

Town of Garfield
Preliminary Financial Summary Report Narrative
1st Quarter 2012

BUDGET AMENDMENTS

The 2012 Budget was adopted by Ordinance No. 412N December 14, 2011. The budget was amended by Ordinance No. 418N increasing the appropriations to the Current Expense Fund, Current Expense Reserve Fund, Street Reserve Fund, Equipment Reserve Fund, Utilities Reserve Fund, and Utilities Equipment Reserve Fund.

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property tax received for the 1st Quarter was \$2,367.92 which is 4.4%. 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 41.9% of the \$19,000 budgeted, with receipts of \$7,962.75, showing a slightly higher return for the year than expected.

Criminal justice tax came in at \$2,718.34 or 54.4% of the projected budget.

Utility taxes for electricity, telephone, sewer and garbage were all slightly over the 25% 1st quarter projection. Water utility tax came in at 21.1% 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 for the 1st quarter total \$426.55.

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 to 2010 Census of 597. However, the bigger issue for this category relates to the cutbacks recently made at the state level, in an effort to balance the state budget. City Assistance was previously cut back and now has been cut back even further. Although the budgeted figure is down to \$15,000, this assistance is projected to be even less this year. With the recent actions taken on the State budget, Liquor Profits and Liquor Excise Tax both have been dramatically reduced. These changes will take effective the 3rd quarter of 2012, and the ultimate reduction is still unknown. Total 1st quarter receipts for state shared revenues are \$3,716.66 or 15.7% of projection. City Assistance is only at 12.1% of budget.

Misc. Revenues

Miscellaneous revenues are showing 71.1% of budget due to a \$500 donation from the Garfield Chamber for the purchase of community center tables. Overall this income category is very small with a projected total figure of \$1,205. The \$500 donation is offset by an expenditure of \$1,401.30.

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 (CPL) 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 \$3,833.57 is 99.8% of the budgeted line item and represents 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 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 29.8% of budget. Professional services reflect payments to BIAS accounting for the annual service agreement plus the upgrade from Version 5 to Version 6 at \$515.06. This cost is split between Current Expense, Street, Water, Sewer and Garbage. The insurance line of \$1,773.75 is at 103.6% of the budgeted figure of \$1,712.00. 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. The monthly retainer is paid the second council meeting each month for services rendered.

General Government

This expenditure of \$296 represents the annual dues to the Association of Washington Cities. No other expenditures are billed to this department.

Fire

This category ended at 28.6% of the budget. The pension line item is at 150% of budget at \$900 but will be reduced with receipt of the rural fire district's share of pension costs. 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. This entire category is at 11.3% of budget.

Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget ended at 18.2% 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.

Park/Pool

This department is at 16% 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 22.6% of its budget.

Capital Expenditures

The only expenditure in this category was the new Community Center tables at \$1,401.30, but was offset by the generous \$500 donation from the Garfield Chamber.

Interfund Transfers

This category is at 100% of budget and represents transfers out of Current Expense in reserve funds including current expense reserve, fire equipment, police equipment, and the equipment reserve fund.

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 \$5,749.98 will continue throughout 2012.

CURRENT EXPENSE (CE) RESERVE 002

Revenues

The \$17,500 interfund transfer is from the Current Expense 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. 2012 tax collections are received typically until April of each year with the majority of taxes paid in April and October.

State Generated Revenues

Motor Vehicle Fuel Tax

To date funds receipted are at \$2,846.47 or 28.5% of this budgeted line item amount.

Interfund Transfer

No interfund transfers have occurred to date.

Expenditures

The general operations of the Street Funded ended at 17.7% of the annual budget projected for the year with most line items at or under the 25% mark. As noted above in Current Expense, Professional Services and Insurance are higher than budgeted.

STREET RESERVE FUND 102

Revenues

The investment interest projected for this fund is \$50. \$9.45 in interest was received, representing 18.9% of the budget. No other revenues were received.

Expenditures

A capital expenditure of \$2,457.84 was spent for the purchase of a used Bobcat Mini-Ex. The total expenditure of \$30,722 was split between Street Reserve, Equipment Reserve, Utilities Reserve water, sewer and garbage and Utilities Equipment Reserve water, sewer and garbage. 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 \$207.90 received.

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. The budgeted 2012 interfund transfers have been completed.

Expenditures

A capital expenditure of \$3,072.30 was spent for the purchase of a used Bobcat Mini-Ex. The total expenditure of \$30,722 was split between Street Reserve, Equipment Reserve, Utilities Reserve water, sewer and garbage and Utilities Equipment Reserve water, sewer and garbage.

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

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 sales are 21.1% of budget. Sewer sales are at 25% of budget. Garbage sales are at 24.9% of budget. The majority of water sales are during the summer and early fall corresponding to the lower 1st quarter revenues. Sale of recyclable was \$1,139.78.

Expenditures

Total water expenditures ended at 23.5% of budget. A few line items are over the 25% figure and include Pro Services at \$947.25 (185% of the \$512 budget line item) for BIAS; Vehicle Maintenance and Repair at \$444.90 (89% of the \$500 budget line item); training at \$421 (210.5% of the \$200 budget line item) and insurance at \$3,223.98 (95.4% of the \$3,380 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, plus BIAS includes the update to Version 6 of the accounting software.

Total sewer expenditures ended at 33.2%. A few line items are over the 25% figure and include Pro Services at \$916.58 (183.3% of the \$500 budget line item) for BIAS; Fuel at \$192.57 (35% of the \$550 budget line item) WWTP Maintenance and Repair at \$2,175.50 (108.8% of the \$2,000 budget line item); Vehicle Repair at \$255.24 (127.6% of the \$200 budget line item); Training at \$162 (54% of the \$300 budget line item); and insurance at \$8,393.07 (98% of the \$8,568 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, plus the BIAS software upgrade. 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 23.6% at the end of the 1st Quarter. A few line items are over the 25% figure and include Pro Services at \$1,078.06 (151.8% of the \$710 budget line item) for BIAS; Utilities at \$574.71 (41.1% of the \$1,400 budget line item); and insurance at \$1,170.78 (98.4% of the \$1,190 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, plus the BIAS software upgrade.

No Capital Expenditures have occurred to date. The first-half 2012 sewer loan payment of \$25,598.57 was transferred to the sewer loan payment 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 is typically paid in September. The revenue for this payment comes from an Inter Fund Transfer of \$22,167 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

Per council, a portion of water, sewer and garbage rates each month are designated for this reserve fund. Receipts to date total \$7,839.95 plus \$506.57 in interest.

A capital expenditure of \$15,975.96 was spent for the purchase of a used Bobcat Mini-Ex. The total expenditure of \$30,722 was split between Street Reserve, Equipment Reserve, Utilities Reserve water, sewer and garbage (\$5,325.91 water and sewer and \$5,324.14 garbage) and Utilities Equipment Reserve water, sewer and garbage(\$3,072.30 each).

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 \$1,881.98 plus \$212.13 in interest.

A capital expenditure of \$9,216.90 was spent for the purchase of a used Bobcat Mini-Ex. The total expenditure of \$30,722 was split between Street Reserve, Equipment Reserve, Utilities Reserve water, sewer and garbage (\$5,325.91 water and sewer and \$5,324.14 garbage) and Utilities Equipment Reserve water, sewer and garbage(\$3,072.30 each).

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 2012 interest is at \$20.87.

GARFIELD PDA 621

This fund has no revenues or expenditures for 2012. This fund was started when the town formed the Garfield Public Development Authority.

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.