

**Town of Garfield
Financial Summary Report Narrative
4th Quarter 2014**

BUDGET AMENDMENTS

The 2014 Budget was adopted by Ordinance No. 442N December 19, 2013 and amended by Ordinance 444N on October 22, 2014.

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property tax received through the 4th Quarter totaled \$60,779.26 which is 106.6% of the 2014 budgeted line item and represents prior year taxes. The majority of property taxes are received in April and November, following the March and October tax statements.

Local sales tax received is at 98.1% of the \$25,000 budgeted, with receipts of \$24,527.37. Please note these funds appear in two lines, 313.11.00.00 and 313.11.00.01 as the account code as changed to 313.11.00.00.

Criminal justice tax is at \$8,643.22 or 120% of the projected budget.

Water, sewer and garbage utility taxes are all at 105% or slightly higher of their projected budgets. The telephone utility tax closed out 2014 with 88.3% of its budget received with a total of \$7,947.19. Effective April 1, 2013 the utility tax for telephone service will be 6%, reflecting the original intent of the council at the time utility taxes were implemented.

Licenses/Permits

This entire category reflects a very minor portion of the total municipal budget. Receipts in this category include; building permits, dog licenses, and concealed pistol licenses. There were 13 building permits issued in 2014 totaling \$1,548.25. Animal licenses are at 87.5% of the budget with a total of 36 dog licenses issued by the end of 2014. 1 conditional use application has been filed and processed for 2014. Concealed pistol licenses are at \$289.00 or 289% of the budgeted line item.

State Generated Revenues

City Assistance received was \$16,023.49 with a total budget of \$10,400.00. Criminal justice monies came in approximately 102.8% to 113.4% of the budgeted figures. \$5,286.79 in Liquor Control Board Profits was received by the end of 2014 or 132.2% of the \$4,000 budgeted line item.

Misc. Revenues

Miscellaneous revenues came in at \$1,251.61. This represents a very small portion of current expense and includes copies, investment interest (\$609.90), sales tax interest and miscellaneous receipts.

Non Revenues

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

Interfund Transfers

There were no interfund transfers in 2014.

Expenditures

Legislative and Executive

These departments ended at 92.4% and 0% of their projected budgets. The insurance line item is at 101.2% of its budgeted line at \$4,046.86, this amount will decrease in 2015. Also voter registration costs are at 95.8% of the budgeted line item. These are the voting costs paid in 2014 for the 2013 elections.

Judicial

This line item is for the contract payment with Whitman County for court services and has an established per capita fee. A payment of \$2,274.30 was made in the final quarter of 2014.

Finance

For the final quarter of 2014 this department is at 96.8% of its budget and represents ½ of the clerk-treasurer's expenses plus any financial costs. Personal benefits ended 2014 spending \$8,337.38 of the projected \$7,808.00 budget. Travel expenses to attend meetings were \$195.26 or 97.6% of the budgeted \$200.00. Also the education and meetings line item is over budget with \$845.50 spent of the budgeted \$500.00 due to training a new clerk/treasurer. As noted above, the insurance premium paid in total in the first month of the year, shows this line item at 100.4% of budget. Financial Pro Services covers the accounting software service agreement for the year and is paid once a year in January.

Legal

This department covers the costs of the town's legal counsel and is at 100% of budget.

General Government

This expenditure of \$110.00 represents the annual dues to the Association of Washington Cities. No other expenditures are billed to this department.

Fire

This category ended the final quarter at 63.4% of the budget. Starting with the 2nd quarter of 2013, the town entered into an interlocal agreement with the Whitman County Rural Fire District #3 via Resolution 2013-05 to form a Joint Fire Protection Board (JFB). Fire expenditures will be split 40% town / 60% fire district with the town reimbursing the JFB for the expenditures. Three were several items over budget; Property and Liability Insurance is at 102.2% but is only paid once in the calendar year, Firefighter Personnel Benefits is at 171.7% and again only paid once a year, Equipment Maintenance Repair is at 502.8% which is due to some necessary work that was needing to be completed on one of the fire trucks and fire department supplies is at 128.9%.

Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. 13 permits have been issued through the final quarter of 2014. The town pays the building inspector \$20.00 a month for reimbursement of telephone expenses, which totals \$280.00 for the year.

Communications/Alarms/Dispatch

Police, fire telephone and fire siren expenses are paid from this department. The budget ended at 105.1% of its projected budget.

Other Environment Services

The only expenditure under this category is for dog licenses which came to \$72.85.

Planning & Community Development

To date, there have been no expenditures in this department.

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. There has been \$122.61 spent in this department.

Park/Pool

This department finished at 101.6% of its budget with total expenditures of \$13,980.51 at the end of the fourth quarter. A few items ran over budget in this department; Park Facilities Fuel came in at 140%, Park Utilities was at 122%, Park Vehicle Maintenance and Repair came in at 263.3% due to an aging lawn mower needing repaired. Training was over budget with \$423.79 spent to pay for the public works employees to become licensed pesticide applicators so that future applications can be done with town personnel.

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. \$498.00 of expenditures has occurred by the end of 2014.

Capital Expenditures

A new utility trailer was purchased for use in water, sewer, garbage, street and parks projects so \$527.89 is current expense's portion of the capital expenditure. The total amount to purchase the trailer is spread between all the previously mentioned accounts as a capital expenditure. Also \$295.94 has been spent on a water fountain for the park which will be installed spring of 2015.

Interfund Transfers

A total of \$2,000 was transferred to the Equipment Capital Projects fund for future funding of capital projects. \$1,000 was transferred to the Police Capital Project fund for future police department expenses. \$3,000 was transferred to the Fire Capital Projects fund for future fire department capital expenditures. \$1,300 was transferred from the Current Expense fund to the Current Expense Reserve fund.

Other Expenditures Intergovernmental Payments

This fund represents the law enforcement contract with the City of Palouse. A 3-year contract renewed from 2014-2017 was approved in October of 2013. A monthly rate of \$5,951.65 will continue throughout 2014. Currently the line item is at 100% of its budget.

CURRENT EXPENSE (CE) RESERVE 002

Revenues

\$1,300 was transferred from the Current Expense fund into the Current Expense Reserve fund.

Expenditures

No expenditures to date have occurred.

STREET FUND 101

Revenues

Property Taxes

This line item represents the voter approved special levy for streets and is at \$41,703.34 which is 97.9% of the 2014 budgeted line item and represents prior year taxes. The majority of property taxes are received in April and November, following the March and October tax statements.

State Generated Revenues

Motor Vehicle Fuel Taxes came in at \$12,273.52 or 122.7% of this budgeted line item amount of \$10,000.

Misc. Revenues

Interest for the year totaled \$200.62. The Association of Washington Cities granted the town \$2,000 to help improve the safety of the town. The town decided to use \$1,000 of the grant to trim the extremely overgrown trees on 6th and California streets so branches would not fall on passing cars or pedestrians. The other \$1,000 was used to purchase street patch to fix a few of the major pot holes around town.

Interfund Transfer

No interfund transfers were received from the Street Reserve Fund.

Expenditures

The general operations of the Street fund ended at 93.6% of the annual budget projected for the year with most lines items at or below their budgeted figure. The Streets Operate Rental and Leases account line item is at 113.3% but is a one time expense to rent the grader from Palouse to grade the roads in Garfield. A couple line items went over their project budgets; Personnel Benefits ended at 108.5%, General Repair and Maintenance 137.1% and Street Lights at 109.8%.

Street Professional Services (BIAS) and Street Insurance are both paid in January for the full year to reflect the full annual costs and came in at 189.1% and 99% respectively for their annual budgeted line items. Also the costs to have an engineering company prepare the Six Year Street Plan and submit a proposal to the Transportation Improvement Board were paid from the Street Pro Services Fund. The capital expenditure of \$527.87 represents the purchase of the new utility trailer for the public works department.

There was an Interfund Transfer of \$2,000 to the Street Reserve fund.

STREET RESERVE FUND 102

Revenues

Investment interest today is at \$156.32. An Interfund Transfer was received from the Street fund in the amount of \$2,000.

Expenditures

There have been no expenditures to date.

CAPITAL FACILITIES PROJECT FUND 304

Per council direction, at the end of 2012 this fund was reclassified as 304 Capital Facilities Project Fund by Ordinance No. 426N.

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. 4th quarter receipts totaled \$0.0. \$136.21 in interest was received.

Expenditures

No expenditures have occurred to date.

FIRE EQUIPMENT RESERVE 310

POLICE EQUIPMENT RESERVE 311

EQUIPMENT RESERVE 312

Per council direction, at the end of 2012 these funds were reclassified as Capital Projects Funds and renumbered 310, 311 and 312 respectively, by Ordinance No. 426N.

Revenues

The major revenues for these funds are Interfund Transfers from Current Expense. There was \$2,248.05 transferred by the 2nd quarter of 2014 from Current Expense to roll the unused portion of

the 2013 fire department budget into 2014. \$751.95 was moved from Current Expense to the Fire Capitals Projects fund in the final quarter of 2014. Effective with Resolution 2013-02 interest earnings for these funds are deposited directly into each of these funds respectively. Investment interest collected so far in 2014 is \$87.30 for fund 310, \$91.99 for fund 311, and \$176.51 for fund 312.

The Fire Capital Project fund received \$3,000 from an interfund transfer from Current Expense, the Police Capital Project fund received \$1,000 from and interfund transfer from Current Expense and the Equipment Capital fund received a \$2,000 interfund transfer from Current Expense. Besides interest earned and interfund transfers no other revenues were received in these funds.

Expenditures

No expenditures have occurred to date.

WATER FUND 401

This fund comprises all three utilities – water, sewer and garbage (including recycling.) Fund 401 expenditures were amended through the approval of Ord. 444 on October 22, 2014.

Revenues

By council action, a portion of the utility payments for water, sewer and garbage are 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 Interfund Transfers Utilities Reserve and Utilities Equipment Reserve. Water receipts are at \$91,282.79 roughly 101.4% of its budget; sewer receipts are \$125,652.14 roughly 98.9% of its budget; garbage receipts are \$96,509.31 roughly 99.5% of its budget; and late fees totaled \$5,043.58 for 2014. Interest is at \$173.95, 289.9% of its budget. Sales from recyclables totaled \$1,693.44 in 2014. A total of \$27,000.00 was transferred from the Utility Reserve Fund and the Utility Equipment Reserve Fund to 401 to cover large expenses that were made throughout the year at the sewer plant and additional costs associated with the retro-fit of the new garbage truck, which is both part of the 401 fund. An additional \$30,000 was transferred from the Utilities Reserve fund to cover additional costs with the waste water treatment plant throughout the year; this transfer was approved per council direction with Ord. 444. One new water connection has been paid for and will be installed late fall or early spring for the customer. One sewer connection was paid for and installed in 2014.

Expenditures

Total water expenditures ended at 90.8% of budget after budget amendment Ord. 444 was approved by council. A few line items were over the 100% figure and include; Water Personnel Benefits, Water Professional Services, Water Taxes and Assessments due to increased purchases for the WWTP in parts and labor necessary to meet Department of Ecology standards, Water Public Works Personnel Benefits, Water Fuel, and Water Utilities.

Total sewer expenditures ended at 96% after budget amendment Ord. 444 was approved by council. Several line items were over the 100% figure and include; Personnel Benefits, Sewer Professional Services, Sewer Taxes and Assessments, Sewer Public Works Personnel Benefits, Sewer General Maintenance and Repair, Sewer and Waste Water Treatment Plant Operating Utilities, Sewer Training and Insurance. Major repairs have occurred at the WWTP throughout 2014. The bio-cell was repaired for a total cost of \$12,096.07. Multiple pumps have been replaced or repaired through Strom Electric totaling \$10,061.01. The contact chamber was required to be pumped out and the contents removed from the facility for a total of \$2,587.20. A Budget Amendment was approved through Ordinance 444-N on October 22, 2014 to help cover some of the additional costs that were unforeseen for the sewer plant. In total repairs that were not budgeted for in 2014 but were completed to satisfy the Dept. of Ecology's correction plan is estimated at \$52,345.00.

Sewer Training is higher than anticipated due to having two employees currently training for their WWTP operator I license. Sewer Operating Supplies is slightly higher than anticipated since additional products were needed to make the plant run smoothly and meet regulations. Sewer Professional Services is also higher than anticipated due to the necessity of having an engineer plan and guide the town in necessary repairs at the WWTP, the cost associated with engineering fees in 2014 is \$8,388.85. Also the town had to hire a contract operator as an oversight for the WWTP until the Public Works Superintendant can get the necessary credentials to operate the plant. Total expenditures through 2014 were \$4,460.00.

Total garbage expenditures are at 104.1% at the end of 2014. A few line items were over the 100% figure and include; Personnel Benefits, Office and Operating Supplies, Professional Services, Garbage Taxes and Assessments, Personnel Benefits, Garbage Permits at 313.7% due to the licensing and taxes paid for the new garbage truck, Garbage Public Works Personnel Benefits, Garbage Fuel, Garbage Communications, Garbage Vehicle Maintenance and Repair, Garbage Training, and servicing of the compost pile at 861.8% since all compost material was hauled from our site to the county through contracted county transportation.

There were \$3,831.17 in capital expenditures which represents the purchase and licensing of the new Fox utility trailer for the Public Works Department.

Interfund Transfers included \$21,300.00 to pay the annual water loan payment from Fund 402, \$51,197.14 transferred to Fund 403 Sewer Loan Redemption to make the sewer loan payment. Funds transferred out from water, sewer, and garbage sales to Fund 410 Utility Reserve account total \$28,092.57. Funds transferred out from water, sewer and garbage sales to Fund 412 Utilities Equipment Reserve account total \$7,060.88.

WATER LOAN 402

This fund was established to repay the Public Works Board (Dept. of Health) loan for the water reservoir. The annual payment is paid in September. The revenue for this payment comes from an Interfund Transfer of \$21,300.00 from the Water Fund. A loan principal and interest payment of \$21,297.15 was paid in the third quarter of 2014. Interest was collected on the account in the amount of \$27.44 for 2014.

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 interfund transfers totaling \$51,197.14 from the Sewer Fund. The first loan payment of \$25,598.57 along with the corresponding interfund transfer from the Sewer Fund to cover that expenditure was made in March. The second installment of the payment was made in the third quarter in the amount of \$25,598.57.

UTILITIES RESERVE 410

Per council, a portion of water, sewer and garbage rates each month are designated for this reserve fund. Receipts to date total; \$28,092.57 plus \$481.82 in interest and represent 98.9% and 56.7% of their budgeted line items.

\$22,000.00 was transferred out to Fund 401 to help cover unexpected costs for the sewer plant repairs that were fixed throughout 2014. An additional \$30,000.00 was transferred to carry over into 2015 so the beginning balance was high enough to make all first quarter expenditures without needing a budget amendment.

UTILITIES EQUIPMENT RESERVE 412

Per council, a portion of water, sewer and garbage rates each month are designated for this reserve fund. Receipts to date total \$7,060.88 plus \$332.69 in interest and represent 90.5% and 103.6% of their budgeted line items.

One capital expenditure of \$11,243.86 has occurred in 2014 to cover the additional costs necessary to repair and retrofit the new garbage truck to work with the Curotto Can. An Interfund Transfer of \$5,000.00 was transferred to Fund 401 to help cover additional expenses for the new garbage truck and retro-fit of the Curotto Can.

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. 2014 interest totaled \$266.98.

WATER DEPOSITS 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. To date they total \$1,640.05. Utility deposits received in 2014 totaled \$4,267.56.