

**Town of Garfield
Financial Summary Report Narrative
1st Quarter 2010**

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property tax received is only at 1.3% of the budget, but the 1st half payment of property tax is not due until April 30th. Keep in mind with the error in the tax statements, some payments may be coming in a little later with the extended deadline for 1st half payments. By the end of the 2nd quarter, this figure should align more closely with the budget. The majority of property tax is received in May and November.

Local sales tax received is at 53% of the \$19,000 budgeted, showing a higher return for the 1st quarter of the year than expected. In fact, this is this highest earnings in the 1st quarter compared to 2007 at \$5,836, 2008 at \$8,953 or 2009 at \$6,224.

Criminal justice tax received is at 29.3% of its budget, slightly over the 25% target.

Utility taxes are right on target with the 2010 budget, ranging from 20% for telephone and water to 26%-28% for electricity, sewer and garbage.

Licenses/Permits

This entire category reflects a very minor portion of the total municipal budget and can vary widely year-to-year based upon building activity, dogs licensed, timing of TV franchise fees payments, and the volume of concealed pistol licenses. For example, 75% of the building permit fees collected are paid to the building inspector for his services, while roughly 50% of the concealed pistol license fees collected is paid to state agencies. To date building permit revenues are at 10.2% of the budget, while animal license fees are at 31.3% of the budget. Not that there is a high response to animal licenses generally, this year is particularly low with only 21 licenses sold during the 1st 1quarter of this year compared to 34 in the 1st 1quarter of 2009.

State Generated Revenues

State shared revenues mirror the overall state economic condition, with revenues to the town going up or down accordingly. City Assistance funding is below the budgeted figure with only 10% (\$2,128) receipted to date. This payment is received the last day of each quarter and is expected to remain low in 2010. The balance of the state shared revenue line items is right on target at 25% to 28% received to date with the exception being Liquor Profits with a high of 36.5% to date. No reimbursement request has yet been made for the Justice Assistance Grant (JAG) for the police department, waiting for all expenditures to be completed. The reimbursement request will be made in the 2nd Quarter of 2010.

Misc. Revenues

Miscellaneous revenues are at 38.7% of the budget, with the lion's share of this category interest earnings. For the 2010 budget, the interest line item was decreased from \$800 to \$300, but earnings have been holding steady. This entire revenue category can be difficult to budget as it can vary greatly from year to year. It is typically not a high revenue amount. For 2010, the budgeted figure for this entire category is \$805.

Non Revenues

Non-revenues represent monies that the town simply collects and passes on to other agencies, such as the \$4.50 per building permit state fee or the portion of fees for concealed pistol licenses the state charges for processing.

Expenditures

Legislative and Executive

In total these departments are significantly under budget this year due to the decline of salary payments. You will note the small expenditure under Personnel Benefits. This represents the payment to the Department of Labor and Industries. The one-time annual insurance payment is made in January so this line item is at 100% of budget.

Judicial

There have been no expenditures to date. This fund represents the contract with the county for court services. Payments are made in May and December.

Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. The annual insurance and software payments are made in January so these line items are at basically 100% of budget. The entire category is at 25.9% of budget at the end of March.

Legal

This department covers the costs of the town's legal counsel. His monthly retainer is paid the second council meeting each month for services rendered and is right at 25% for the 1st quarter.

General Government

This expenditure of \$310.13 represents the annual dues to the Association of Washington Cities. No other expenditures are billed to this department.

Law Enforcement

This expense is covered under police services agreement with the City of Palouse and appears under Other Expenditures Intergovernmental Payments.

Fire

To date, this department is already at 33.2% of the budget; however, the annual insurance payment is made in January. This line item reflects 100% of the budget but will balance out as the year progresses. Additionally the main payment to the Board of Volunteer Firefighters is made in January for the insurance and pension payment for the firefighters, reflecting higher expenditures early in the year. The town will be getting \$330 reimbursed from the Rural Fire District for their portion of the pension costs.

Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. As of March, there was little activity, as would be expected; knowing the real building season has not yet begun.

Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget was at 17.2% by the end of March. Reimbursement from the Rural Fire District will offset expenditures in this fund for fire department costs.

Other Environment Services

There have been no expenditures to date from this fund for animal control. Generally dog tags for the following year are not purchased until the last quarter of the current year.

Planning & Community Development

There have been no expenditures to date. However, the Planning Commission is preparing a town survey to be distributed during the 2nd quarter of this year.

Substance Abuse

This is a state mandated payment to the authorized county substance abuse counseling service (Palouse River Counseling) and is based upon liquor sales. The expenditure of \$33.74 represents the 4th Quarter 2009, amount paid in the 1st Quarter of 2010.

Park

This fund is right at 24.1% of its budget for 2010.

Non-Expenditures

These expenditures are pass-thru costs, such as the \$4.50 for building permits and processing costs for concealed pistol licenses collected (agency deposits) and sent to the state. This category is only at 2.7% of its budget.

Capital Expenditures

To date expenditures in this category include \$3,517.43 for the JAG for police department items including the HP Laptops, shotgun racks, SUV cargo caddy, and laptop vehicle mounts. The reimbursement for expenditures in this line item will be requested in the 2nd Quarter of 2010.

Interfund Transfers

No expenditures to date. Historically, transfers from current expense to selective funds (equipment, police, fire, current expense reserve funds) are not made until November.

Other Expenditures Intergovernmental Payments

As noted above, expenditures in this fund represent the agreement with the City of Palouse for police services. The current agreement expires December 31, 2010. The monthly payment for this contract is currently \$5,500. Effective May 1, 2010 this amount increases to \$5,665 per month.

CURRENT EXPENSE (CE) RESERVE 002

Revenues

Revenues for this fund originated from the Current Expense (CE) Fund. The council's intent was to have sufficient funds set aside for the 3-year audit that is scheduled for this year. The next audit will cover the years of 2007 – 2009. The 3-year audit completed in 2007 cost the town over \$11,000. A \$14,000 interfund transfer from current expense is scheduled to occur in November 2010.

Expenditures

There are no budgeted expenditures or inter fund transfers-out for this fund.

STREET FUND 101

Revenues

Property Taxes

In April 2009, the voters approved a special property tax levy of \$55,000 for collection in 2010. Due to a new software glitch, as of March 31, 2010, the 2010 tax statements had been yet been mailed so hence, no 2010 street levy revenues were received.

State Generated Revenues

Motor Vehicle Fuel Tax

To date, revenues are on target with the projected budget. Receipts of \$3,237, or 32.4% of budget, have been received.

Inter Fund Transfer

There are no inter fund transfers-in for this fund.

Expenditures

The current 1st quarter expenditures are at 33.4% of the annual budget projected for the year. One of the higher expenses this year has been the purchase of gravel. Depending upon street repairs

needed and if paving is done this stockpile of gravel could last 1, 2 or 3 years. It appears the last time rock of this nature was bought was in 2007. This is also the line item that has paid for street oiling, which has not yet been addressed this year. The \$10,000 inter fund transfer-out to the Street Reserve Fund is not anticipated until the 2nd or 3rd Quarter of 2010.

STREET RESERVE FUND 102

Revenues

The only revenue projected for this fund is interest of \$1,600. To date, \$348.93 in interest has been received, representing 22% of the budget.

Expenditures

The biggest expenditure in this fund is the Capital Outlay of \$27,871 representing the purchase of the used Street Sweeper approved by council in February with Resolution 2010-07.

The Inter Fund Transfer of \$10,000 to the Street Fund will occur as needed in the 2nd or 3rd quarter of 2010.

LIBRARY FUND 103

In November 2008, the community approved annexing into the Whitman County Library District. Starting in 2010, the payment to the Whitman County Library is paid directly by the citizens through their property taxes; hence no expenditures are budgeted for this fund. This fund could be closed with the balance of \$159.31 transferred to the Current Expense Fund.

CAPITAL FACILITIES FUND 104

Revenues

The revenue for this fund is real estate excise tax and is based upon house sales. It can vary widely from year to year and is generally low the 1st quarter of the year, with few housing sales during the winter season. The total 2008 budget for this was \$3,800 with receipts of \$3,700. With the slowdown in housing sales, the 2009 budget was lowered to \$2,500. For 2010 the budgeted was lowered even further to \$800. However receipts in 2010 have already totaled \$761. Last year at this time receipts totaled \$58.16 for the 1st Quarter of 2009.

Expenditures

No expenditures have been budgeted for this fund in 2010.

FIRE EQUIPMENT RESERVE 110

POLICE EQUIPMENT RESERVE 111

EQUIPMENT RESERVE 112

Revenues

The major revenues for these funds are Inter Fund Transfers from Current Expense. These typically do not occur until November.

Expenditures

The Fire Equipment Reserve Fund (110) spent \$2,409.98 for portable radios, cables and warranty. The Equipment Reserve Fund (112) spent \$5,300 for the purchase of a used chipper approved by council in January with Resolution 2010-06. The purchase price of \$10,600 for this Vermeer chipper was split one-half from the Equipment Reserve Fund and one-half from the Utilities Equipment Reserve Fund.

PARK GAZEBO/BANDSTAND 113

This fund only earns interest at this time. It is anticipated this entire budget will be spent when the gazebo is built by local community volunteer efforts. To date there have been no expenditures.

WATER FUND 401

This fund comprises all three utilities – water, sewer and garbage (including recycling.)

Revenues

State Shared Revenues for the ARRA 2nd Street Water Line Replacement project are at \$33,911, representing the 1st reimbursement received in 2010 for this project. This grant is set up so that the contractor payment and receipt of funds are made the same day. The town does not earn any interest on these ARRA funds.

Starting with 2009, a portion of the utility payments for water, sewer and garbage were designated for the reserve funds – Utilities Reserve (410) and Utilities Equipment Reserve (412). Hence the two revenue lines each for water, sewer and garbage sales and water, sewer and garbage sales combined reserve. The transfer to the reserve funds appears under Inter Fund Transfers Utilities Reserve and Utilities Equipment Reserve. Total utility payments to date are at 24.3% of the budget, right on target.

Expenditures

Total water expenditures were right at 25.5% for March 31st. Water Professional Services is at 99.2% of budget as this reflects the full annual payment to BIAS for accounting software maintenance. The one-time annual insurance payment is made in January so this line item is at 100% of budget. The only two line items significantly above 25% for the year are Supplies-Meters and Fittings, due to the recent purchase of new meters and fittings to upgrade older meters and parts, and Operations Contracted-Lab Fees, reflecting some lab tests only conducted every few years. The Inter Fund Transfer of \$23,038 to the Water Loan Fund will not occur until October.

Total sewer expenditures as of March 31st were at 32.2%. As with the water, Professional Services and Insurance reflect the full annual payment and are at 100% of budget. The only two line items significantly above 25% for the year are WWTP Maintenance and Repair, reflecting a needed pump repair done by Strom Electric, and Sewer Main/Repair Vehicle. One half of the total Interfund Transfer of \$51,197 to the Sewer Loan Fund was made in March (\$25,598). The second half of the Inter Fund Transfer will be made in October.

Total garbage expenditures were at 19.8% for March 31st. As with the water and sewer departments, Professional Services and Insurance reflect the full annual payment. The only line item significantly above 25% for the year is Garbage Utilities.

Capital Expenditures to date include \$33,911.49 for the ARRA 2nd Street Water Line Replacement project. This expenditure matches the above-referenced grant monies receipt of the same amount. The \$530 and \$150 for waterline replacement engineering and construction, respectively, reflect costs to date for the B to D Street waterline replacement project on California Street and Main Street. The Capital Expenditure of \$407 for Water, Sewer and Garbage represents the cost of a Toshiba Lap Top for Public Works with a smaller portion of \$138 paid by Current Expense

This expenditure of was split one-half from the Equipment Reserve Fund and one-half from the garbage capital expenditure line item.

As noted above, the Inter Fund Transfers to date reflect the initial transfer from the Water Fund to the new Utilities Reserve Fund (\$115,000), the transfer to the Sewer Loan Fund (\$25,598) for the 1st half of the loan payment, and the monthly water, sewer and garbage utility payments to the Utilities Reserve Fund and the Utilities Equipment Reserve Fund.

WATER LOAN 402

This fund was established to repay the Public Works Board (Dept of Health) loan for the water reservoir. The annual payment of \$23,038 is due in October. The revenue for this payment comes from an Inter Fund Transfer of \$23,038 from the Water Fund.

SEWER LOAN REDEMPTION 403

This fund was established to repay the Department of Ecology loan for the wastewater treatment plant (WWTP). The annual payment of \$51,197 is made in two installments per year in March and October. The revenue for this payment comes from two Inter Fund Transfers totaling \$51,197 from the Sewer Fund. The first payment of \$25,598 has been made.

UTILITIES RESERVE 410

This new fund was established as part of the 2009 budget cycle as a reserve fund for the town utilities – water, sewer and garbage. Initial funds to establish this reserve in 2009 came from the Water Fund (\$115,000) and the balance of funds in the Sewer Reserve Fund (\$42,129). Starting with 2009 utility payments, a portion each month is designated for this reserve fund. No expenditures have been budgeted for this fund in 2010.

SEWER RESERVE 411

As part of the 2009 budget cycle, the remaining funds (\$42,129) were transferred into the new Utilities Reserve Fund January 2009. This fund could be officially closed by council.

UTILITIES EQUIPMENT RESERVE 412

Previous to 2009 this fund's revenues came from interest and Inter Fund Transfers from the Water Fund. Starting in January 2010, revenues for this fund come from interest and a portion of the utility payments designated for this reserve fund. This fund expended \$5,300 for the purchase of a used chipper approved by council in January with Resolution 2010-06. The purchase price of \$10,600 for this Vermeer chipper was split one-half from the Equipment Reserve Fund and one-half from the Utilities Equipment Reserve Fund.

SEWER LOAN RESERVE 413

This fund was required when the town received its loan from the Department of Ecology for the WWTP. The town is required to have sufficient resources in this fund to make the final loan payment in 2022. Revenues for this fund come from interest only. As of March 31st it was at 11.2% of its budgeted interest.

GARFIELD PDA 621

This fund has no revenues or expenditures for 2010. This fund was started when the town formed the Garfield Public Development Authority. The council could choose to close this fund.

WATER DEPOSITS 433 – Note new Fund Number (Previously 633)

This fund is solely for collecting water utility deposits (non-revenues). After 12 calendar months with no payment problems, water deposits can be applied to the corresponding account or reimbursed to the water user directly. Expenditures (listed as non-expenditures) from this fund are for water deposit reimbursements.