

**Town of Garfield  
Financial Summary Report Narrative  
2nd 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 2nd Quarter was \$24,425 which is 45% of budget. The majority of the tax payments are received in the months of April and May and October and November.

Local sales tax received is at 57% of the \$19,000 budget, with receipts of \$8,166, showing a slightly higher return for the year than expected.

Criminal justice tax came in at \$3,295 or 66% of the projected budget.

Utility taxes for electricity, telephone, sewer and garbage were all at 53% or higher for the 2<sup>nd</sup> quarter projection. Water utility tax came in at 46% 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. Entire funds collected in this category totaled \$433.

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. Total 2nd quarter receipts for state shared revenues are \$9,543 or 36% of projection. City Assistance is currently the only line item under budget at only 25.9% of its projection.

Misc. Revenues

Miscellaneous revenues are showing 74.5% 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 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 2<sup>nd</sup> 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 with no payment made to date. The payment is typically made semi-annually in July and December.

#### Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. Current expenditures are at 53% of budget. The insurance line of \$1,710.45 is at 90.7% of the budgeted figure of \$1,885.00. As noted above, the insurance payment is paid annually so the budget percentage appears higher earlier in the year. You will note an expenditure of \$3,553.11 for state audit fees. Total charges to date for the audit are at \$11,629.12. The audit covered a review of the financials for the years 2007 – 2009 and the accountability review for the years 2007 – 2010. The cost was shared 30% Current Expense, Water and Sewer and 10% Garbage. The audit is now complete and no further appreciable bills are expected.

#### Legal

This department covers the costs of the town's legal counsel and is at 50% of budget.

#### 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 55% of the budget. The electricity line item of \$858.79 is at 143% 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.

#### Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. Expenditures are at 31.6% of the 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.

Total costs are at \$84.08 which represents the poster printing charge for the town beautification contest sponsored by the Planning Commission.

### 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. The 4<sup>th</sup> Quarter 2010 assessment of \$39.42 was paid in the 2<sup>nd</sup> Quarter of 2011.

### Park/Pool

This department is at 53% of its budget at the end of the 2nd 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 30% of its budget.

### Capital Expenditures

The only expenditure to date is for needed tools and equipment for public works. Park's paid a portion of those costs at \$432.07.

### 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. Payments to date total \$33,990.00.

## **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 was recently completed. An interfund transfer is scheduled to occur in the 3<sup>rd</sup> Quarter.

### **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 2nd Quarter was \$22,499.79 at 41% of the budget.

#### State Generated Revenues/Miscellaneous Revenues

Motor Vehicle Fuel Tax to date is at \$6,181.82 or nearly 62% of budget. No TIB funds will be received until the 3<sup>rd</sup> quarter when the 2<sup>nd</sup> Street Overlay Project and the 3<sup>rd</sup> and 4<sup>th</sup> Street Chip Seal Project are done. The miscellaneous revenue of \$500 represents the sale of the old white Chevy pick up.

#### Interfund Transfer

No interfund transfers have occurred to date.

### **Expenditures**

The general operations of the Street Fund ended at 38% of the 2<sup>nd</sup> quarter budget projected for the year with most line items under the 50% mark.

### **STREET RESERVE FUND 102**

#### **Revenues**

The investment interest projected for this fund is \$500. \$20.53 in interest was received, representing 4.1% 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 \$849.90 received. In 2010 the budget was \$800 but receipts totaled \$1,640.14. For the first half of 2011, 5 homes sold in town. This is quite a remarkable feat and a really good sign.

#### **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 no 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**

Water sales are 42.6% of budget. Sewer sales are at 49.5% of budget. Garbage sales are at 49.8% of budget. 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 44% of budget. A few line items are over the 50% figure and include Pro Services at \$485.92 (147.2% of the \$330 budget line item) for BIAS; Audit Fees at \$3,553.11 (96.7% of the \$3,675 budget); Permits at \$640.50 (91.5% of the \$700 budget); and Maintenance and Repair at \$1,017 (84.8% of the \$1,200 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. The audit is now complete and no further appreciable bills are expected. The cost was shared 30% Current Expense, Water and Sewer and 10% Garbage.

Total sewer expenditures ended at 60.8%. A few line items are over the 50% figure and include Pro Services at \$470.23 (142.5% of the \$330 budget line item) for BIAS; Audit Fees at \$3,553.11 (96.7% of the \$3,675 budget); WWTP Fuel at \$1,761.82 (103% of the \$1,700 budget); WWTP Maintenance and Repair at \$1,481.83 (74.1% of the \$2,000 budget line item); General Maintenance and Repair at \$358.32 (\$71.7% of the \$500 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. See note above for audit costs. 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 47.7% at the end of the 2nd Quarter. A few line items are over the 50% figure and include Office Supplies at \$215.05 (71.7% of the \$300 budget line item); Pro Services at \$678.09 (205.5% of the \$330 budget line item) for BIAS and an employee medical exam; Audit Fees at \$1,184.37 (96.7% of the \$1,225 budget); Utilities at \$1,142.66 (87.9% 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. See note above for audit costs.

Capital Expenditures included the \$576.09 from water, sewer and garbage for needed tools and equipment approved by council in late 2010. The new roller carts totaled \$16,002 with enough ordered for extras and replacements. \$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 Interfund 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. A portion of water, sewer and garbage payments are designated for this reserve fund each month. Receipts to date total \$15,762. 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 2nd Quarter of 2011 interest is at \$44.33.

**WATER DEPOSITS 433**

This fund is for collecting water utility deposits and roller cart deposits (non-revenues). After 12 calendar months with no late payments, water deposits can be applied to the corresponding account or reimbursed to the water user directly. The roller car deposit is for an extra cart, beyond the one provided by the town. This deposit can be refunded if the cart is not damaged and the person decides they don't need a second cart. Expenditures (listed as non-expenditures) from this fund are for water deposit and roller cart deposit reimbursements.

**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.