$0	\$1,216,400
APPR. FROM RATE STABILIZATION FUND	5,000,000	8,545,200	508,400	14,053,600
TRANSFER FROM REPS	1,867,300	0	0	1,867,300
TRANSFER FROM COAL ASH RESERVE	7,175,700	0	0	7,175,700
TRANSFER FROM BUDGET CARRYOVER	216,500	0	111,400	327,900
CAPITALIZED INTEREST	130,000	0	0	130,000
APPR. FROM ELECTRIC NET POSITION	13,021,900	6,209,900	2,911,800	22,143,600
TOTAL ELECTRIC REVENUE	\$258,457,600	\$14,755,100	\$3,023,200	\$276,235,900
ELECTRIC DIVISION - DISTRIBUTION	\$26,441,400	\$0	\$66,900	\$26,508,300
ELECT. DIV. - PURCHASED POWER & GEN.	147,998,300	8,545,200	0	156,543,500
MANAGEMENT DIVISION	4,016,000	0	0	4,016,000
COMM. & COMMUNITY RELATIONS DIVISION	752,900	0	0	752,900
LEGAL DIVISION	180,200	0	0	180,200
CUSTOMER CARE DIVISION	5,536,600	0	79,600	5,616,200
ADMINISTRATIVE DIVISION	14,170,600	0	371,800	14,542,400
FINANCIAL DIVISION	3,565,900	0	400	3,566,300
GENERAL & ADMINISTRATION	9,280,800	0	33,300	9,314,100
DEPRECIATION EXPENSE	20,152,400	0	0	20,152,400
OVERHEAD CLEARING	(6,777,700)	0	0	(6,777,700)
BOND INTEREST EXPENSE	1,030,600	0	0	1,030,600
BOND INTEREST - AMORTIZATION	(172,600)	0	0	(172,600)
OTHER FINANCE COST	24,100	0	0	24,100
INTEREST - LEASES	50,300	0	0	50,300
PAYMENT IN LIEU OF TAXES - CITY	12,405,800	0	0	12,405,800
TOTAL OPERATING & OTHER EXPENSES	\$238,655,600	\$8,545,200	\$552,000	\$247,752,800
NET OPERATING RESULTS	(\$8,825,800)	(\$8,545,200)	(\$1,060,400)	(\$18,431,400)
CAPITAL EXPENDITURES	\$21,242,400	\$0	\$1,316,100	\$22,558,500
DEBT RELATED PAYMENTS	1,162,700	0	0	1,162,700
PRINCIPAL PAYMENT-LEASES	0	0	925,400	925,400
DEPRECIATION/AMORTIZATION ADJUSTMENT	(19,979,800)	0	0	(19,979,800)
TOTAL SUPPLEMENTAL EXPENDITURES	\$2,425,300	\$0	\$2,241,500	\$4,666,800
TOTAL EXPENSES & SUPPLEMENTAL EXP.	\$241,080,900	\$8,545,200	\$2,793,500	\$252,419,600
APPR. TO RATE STABILIZATION FUND	\$1,319,000	\$5,355,200	\$0	\$6,674,200
TRANSFER TO REPS RESERVE	2,275,900	0	0	2,275,900
BWGP START COST RESERVE	60,000	0	0	60,000
TRANSFER TO ANNEXATION PHASE V RES - CITY FD PORTION	5,487,800	0	0	5,487,800
TRANSFER TO COAL ASH RESERVE	3,573,000	854,700	0	4,427,700
TRANSFER TO ELECTRIC SUBSTATION REBUILD	3,000,000	0	0	3,000,000
TRANSFER TO TRANS EQUIPMENT CPF	1,411,000	0	0	1,411,000
LEGAL RESERVE	250,000	0	229,700	479,700
APPR. TO ELECTRIC NET POSITION	0	0	0	0
TOTAL BUDGETARY APPROPRIATIONS	\$17,376,700	\$6,209,900	\$229,700	\$23,816,300
TOTAL ELECTRIC EXPENDITURES	\$258,457,600	\$14,755,100	\$3,023,200	\$276,235,900

WATER & WASTEWATER FUND SUMMARY

DESCRIPTION	ADOPTED	BUDGET	BUDGET	PROPOSED
	ORIGINAL BUDGET FY 2023	AMD #1 FY 2023	AMD #2 FY 2023	AMENDED BUDGET FY 2023
WATER OPERATING REVENUE	\$54,926,500	\$0	\$0	\$54,926,500
SANITARY SEWER OPERATING REVENUE	60,948,100	0	0	60,948,100
OTHER OPERATING REVENUE	7,391,900	0	0	7,391,900
OTHER WATER & SAN. SEWER REVENUE	641,600	0	0	641,600
TOTAL OPERATING & OTHER REVENUE	\$123,908,100	\$0	\$0	\$123,908,100
CONTRIBUTIONS AND GRANTS	\$5,537,000	\$0	\$0	\$5,537,000
REMITTANCES FROM CITY	1,290,000	0	0	1,290,000
APPR. FROM ANNEX PH V RES. FUND	4,940,400	0	0	4,940,400
TRANSFER FROM CAPITALIZED INTEREST FUND	1,311,600	0	0	1,311,600
TRANSFER FROM BUDGET CARRYOVER RES	2,102,500	0	(78,900)	2,023,600
APPR. FROM W/WW NET POSITION	0	0	4,704,200	4,704,200
TOTAL WATER & WASTEWATER REVENUE	\$139,089,600	\$0	\$4,625,300	\$143,714,900
WATER RESOURCES DIVISION	\$48,723,100	\$0	\$0	\$48,723,100
MANAGEMENT DIVISION	2,629,400	0	0	2,629,400
COMM. & COMMUNITY RELATIONS DIVISION	747,600	0	0	747,600
LEGAL DIVISION	180,200	0	0	180,200
CUSTOMER CARE DIVISION	4,698,200	0	21,700	4,719,900
ADMINISTRATIVE DIVISION	15,253,300	0	371,800	15,625,100
FINANCIAL DIVISION	3,528,300	0	400	3,528,700
GENERAL & ADMINISTRATION	10,953,000	0	(33,300)	10,919,700
DEPRECIATION EXPENSE - WATER	13,233,200	0	0	13,233,200
DEPRECIATION EXPENSE - SEWER	16,337,500	0	0	16,337,500
OVERHEAD CLEARING	(8,213,300)	0	0	(8,213,300)
BOND INTEREST EXPENSE	11,319,400	0	0	11,319,400
BOND INTEREST - AMORTIZATION	(1,034,700)	0	0	(1,034,700)
LOAN INTEREST EXPENSE	462,500	0	0	462,500
OTHER FINANCE COST	31,700	0	0	31,700
INTEREST - LEASES	50,300	0	0	50,300
TOTAL OPERATING & OTHER EXPENSES	\$118,899,700	\$0	\$360,600	\$119,260,300
NET OPERATING RESULTS	\$5,008,400	\$0	(\$360,600)	\$4,647,800
CAPITAL EXPENDITURES	\$19,208,000	\$333,000	\$3,168,300	\$22,709,300
DEBT RELATED PAYMENTS	13,147,600	0	0	13,147,600
LOAN PRINCIPAL PAYMENTS	3,904,000	0	0	3,904,000
PRINCIPAL PAYMENT-LEASES	0	0	925,400	925,400
DEPRECIATION/AMORTIZATION ADJUSTMENT	(28,536,000)	0	0	(28,536,000)
TOTAL SUPPLEMENTAL EXPENDITURES	\$7,723,600	\$333,000	\$4,093,700	\$12,150,300
TOTAL EXPENSES & SUPPLEMENTAL EXP.	\$126,623,300	\$333,000	\$4,454,300	\$131,410,600
APPR. TO RATE STABILIZATION FUND	\$250,000	\$0	\$0	\$250,000
APPR. TO ANNEXATION PHASE V RESERVE	2,202,700	0	0	2,202,700
TRANSFER TO ANNEXATION PHASE V RESERVE	2,100,000	0	0	2,100,000
TRANSFER TO NCDOT RESERVE	5,472,300	0	0	5,472,300
TRANSFER TO TRANS EQUIPMENT RES	1,835,000	0	0	1,835,000
LEGAL RESERVE	250,000	0	194,300	444,300
APPR. TO W/WW NET POSITION	356,300	(333,000)	(23,300)	0
TOTAL BUDGETARY APPROPRIATIONS	\$12,466,300	(\$333,000)	\$171,000	\$12,304,300
TOTAL WATER & W/WW EXPENDITURES	\$139,089,600	\$0	\$4,625,300	\$143,714,900