



# City of Grand Island

Tuesday, August 14, 2012

Council Session

## Item E6

### Public Hearing on Amendment to the 2011-2012 Budget

Staff Contact: Jaye Monter

# Council Agenda Memo

**From:** Jaye Monter, Finance Director

**Meeting:** August 14, 2012

**Subject:** Consideration of Amendment #1 to FY2011-2012 Annual Budget

**Item #'s:** E-6 & F-1

**Presenter(s):** Jaye Monter, Finance Director

## Background

The City Council approved the Fiscal Year 2012 Annual Budget with Addendum #1 by Ordinance #9318 on September 13, 2011. Amendment #1 is submitted for Council approval.

## Discussion

During Budget Year, 2012, Ordinance #9369, adopted by Council on February 28, 2012, authorized the Series 2012 Electric System Revenue Refunding Bonds and the redemption of the Series 2001 Electric System Revenue Bonds. Due to the refinancing of the Series 2001 Electric System Revenue Bonds during Fiscal Year 2012, actual expenditures for the current fiscal year will exceed budgeted expenditures unless the current fiscal year budget of expenditures is revised.

The present value debt service savings was calculated at \$1,248,176, based on changes of the average interest rate from 4.95% to 2.22%, maturity date from 8/15/2016 to 8/15/2022, and average annual debt service from \$5,852,613 to \$2,091,082.

The Series 2001 Electric System Revenue Bonds were issued on June 27, 2001, in the principal amount of \$51,500,000. These bonds were originally issued for the purpose of constructing two 40-megawatt combustion turbines.

The refinancing of these bonds took advantage of low interest rates and, along with extending the remaining term from five years to ten years, will allow lower debt service coverage and reduce the impact of projected financing requirements for air emission control additions to the Platte Generating Station in 2014.

The 2012 budget allowed for a principal payment in the amount of \$4,794,594; however the refunding requires the payment and therefore budget authority for the entire \$25,490,000 of outstanding principal. Therefore, additional budget authority of \$20,695,406 is requested.

<b>ELECTRIC UTILITY</b>					
			Without Budget Amendment		
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>	<b>2013</b>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Forecast</u>	<u>Budget</u>
Beginning Cash Balance	28,406,448	30,106,068	29,145,347	34,704,782	26,267,276
Revenue	55,053,097	57,900,431	57,804,018	78,332,500	62,706,550
Transfers In	-	-	-	-	-
<b>Total Resources Available</b>	<b>83,459,544</b>	<b>88,006,499</b>	<b>86,949,365</b>	<b>113,037,282</b>	<b>88,973,826</b>
Expenditures	52,576,188	52,647,437	73,544,127	86,080,547	71,717,104
Transfers Out	777,289	654,280	580,000	689,459	595,291
<b>Total Requirements</b>	<b>53,353,476</b>	<b>53,301,717</b>	<b>74,124,127</b>	<b>86,770,006</b>	<b>72,312,395</b>
Ending Cash Balance	30,106,068	34,704,782	12,825,238	26,267,276	16,661,431
Unrestricted Cash	23,236,596	27,693,178	6,183,702	23,517,162	13,928,832
Restricted Cash	6,869,472	7,011,605	6,641,536	2,750,114	2,732,598
	30,106,068	34,704,782	12,825,238	26,267,276	16,661,431

### Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve the budget amendment.

### Recommendation

City Administration recommends that the Council approve the Budget Amendment #1 to increase budget authority for the Electric Utility Fund due to the refinancing of the Series 2001 Electric Revenue Bonds.

### Sample Motion

Move to approve the ordinance providing for Amendment #1 to the 2011-2012 Adopted Budget as recommended.