

**Town of Garfield
Preliminary Financial Summary Report Narrative
4th Quarter 2010**

BUDGET AMENDMENTS

Ordinance No. 392N closed the Library Fund effective December 1, 2010. One budget amendment was adopted in the 4th Quarter by Ordinance No. 393N.

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property tax received totaled \$56,335.88 which is 104.3% of the budgeted figure but actually 98% of the levy certification figure of \$57,408. On average in Whitman County, property tax delinquencies average 2%.

Local sales tax received is at 151% of the \$19,000 budgeted, with receipts of \$28,814, showing a higher return for the year than expected.

Criminal justice tax came in at \$6,427.24, \$1,427 over the budgeted figure of \$5,000.

Utility taxes for electricity and phone were slightly under their budgeted figures, coming in at 98% and 90% respectively. The utility tax for water was \$248 short of the budgeted figure of \$6,000, while sewer and garbage utility taxes were slightly over at \$423 and \$447.

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, and the volume of concealed pistol licenses. All the line items in this category were under budget except concealed pistol licenses which did not have a budgeted line item. Entire funds collected in this category totaled \$1,914.

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 ended at 87.5% (\$19,251). \$22,000 was budgeted for this line item. The balance of the state shared revenue line items were right on target at or above 100% of the budget except liquor excise tax which ended at 90% of its budgeted figure.

Misc. Revenues

Miscellaneous revenues ended at 203.8% 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 actual receipts were \$1,123. 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 was \$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.

Interfund Transfers

With a council budget amendment in September, a budgeted transfer in from Current Expense Reserves of \$95 was appropriated to cover the cost of the retiring Public Works Superintendent's vacation payout, but was not needed. The library fund was closed effective December 1st with the final balance of \$159.31 transferred to Current Expense.

Expenditures

Legislative and Executive

The advertising line item under Legislative ended at \$2,283.19 with the lion's share of this representing the cost to advertise for the Public Works Superintendent position. The 4th Quarter budget amendment reflected this cost.

The salaries and wages line items in these departments are under budget this year due to the decline of salary payments. You will note the small expenditure under Personnel Benefits. This represents the quarterly payment to the Department of Labor and Industries for the mayor and council. The 4th Quarter budget amendment reflected this cost.

Judicial

This represents the contract payment with Whitman County for court services.

Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. This category ended at 79.6% of budget but there were no state audit costs for 2010.

Legal

This department covers the costs of the town's legal counsel and came in at 100% of budget. His monthly retainer is paid the second council meeting each month for services rendered.

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

This category ended at 84.1% of the budget. Some line items were over budget such as small equipment at \$2,698 while others were under budget such as \$0 for training, travel and meals.

Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. 12 building permits were issued in 2010, down from 16 permits in 2009.

Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget ended at 80% of budget. Reimbursement from the Rural Fire District offsets the expenditures in this fund.

Other Environment Services

The only expenditure under this category was dog licenses at \$53.13.

Planning & Community Development

The \$1,500 for Professional Services represents 20% of the \$7,500 fee the aerial mapping of the town earlier this spring. Current Expense, Streets, Water, Sewer and Garbage equally shared in this cost. The 4th Quarter budget amendment reflected this cost.

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. Expenditures totaled \$157.43 for the 4th quarter 2009 through the 3rd quarter of 2010.

Park/Pool

The pool department ended at 96.4% of its budget for 2010, while the park department ended at 104.5% of budget, primarily due to repair and maintenance costs.

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 71% of its budget.

Capital Expenditures

Expenditures in this category for 2010 total \$4,179.80. \$146.64 was for the PW Toshiba laptop computer. \$4,033.16 was for the JAG for police department items including the HP Laptops, shotgun racks, SUV cargo caddy, and laptop vehicle mounts. The 4th Quarter budget amendment reflected this cost. The reimbursement for all JAG grant expenditures was received in the 2nd Quarter. In late 2010 council authorized the purchase of needed tools and equipment for the public works. Park's paid a portion of those costs at \$531. Additional purchases will be completed in 2011.

Interfund Transfers

Interfund transfers were completed for the Equipment fund, Police Equipment Fund, Fire Equipment Fund, and interfund transfers to the Current Expense Reserve Fund with \$5,000 left in Current Expense.

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 expired December 31, 2010. The monthly payment for the first 4 months of the year was \$5,500. Effective May 1, 2010, this amount increased to \$5,665 per month. A 3-year contract renewal from 2011-2013 was approved in November of 2010. The monthly rate of \$5,665 will continue throughout 2011.

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 was scheduled for 2010. This audit would cover the years of 2007 – 2009, but was not done in 2010. The 3-year audit completed in 2007 cost the town over \$11,000. A \$9,000 interfund transfer from current expense to this fund occurred in the 3rd Quarter. The \$5,000 balance of this interfund transfer was scheduled for the 4th quarter but not needed.

Expenditures

With a council budget amendment in September, a budgeted transfer out of \$95 was appropriated to cover the cost of the retiring Public Works Superintendent's vacation payout but was not needed.

STREET FUND 101

Revenues

Property Taxes

In April 2009, the voters approved a special property tax levy of \$55,000 for collection in 2010. Through December 31st, \$53,321.87 was received, representing 96.9% of the levy certification figure of \$55,000.

State Generated Revenues

Motor Vehicle Fuel Tax

This line was budgeted at \$10,000 but receipts totaled \$13,645.64. The 4th Quarter budget amendment reflected this increase.

Interfund Transfer

With council budget amendments in September, budgeted transfers in from the Street Reserve Fund were appropriated to cover a portion of the costs of the retiring Public Works Superintendent's vacation payout and street oiling.

Expenditures

The general operations of the Street Funded ended at 98.5% 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 in the past. The 4th Quarter budget amendment reflected this cost. In August the town purchased new streets posts and hardware from the Department of Corrections at a cost of \$2,035.81. The 4th Quarter budget amendment reflected this cost. The \$1,500 for Professional Services represents 20% of the \$7,500 fee the aerial mapping of the town earlier this spring. Current Expense, Streets, Water, Sewer and Garbage equally shared in this cost. The \$436.80 under Road & Street Administration represents travel costs for Larry Hunt to inspect the used sweeper prior to purchase. The \$1,077.50 under Street Engineering-General is Keltic Engineering's cost for development of street standards adopted by the Council in May and review/cost updates for the 6-Year Street plan adopted in June. The \$2,716 under Capital Expenditures represents 1/3 of the \$5,000 purchase price and licensing of the used JD Gator with the balance paid from the Equipment Reserve Fund and the Utilities Equipment Reserve Fund, and tools. The 4th Quarter budget amendment reflected this cost. In late 2010 council authorized the purchase of needed tools and equipment for the public works. The Street Fund paid a portion of those costs at \$885. Additional purchases will be completed in 2011. With additional needs in the Street Fund, the \$10,000 inter fund transfer-out to the Street Reserve Fund was not completed.

STREET RESERVE FUND 102

Revenues

The investment interest projected for this fund is \$500. \$81.30 in interest was received, representing 16.3% of the budget. As noted above, there was no transfer-in from the Street Fund with additional needs in the Street Fund.

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. With council budget amendments in September, budgeted transfers out to the Street Fund were appropriated to cover a portion of the costs of the retiring Public Works Superintendent's vacation payout and street oiling. \$6,085 from the Street Reserve Fund was transferred out to Streets.

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 had a balance of \$159.31 transferred to the Current Expense Fund in December 2010. Ordinance No. 392N closed the Library 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. 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 2011 totaled \$1,640.14.

Expenditures

The capital expenditure of \$1,260 represents preliminary engineering design work done by Keltic Engineering for a new public safety building.

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. The Equipment Reserve Fund has received \$439 in chipper rental revenues. The Utilities Equipment Reserve Fund received the same \$439 in 2010.

Expenditures

The Fire Equipment Reserve Fund (110) spent \$2,409.98 for portable radios, cables and warranty. The Equipment Reserve Fund (112) spent \$5,430 for the purchase and licensing of a used chipper approved by council in January with Resolution 2010-06. The expense of \$10,860 for this Vermeer chipper was split between the Equipment Reserve Fund and the Utilities Equipment Reserve Fund. Capital Expenditures also includes \$1,831.09 for 1/3 of the \$5,000 purchase price and licensing of the used JD Gator with the balance paid from the Street Fund and 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. No expenditures were incurred in 2010.

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 total \$113,685.70. This represents the entire project, with all grant monies received from the Department of Commerce, and all worked completed and paid.

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 charges for services ended at 101% of the budget. Sale of recyclables was \$3,644, but this will vary year from year, depending upon when enough recyclables are collected and ready to be sold.

Expenditures

There were extra costs for water, sewer and garbage in 2010 for repair and maintenance, engineering services, and machinery and equipment. The 4th Quarter budget amendment reflected these costs.

Total water expenditures ended at 89/3% of budget. Supplies-Meters and Fittings were up due to the purchase of new meters and fittings to upgrade older meters and parts. Repair and Maintenance was high because of the inspection and cleaning of the reservoir by LiquiVision. This cost alone was \$5,124.81. The \$1,500 for Professional Services represents 20% of the \$7,500 fee the aerial mapping of the town in the spring. Current Expense, Streets, Water, Sewer and Garbage equally shared in this cost.

Total sewer expenditures ended at 85.8%. Permit Fees were up with the increased permits costs with the Department of Ecology. WWTP Maintenance and Repair included a needed pump repair done. Fuel at the WWTP was \$1,961.34. There were costs for safety training classes attended by Dave and Perry and the WWTP Operator class attended by Perry Brown. Professional Services included \$4,182.50 to Keltic for engineering services for the I&I sewer project. The \$1,500 for Professional Services Planning represents 20% of the \$7,500 fee the aerial mapping of the town earlier this spring by Munir Daud.

Total garbage expenditures were at 95% at year end. The \$1,500 for Professional Services represents 20% of the \$7,500 fee the aerial mapping of the town in the spring. Current Expense, Streets, Water, Sewer and Garbage equally shared in this cost.

Capital Expenditures included the \$2,759.20 for the 2nd Street waterline engineering. This cost is solely borne by the town. The next expenditure is the \$113,685.70 for the ARRA 2nd Street Water Line Replacement project. This expenditure matches the above-referenced grant monies receipt of the same amount. The \$1,025 and \$150 for waterline replacement engineering and construction, respectively, reflect costs for the B to D Street waterline replacement project on California Street and Main Street. The Capital Expenditure-Water of \$5,056.31 was water's share (\$433.11 cost) for the Public Works Toshiba Lap Top and \$3,760 for the payment to H2E for reprogramming the reservoir telemetry, and \$863.20 for needed tools. A Sewer Capital Expenditure of \$2,485 was spent for an emergency sewer line repair done by Ace Elliott Land. The Capital Expenditures-Machinery and Equipment for Sewer and Garbage were \$1,296.30 with \$433.11 the prorated cost of the Public Works Toshiba Lap and \$869.13 for needed tools for sewer and garbage. In late 2010 council authorized the purchase of these needed tools and equipment for the public works. Water, sewer, and garbage paid a portion of those costs. Additional purchases will be completed in 2011.

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 \$23,035.38 was paid in September. 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 September. The revenue for this payment comes from two Inter Fund Transfers totaling \$51,197 from the Sewer Fund.

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. The Capital Expenditure of \$50,473.58 is for the California and Main Street - B to D Street waterline replacement projects.

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 received \$439 in chipper rental revenues. The Equipment Reserve Fund received the same \$439 in 2010.

This fund expended \$5,430 for the purchase and licensing of a used chipper approved by council in January with Resolution 2010-06. The purchase price of \$10,860 for this Vermeer chipper was split one-half between the Equipment Reserve Fund and the Utilities Equipment Reserve Fund. Capital Expenditures also includes \$1,831.08 for 1/3 of the \$5,000 purchase price and licensing of the used JD Gator with the balance paid from the Street Fund and the 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. For 2010, interest earned was \$119.39, 29.8% of the budgeted figure.

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.