

**Town of Garfield  
Financial Summary Report Narrative  
4th Quarter 2009**

**CURRENT EXPENSE (CE) 001**

Revenues

Taxes

Property taxes ended slightly over the budgeted estimate of \$43,000 with actual collections at \$45,972.65. The budgeted figure was slightly lower, anticipating the economic downturn and late or non-payment of property taxes.

Local sales tax revenues came in at \$23,898, \$4,898 over the budget estimate. Again, revenues were budgeted conservatively based upon the economic status of the state and county.

Criminal justice tax receipts for 2009 were \$6,357, \$1,357 over the budget.

Utility taxes for water, sewer and garbage ended right on target with the 2009 budget, each at 100% to 107% of projection. The electricity utility tax came in right on target as well, short by \$37 of the budgeted figure of \$22,000. The telephone utility tax receipts totaled \$5,771, \$1,228 short of the projected figure of \$7,000. This has been the hardest utility tax to gauge for a budget and to get notification to the telephone service providers. Just as recent as the end of January 2010, AT&T was contacted about the last 3 quarter payments for 2009, since they had taken over Verizon Wireless Accounts.

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 fine services, while roughly 50% of the concealed pistol licenses goes to state agencies. This entire category ended at 113% of budget with collections of \$3,102.

State Generated Revenues

State shared revenues mirror the overall state economic condition, with revenues to the town going up or down accordingly. The CTED planning-only grant receipt of \$5,335 was for the final payment on the Public Safety Building Feasibility Study. This receipt is 100% offset by the same expenditure of \$5335 to the engineering firm. As we saw all year, City Assistance was short, ending at 83% of the budget with \$18,192 receipted. Criminal Justice receipts and Liquor Excise Tax and Liquor Profit Tax receipts were all higher than anticipated ranging from 100% of the budget estimate to 206% of the budget estimate. The Police Department 2009 JAG ARRA Grant of \$9,999 was not fully completed in 2009 so no payment request was made and no revenues received. \$5,974 of the grant project was spent in 2009, with the balance to be spent in the first quarter 2010. The entire \$9,999 grant reimbursement request will be made in 2010.

Misc. Revenues

Miscellaneous revenues ended at 97% of the budget, \$1,315. This revenue category can be difficult to budget as it can vary greatly from year to year. It is typically not a high revenue amount. Interest earnings ended at 96% of the budget. Additionally, space and facilities rentals (community center) end up way under this year at 72% of budget, as the weekly quilters group no longer meets at the center.

## 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.

## Interfund Transfers

A budgeted figure of \$5,000 was anticipated as a transfer-in from Current Expense Fund Reserves but was not needed and did not occur per direction of the Mayor.

## Expenditures

### Legislative and Executive

Although these categories ended under budget, this is due in part to some of the council members and mayor choosing to forego their 2009 budgeted salaries. A point of interest was the election costs which came in at \$3,264, a full \$2,264 over the \$1,000 budget line. This was due to the special April 2009 street levy ballot measure with a cost of \$2,068 to the town.

### Judicial

This fund represents the contract with the county for court services, ending at 99% of the budget.

### Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. The entire category came in at 93% of budget at year's end.

### Legal

This department covers the costs of the town's legal counsel, ending at 100% of the budgeted figure of \$3,600.00.

### Central Services

In 2009, this entire expense category was folded into the funds/departments more clearly reflecting the activities/functions undertaken. The expenses now appear under legislative finance, fire, water, sewer, garbage, etc.

### 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 the police services agreement with the City of Palouse and appears under Other Expenditures Intergovernmental Payments.

### Fire

This department ended at 91% of budget with expenditures of \$12,946.

### Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. This department ended at 86% of its \$2,200 budget.

#### Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget was at 99% at year end with total expenditures of \$3,702. Reimbursement from the Rural Fire District offset expenditures in this fund for fire department costs.

#### Other Environment Services

This category covers dog license expenses such as tags. For 2009, this department ended at \$126, \$66 over the budgeted figure of \$60. Not only did the town have to order dog tags, the 2-part dog license books had to be ordered.

#### Planning & Community Development

This department had no 2009 expenditures.

#### 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. 2009 expenses in this fund totaled \$167 representing payments to Palouse River Counseling for the 4<sup>th</sup> Quarter 2008 and 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Quarter 2009.

#### Pool and Park

These funds ended at 99% and 101% of their budgets respectively.

#### 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 ended at 27% of its budget, \$335.

#### Capital Expenditures

A total of \$6,088 was spent in this category for 2009. Of that, \$5,975 represented the Police Department 2009 ARRA grant and \$113 represented office equipment. It is anticipated the balance of the \$4,024 from the Police Department JAG ARRA will be spent in the 1<sup>st</sup> Quarter 2010.

#### Interfund Transfers

The entire budgeted figure of \$6,000 was transferred from the Current Expense to the following reserve funds: Equipment Reserve, Police Equipment, Fire Equipment, and Current Expense Reserve.

#### Other Expenditures Intergovernmental Payments

As noted above, expenditures in this fund represent the agreement with the City of Palouse for police services. The initial agreement for services expired April 30, 2009. A new agreement was approved by the council April 2009, and runs from May 1, 2009 through December 31, 2010, with no cost increase until May of 2010, when the monthly fee will go from \$5,500 to \$5,665. The entire \$66,000 contracted figure for 2009 was expended.

#### Ending Balance

The Current Expense Ending Balance came in at \$53,721, \$11,267 over the final amended budget estimate of \$42,454.

## **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 2010. The next audit will cover the years of 2007 – 2009. The 3-year audit completed in 2007 was over \$11,000. Early discussions with the auditor indicate roughly 130 hours scheduled for the audit in 2010, at a current hourly rate of \$78, plus travel. A \$5,000 budgeted interfund transfer to current expense was not needed and not completed per the Mayor's direction.

### Expenditures

The council budgeted a \$5,000 transfer from the CE Reserve Fund to the CE Fund if cash flow requires such action. This transfer was not needed and not completed per the Mayor's direction. This funded ended with a balance of \$24,808, \$4,958 over the budgeted estimate of \$19,850, representing the transfer out to Current Expense that was not needed.

## **STREET FUND 101**

### Revenues

#### Property Taxes

The small figure of \$324 in this year's financial report is for the final 2008 street special levy received in January 2009. No property taxes will be received in the street fund until 2010.

#### State Generated Revenues

##### Motor Vehicle Fuel Tax

Revenues are over the projected budget of \$10,000 with total receipts of \$13,705 in 2009.

#### Inter Fund Transfer

With a final budget amendment, council authorized a total of \$35,000 transfer from the Street Reserve Fund to the Street operating fund. Since the anticipated \$7,000 street culvert project was not done in 2009, only \$28,000 was needed, and hence transferred from the Street Reserve Fund to the Street Fund.

### Expenditures

Because of the revenue shortfall with no special property tax levy, this fund was scaled back in the 2009 budget process to cover the basics for street operations. The operating portion of this fund came in at \$39,896 in 2009, a full \$4,844 lower than the budgeted figure of \$44,740. The \$7,000 projected street culvert project did not occur. The \$12,168 capital expenditure for the 2008 Sidewalk project represented the 5% retainage paid to the contractor for work completed in 2008 but no state release of funds until January 2009. The ending balance for this fund came in at \$16,287, compared to the budgeted estimate of \$7,510. The additional \$8,777 in the ending balance represents the \$3,705 in extra Motor Vehicle Excise Tax received, and savings in expenditure line items for Gravel, Operating, and Equipment Repair & Maintenance.

## **STREET RESERVE FUND 102**

### Revenues

The only revenue projected for this fund is interest of \$1,600. Year to date interest was only \$533. Interest is down within all the operating funds.

### Expenditures

Even though \$35,000 was budgeted as the transfer out from the Street Reserve Fund to the Street Fund, only \$28,000 was transferred from the Street Reserve Fund since the anticipated \$7,000 street culvert project was not done in 2009. Per the Mayor's direction, only the \$28,000 was transferred. This funded ended with a balance of \$60,092, \$6,692 over the budget

estimate of \$53,400. This overage is primarily due to the final \$7,000 transfer not occurring in 2009.

### **LIBRARY FUND 103**

#### Revenues

A portion of the town's general property tax levy is allocated to this fund to cover the library contract costs with Whitman County. In 2010, the council can chose to close this fund and transfer the funds into the Current Expense Fund, as the voters approved annexing into the Whitman County Library District effective 2010.

#### Expenditures

The final payment to Whitman County was made at the end of November. This fund ended with a balance of \$159.

### **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. In 2008 the budget for this fund was \$3,800 with actual receipts of \$3,700. With the slowdown in housing sales, the 2009 budget was lowered to \$2,500 but receipts only totaled \$972 this year.

#### Expenditures

No expenditures were budgeted for this fund in 2009. The ending balance came in at \$22,726, lower than the projected figure of \$24,100. As noted above, this was due to lower real estate excise tax receipts and investment interest.

### **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 occurred in November.

#### Expenditures

No expenditures were budgeted for these funds in 2009. All three funds had ending balances slightly lower than anticipated due to reduced investment interest in 2009.

### **PARK GAZEBO/BANDSTAND 113**

This fund only earns interest at this time. There were no expenditures in 2009, but it is anticipated this fund will be used in 2010 for construction of a new park gazebo.

### **WATER FUND 401**

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

#### Revenues

The beginning balance of \$239,860 for this fund was \$21,360 higher than the budgeted figure of \$218,500. 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. Starting in late February the portion of the utility rates for reserves was designated directly in the BIAS accounting software and reflected under the "combined reserve" line items. Prior to this it

appeared under “sales” for each utility respectively. Total water revenues came in at \$98,417, roughly 4% lower than projected revenues of \$102,600. Total sewer revenues came in at \$126,659, just slightly over projected revenues of \$122,600, roughly 3% over projections. Garbage revenues totaled \$89,631, roughly 2% over the projected revenues of \$87,600. Although budgeted, no ARRA grants revenues were received for the construction portion of the 2<sup>nd</sup> Street Water Line Replacement project, since construction was not undertaken until 2010. Total revenues for this fund were at 84% of the projected budget. This is primarily due to no ARRA grant revenues in 2009.

### Expenditures

Total water expenditures were \$57,934, approximately 6% over the projected figure of \$54,455. The line items significantly over budget estimates for the year were Supplies-Meters and Fittings, due to the purchase of new meters and fittings to upgrade older meters and parts, Travel and Training, reflecting classes to date for public works, and General Maintenance.

Total sewer expenditures for 2009 were \$59,165, 93% of the projected expenditures of \$63,770. The line items over budget for the year were Postage, Permit Fees, Miscellaneous Supplies and WWTP Maintenance and Repair, reflecting repairs that had to be made early in the year, Utilities for electricity, and Professional Services representing periodic lab tests for ammonia, metals and mercury required in 2009.

Total garbage expenditures were \$86,320, approximately 1% over the budget estimate of \$85,445. The line items over budget estimates for the year were B&O Taxes, Recycle Bags, with a purchase made early in the year, Communications for phone and internet, Utilities for the WWTP, and Vehicle Maintenance & Repair.

In 2009, the 538 portion of the Water Fund for other utilities and activities expense category was folded into the separate utilities, more clearly reflecting the activities/functions undertaken.

Capital Expenditures include payments to Keltic Engineering for the 2<sup>nd</sup> Street Water Line Replacement project, the purchase of the line locator and sewer camera, decommissioning of well #1, plus the paving of the Recycling Center. Very much appreciated, the paving cost was fully reimbursed through a grant with Whitman County and the Department of Ecology.

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 Water Loan Fund (\$23,471) the transfer to the Sewer Loan Fund (\$51,197), and the monthly water, sewer and garbage utility payments to the Utilities Reserve Fund and the Utilities Equipment Reserve Fund.

The 2009 ending balance came in at \$99,413. The budgeted estimate was \$66,467 for an ending balance. The difference of \$32,946 is primarily due a higher beginning balance than anticipated as well as less actual sewer expenditures and capital expenditures than budgeted in 2009.

### **WATER LOAN 402**

This fund was established to repay the Public Works Board (Dept of Health) loan for the water reservoir. The annual payment, \$23,471 for 2009, is due each October and was paid at the 2<sup>nd</sup> council meeting in September. The revenue for this payment comes from an Inter Fund Transfer of \$23,471 from the Water Fund. The 2009 ending balance came in at \$5,780.

### **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 September. The revenue for this payment comes from two Inter Fund Transfers totaling \$51,197 from the Sewer Fund. The 2009 ending balance came in at \$10,201.

### **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 came from the Water Fund (\$115,000) and the balance of funds in the Sewer Reserve Fund (\$42,129.56). Starting with 2009 utility payments, a portion each month is designated for this reserve fund. No expenditures were budgeted for this fund in 2009. The 2009 ending balance came in at \$194,457, \$2,457 over the projected year-end balance. This is primarily due to interest earnings from the CD being higher than anticipated.

### **SEWER RESERVE 411**

As part of the 2009 budget cycle, this fund was closed and its remaining funds (\$42,129.56) were transferred into the new Utilities Reserve Fund January 2009.

### **UTILITIES EQUIPMENT RESERVE 412**

Previous to 2009 this fund's revenues came from interest and Inter Fund Transfers from the Water Fund. Starting this year, revenues for this fund come from interest and a portion of the utility payments designated for this reserve fund. No expenditures were budgeted for this fund in 2009. The ending balance for 2009 came in at \$91,472, \$10,472 over the projected ending balance of \$81,000. This was primarily due to interest earnings from the CD being higher than anticipated and no capital expenditures in 2009.

### **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. At year end it was at 45% of its budgeted interest, again in line with much lower interest earnings in other funds too. The funded ended with a balance of \$56,323.00

### **WATER DEPOSITS 433 (Please note the number for this fund was changed from 633 to 433 as per the BARS Accounting System)**

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. The funded ended with \$4,819 for 2009.

### **GARFIELD PDA 621**

This fund has no revenues or expenditures for 2009. This fund was started when the town formed the Garfield Public Development Authority. The council could choose to close this fund.