

Town of Garfield
Preliminary Financial Summary Report Narrative
1st Quarter 2011

BUDGET AMENDMENTS

The 2011 Budget was adopted by Ordinance No. 395N December 15, 2010. The budget was amended by Ordinance No. 396N and Ordinance No. 398N increasing the appropriations to the Current Expense Reserve Fund, Capital Facilities Fund, Fire Equipment Reserve Fund and the Equipment Reserve Fund.

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property tax received for the 1st Quarter was \$770.64 which is 1.4%. This is always historically low for the first quarter since tax bills aren't mailed until the 2nd quarter with the bulk of payments received in the months of April and May and October and November.

Local sales tax received is at 30% of the \$19,000 budgeted, with receipts of \$5,706.34, showing a slightly higher return for the year than expected.

Criminal justice tax came in at \$1,734 or 30% of the projected budget.

Utility taxes for electricity, telephone, sewer and garbage were all slightly over the 25% 1st quarter projection. This is an improvement over the last two years when not all telephone companies were reporting and collecting utility taxes. Water utility tax came in at 21% of budget due to utility payments being credited to the water account last and the bulk of water payments during the summer and early fall.

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 \$252.

State Generated Revenues

State shared revenues mirror the overall state economic condition, with revenues to the town going up or down accordingly and directly tied to population. This category could see a slight drop off with a population change from 630 to the current early figure from the 2010 Census at 597. In addition City Assistance funding has been cut back even further. Although the budget line was reduced from \$22,000 in 2010 to \$18,000 in 2011, actual receipts could still be lower. Total 1st quarter receipts for state shared revenues are \$4,680.98 or 17.7% of projection. City Assistance is currently the only line item under budget at only 12.3% of its projection.

Misc. Revenues

Miscellaneous revenues are showing 58% of budget due to reimbursement from the Parks and Rec District for supplies purchased in 2010 but payment received in 2011. When the reimbursement is received in the same year that the expenditure was made the receipt goes against the expense line. However, when the reimbursement is received after the year closes when the expense was incurred; the monies are recognized as miscellaneous revenues. Overall this income category is very small with a projected total figure of \$1,305.

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

No interfund transfers occurred in the 1st Quarter.

Expenditures

Legislative and Executive

Insurance and election costs are over projected budgeted figures. The insurance line item of \$3,840.48 is 203.7% over the budgeted line item of \$1,885 as the payment reflects the annual payment to AWC for property/vehicle insurance and liability insurance and is based upon the risk factors by department and property/vehicles in that category. Working with AWC on the insurance risk, General Government and Sewer are the higher risks at 50% and 30% respectively for claims. The premium expenditure reflects this higher risk in these two categories. The election cost of \$900.16 represents the annual 2009 payment for voter registration not billed until 2011.

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.

Judicial

This line item is for the contract payment with Whitman County for court services. The payment is made semi-annually typically in July and December.

Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. Current expenditures are at 25% of budget. The insurance line of \$1,710.45 is at 90.7% of the budgeted figure of \$1,885.00 and excise tax of \$189.95 is at 42.2% of the \$450 budget line item. As noted above, the insurance payment is paid annually so the budget percentage appears higher earlier in the year.

Legal

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

General Government

This expenditure of \$311 represents the annual dues to the Association of Washington Cities. No other expenditures are billed to this department.

Fire

This category ended at 32.3% of the budget. The pension line item is at 120% of budget at \$720 but will be reduced with receipt of the rural fire district's share of pension costs. The electricity line item of \$439.69 is at 73.3% of the budget line. Again, as noted above the insurance lines appear higher due to the annual payments made up front in January.

Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. No payments were made to the inspector in the 1st quarter of 2011.

Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget ended at 16.2% of budget. Reimbursement from the Rural Fire District offsets the expenditures in this fund.

Other Environment Services

The only expenditure under this category is dog licenses which typically aren't purchased until the fall.

Planning & Community Development

No costs to date.

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. No costs to date. The 4th Quarter 2010 fee is scheduled for payment in the 2nd Quarter of 2011.

Park/Pool

This department is at 19.5% of its budget at the end of the 1st quarter.

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 at 10% of its budget.

Capital Expenditures

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 \$432.07 for the 1st Quarter.

Interfund Transfers

No interfund transfers have occurred to date.

Other Expenditures Intergovernmental Payments

This fund represents the law enforcement contract with the City of Palouse. A 3-year contract renewal from 2011-2013 was approved in November of 2010. A 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 to cover the years 2007 – 2009. This audit did not occur in 2010 but is currently underway and will include financials for the years 2007 – 2009 and accountability for the years 2007 – 2010. No interfund transfers have occurred to date.

Expenditures

No expenditures to date have occurred.

STREET FUND 101

Revenues

Property Taxes

In April 2010, the voters approved a special property tax levy of \$55,000 for collection in 2011. Property tax received for the 1st Quarter was \$740.39 which is 1.3%. This is always historically low for the first quarter since tax bills aren't mailed until the 2nd quarter with the bulk of payments received in the months of April and May and October and November.

State Generated Revenues

Motor Vehicle Fuel Tax

To date funds receipted are at \$3,113.73.

Interfund Transfer

No interfund transfers have occurred to date.

Expenditures

The general operations of the Street Funded ended at 18.1% of the annual budget projected for the year with most line items at or under the 25% mark. The insurance line is at 48.4% of the budget with the annual payment made in January.

STREET RESERVE FUND 102

Revenues

The investment interest projected for this fund is \$500. \$10.31 in interest was received, representing 2.1% of the budget. No other revenues were received.

Expenditures

The only budgeted expenditure is a transfer out to the Street Fund. No interfund transfers have occurred to date.

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 current budget is \$800 with \$38.36 received. In 2010 the budget was \$800 but receipts totaled \$1,640.14.

Expenditures

No expenditures have occurred to date.

FIRE EQUIPMENT RESERVE 110

POLICE EQUIPMENT RESERVE 111

EQUIPMENT RESERVE 112

Revenues

The major revenues for these funds are Interfund Transfers from Current Expense. There have been interfund transfers to date.

Expenditures

There have been no interfund transfers to date.

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 have yet been incurred.

WATER FUND 401

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

Revenues

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 Interfund Transfers Utilities Reserve and Utilities Equipment Reserve. Water sales are 19.5% of budget. Sewer sales are at 24.7% of budget. Garbage sales are at 24.6% of budget. The majority of water sales are during the summer and early fall corresponding to the lower 1st quarter revenues. The transfers in of \$1,433 from 410 and 412 represent WWTP repair engineering costs and the transfer in of \$8,363.45 represents retrofitting the garbage truck.

Expenditures

Total water expenditures ended at 21.4% of budget. A few line items are over the 25% figure and include Pro Services at \$485.92 (147.2% of the \$330 budget line item) for BIAS; Maintenance and Repair at \$625.45 (52.1% of the \$1,200 budget line item); lab fees at \$318 (35.3% of the \$900 budget line item) and insurance at \$3,366.57 (57.2% of the \$5,885 budget line item). Both the BIAS payment and the insurance payment are paid annually at the beginning of the year, so the expenditure shows high early in the year.

Total sewer expenditures ended at 31.7%. A few line items are over the 25% figure and include Pro Services at \$470.23 (142.5% of the \$330 budget line item) for BIAS; Maintenance and Repair at \$719.44 (36% of the \$2,000 budget line item); and insurance at \$8,567.77 (134.8% of the \$6,355 budget line item). Both the BIAS payment and the insurance payment are paid annually at the beginning of the year, so the expenditure shows high early in the year. As noted above, the insurance risk for General Government and Sewer are the higher risks at 50% and 30% respectively for claims. The premium expenditure reflects this higher risk in these two categories.

Total garbage expenditures are at 21.9% at the end of the 1st Quarter. A few line items are over the 25% figure and include Office Supplies at \$122.72 (40.9% of the \$300 budget line item); Pro Services at \$553.09 (167.6% of the \$330 budget line item) for BIAS; Utilities at \$776.33 (59.7% of the \$1,300 budget line item); and insurance at \$1,185.71 (71.9% of the \$1,650 budget line item). Both the BIAS payment and the insurance payment are paid annually at the beginning of the year, so the expenditure shows high early in the year.

Capital Expenditures included the \$576.09 from water, sewer and garbage for needed tools and equipment approved by council in late 2010. \$8,363.45 represents the cost to retrofit the garbage truck.

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 is typically 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 first payment of \$25,598.57 has been made. The revenue for this payment comes from two interfund transfers totaling \$51,197 from the Sewer Fund. The first interfund transfer of \$25,598.57 has been received.

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. Receipts to date total \$7,844.98. Transfers out total \$1,433 representing WWTP repair engineering costs (this same amount was also paid out of Utilities Equipment Reserve 412.)

UTILITIES EQUIPMENT RESERVE 412

Previous to 2009 this fund's revenues came from interest and Interfund 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.

Transfers out represent \$1,433 for WWTP repair engineering costs (this same amount was also paid out of Utilities Reserve (410), and \$8,363.45 for retrofitting of the garbage truck.

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. The 1st Quarter of 2011 interest is at \$22.24.

GARFIELD PDA 621

This fund has no revenues or expenditures for 2011. This fund was started when the town formed the Garfield Public Development Authority.

WATER DEPOSITS 433

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.