

TAB 11

**POINT PAPER
RES. 09-23**

**BUDGET ADJUSTMENT
INTEREST REVENUE AND EXPENSE CLEAN-UP**

Problem: The FY09 budget allocated for interest revenue and interest expense has been overstated and needs to be adjusted.

Background: The budget for interest revenue was based on interest rates during last summer during the budget process. Since last summer, interest rates have dropped drastically. This has resulted in YTD interest receipts being much lower than budgeted. Interest revenue has been estimated through the end of the year showing that the budget for interest revenue should be reduced to compensate for reduced receipts.

A similar problem exists in the loan interest expense. In the budgeting process last year, loan interest expense was over-estimated for the SWAP interest. This budget group also should be reduced and will offset the reduced revenue in every fund except General Fund, Solid Waste and Reuse. Solid Waste and Reuse is showing a \$280 and \$731 deficit respectively which would be absorbed by the Fund Balance Reserve at the end of the year. Resolution 09-22, adjusting the Capital Lease payment budget, will alleviate the deficit in General Fund.

The following illustrates the Interest Revenue and Expense budget reductions coupled with the reduction for Capital Leases.

Fund.	Total Estimated Interest Revenue FY2009	Budget 2009	Interest Budget Reduction	Loan Exp Reduction	Surplus / (Deficit)	Lease Reduction	Total Surplus / (Deficit)
001	61,192	78,000	16,808	7,692	(9,116)	42,864	33,748
307	11,290	20,536	9,246	20,957	11,711	3,629	15,340
403	2,520	2,800	280	-	(280)	-	(280)
432	15,534	66,707	51,173	53,668	2,495	16,198	18,693
440	338	18,600	18,262	31,065	12,803	-	12,803
460	243	13,113	12,870	12,140	(730)	-	(730)
690	33,981	38,529	4,548	50,000	45,452	26,757	72,209
	<u>125,098</u>	<u>238,285</u>	<u>113,187</u>	<u>175,522</u>	<u>62,335</u>	<u>89,448</u>	<u>151,783</u>

Alternatives:

1. Do nothing.
2. Approve Resolution #09-23 decreasing revenue and expense budgets as listed.

Recommendation: Staff recommends alternative #2, Approve Resolution #09-23.

Budget Impact: Interest revenue and expense budgets will be reduced to offset each other as described. Resolutions 09-22 and 09-23 will result in an overall surplus of \$151,783 city-wide.

RESOLUTION NO. 09-23

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, AMENDING RESOLUTION NO. 08-32, WHICH RESOLUTION ADOPTED THE BUDGET FOR FISCAL YEAR 2008-2009, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, from time to time it is necessary to increase or decrease revenues and expenditures in certain accounts, and;

WHEREAS, it is necessary to provide budgetary authorization for the expenditure of these funds;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA:

Section 1: That appropriate line items of the fiscal year ending September 30, 2009 be amended as evidenced in the listing below for the purpose of budget clean-up.

	Description	Increase (Decrease)
<u>General Fund</u>		
0013610100	Investment Earning - Int	(38,638.00)
0013610800	Spec Assmt Interest	21,830.00
0015127204	Int Exp 2004 BOA Loan	(4,197.00)
0015127205	Int Exp 2005 BOA Loan	(1,297.00)
0015127207	Int Exp 2007 BOA Loan	(2,198.00)
<u>Road & Bridge</u>		
3013610100	Interest Earnings	(9,246.00)
3075417204	Int Exp 2004 BOA Loan	(2,017.00)
3075417205	Int Exp 2005 BOA Loan	(6,480.00)
3075417207	Int Exp 2007 BOA Loan	(12,460.00)
<u>Solid Waste Dept</u>		
4033610100	Investment Earnings	(280.00)
<u>Water / Sewer Dept</u>		
4323610100	Investment Earnings	(51,173.00)
4325337204	Int Exp 2004 BOA Loan	(282.00)
4325337205	Int Exp 2005 BOA Loan	(1,075.00)
4325337207	Int Exp 2007 BOA Loan	(13,258.00)
4325357204	Int Exp 2004 BOA Loan	(11,583.00)
4325357204	Int Exp 2004 BOA Loan	(11,583.00)
4325357205	Int Exp 2005 BOA Loan	(14,776.00)
4325357207	Int Exp 2007 BOA Loan	(12,694.00)
<u>Stormwater</u>		
4403610100	Investment Earnings	(18,262.00)
4405387204	Int Exp 2004 BOA Loan	(9,173.00)
4405387205	Int Exp 2005 BOA Loan	(13,365.00)
4405387207	Int Exp 2007 BOA Loan	(8,527.00)
<u>Reuse</u>		
4603610100	Investment Earnings	(12,870.00)
4605397204	Int Exp 2004 BOA Loan	(549.00)
4605397205	Int Exp 2005 BOA Loan	(2,087.00)
4605397207	Int Exp 2007 BOA Loan	(9,504.00)
<u>CRA</u>		
6903610100	Investment Earnings	(4,548.00)
6905607269	CRA-06 Loan Int Exp	(50,000.00)

Section 2: That this decrease to the budget be funded from the fund balance accounts of the respective funds.

Section 3: This Resolution shall become effective immediately upon its passage.

Section 4: All Resolutions and parts of Resolutions in conflict herewith are repealed.

PASSED AND DULY ADOPTED, in regular session, by the City Commission of the City of Palmetto, with a quorum present and voting, this 18th day of May, 2009.

BY: _____
Shirley Groover Bryant, Mayor

ATTEST:

James R. Freeman, City Clerk