

**Town of Garfield  
Financial Summary Report Narrative  
3rd Quarter 2010**

**BUDGET AMENDMENTS**

Two budget amendments were adopted in the 3<sup>rd</sup> Quarter by Ordinance Nos. 387N and 389N.

**CURRENT EXPENSE (CE) 001**

**Revenues**

Taxes

Property tax received is at 59.6% of the budget. The majority of property tax is received in May and November.

Local sales tax received is at 120% of the \$19,000 budgeted, with receipts of \$22,848 through September, showing a higher return for the year than expected.

Criminal justice tax received is at 91% of its budget.

Utility taxes for electricity, water, sewer and garbage are on target with the 2010 budget, ranging from 71% - 81%, while telephone is at 64%.

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. For example, 75% of the building permit fees collected are paid to the building inspector for his services, while roughly 50% of the concealed pistol license fees collected is paid to state agencies. To date building permit revenues are at 64.8% of the budget, while animal license fees are at 64.6% of the budget.

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 is at 76% (\$16,757.33) receipted to date. The final payment estimated for receipt in the 4<sup>th</sup> Quarter is \$2,640, bringing the year end total to \$19,397. \$22,000 was budgeted for this line item. The balance of the state shared revenue line items are right on target or above at 75% to 95% received to date. The Justice Assistance Grant (JAG) for the police department is finished with no additional receipts or expenditures to be made.

Misc. Revenues

Miscellaneous revenues are at 141.2% 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 earnings have been holding steady. 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 is \$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.

## Expenditures

### Legislative and Executive

The advertising line item under Legislative is significantly over the budget figure of \$600, coming in at \$1,827.16. The lines share of this represents the cost to advertising for the Public Works Superintendent position. There will still be some final costs under this category in the 4<sup>th</sup> Quarter.

The salaries and wages line items in these departments are significantly 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 one-time annual insurance payment is made in January so the insurance line item is at 100% of budget.

### Judicial

The year-to-date figure of \$1,137.15 represents the first half of the contract payment with Whitman County for court services.

### Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. The annual insurance and software payments are made in January so these line items are at basically 100% of budget. The entire category is at 61% of budget at the end of March.

### Legal

This department covers the costs of the town's legal counsel. His monthly retainer is paid the second council meeting each month for services rendered and is right at 75% for the 3rd quarter.

### 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

To date, this department is at 42.2% of the budget. The annual insurance payment is made in January. This line item reflects 100% of the budget but will balance out as the year progresses. Additionally the main payment to the Board of Volunteer Firefighters is made in January for the insurance and pension payment for the firefighters, reflecting higher expenditures early in the year. The town received \$330 reimbursed from the Rural Fire District for their portion of the pension costs.

### 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. The budget was at 62% by the end of September. Reimbursement from the Rural Fire District offsets the expenditures in this fund.

### Other Environment Services

There have been no expenditures to date from this fund for animal control. Generally dog tags for the following year are not purchased until the last quarter of the current year.

### 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.

#### 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 expenditure of \$79.48 represents the 4<sup>th</sup> Quarter 2009 and 1<sup>st</sup> Quarter 2010 payments.

#### Park

This fund is at 91% of its budget for 2010, predominately due to repair and maintenance expenditures.

#### 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 only at 41% 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 reimbursement for all JAG grant expenditures was received in the 2nd Quarter.

#### Interfund Transfers

Partial interfund transfers to the fire equipment fund (\$1,000) and current expense fund (\$9,000) have been made. The balance of these transfers from current expense to selective funds (equipment, police, fire, current expense reserve funds) is scheduled for the 4<sup>th</sup> Quarter.

#### 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 expires 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.

### **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 is scheduled for later this summer. This audit will cover the years of 2007 – 2009. 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 3<sup>rd</sup> Quarter. The balance of this interfund transfer is scheduled for the 4<sup>th</sup> quarter.

#### **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.

### **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 September 30<sup>th</sup>, \$30,099.95 has been received, representing 54% of the levy collection. The majority of property tax payments are received in May and November of each year.

#### State Generated Revenues

### Motor Vehicle Fuel Tax

To date, revenues are already over the projected budget of \$10,000 with receipts at \$10,067.

### 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. To date, \$5,000 from the Street Reserve Fund has been transferred.

### **Expenditures**

The current 3<sup>rd</sup> quarter expenditures are at 88.4% 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. In August the town purchased new streets signs from the Department of Corrections at a cost of \$2,035.81. 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 one-time annual insurance payment is made in January so the insurance line item is at 100% of budget. 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 \$1,831.09 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. The \$10,000 inter fund transfer-out to the Street Reserve Fund is not anticipated until the 4<sup>th</sup> Quarter this year.

### **STREET RESERVE FUND 102**

#### **Revenues**

The investment interest projected for this fund is \$500. To date, \$70.67 in interest has been received, representing 14% of the budget. There has been no transfer-in from 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. To date, \$5,000 from the Street Reserve Fund has been 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 could be closed with the balance of \$159.31 transferred to the Current Expense 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 2010 have already totaled \$971.90.

#### **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. These typically do not occur until November. However a \$1,000 transfer has been made from Current Expense into the Fire Equipment Reserve Fund. The Equipment Reserve Fund has received \$261 in chipper rental revenues.

**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. To date there have been no expenditures.

**WATER FUND 401**

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

**Revenues**

State Shared Revenues for the ARRA 2<sup>nd</sup> 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 utility payments to date are at 74.4% of the budget, right on target. With a council budget amendment in September, the transfer in from the Utilities Reserve Fund was increased by \$3,345 to cover a portion of the cost of the retiring Public Works Superintendent's vacation payout.

**Expenditures**

Total water expenditures were right at 81.1% for September 30th. Water Professional Services is at 99.2% of budget as this reflects the full annual payment to BIAS for accounting software maintenance. The one-time annual insurance payment is made in January so this line item is at 100% of budget. There are three line items significantly above 75% for the year. First Supplies- Meters and Fittings are up, due to the recent purchase of new meters and fittings to upgrade older meters and parts. Then Repair and Maintenance is 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 earlier this spring. Current Expense, Streets, Water, Sewer and Garbage equally shared in this cost. The Inter Fund Transfer of \$23,038 to the Water Loan Fund will transferred in September.

Total sewer expenditures as of September 30th were at 75.4%. As with the water, Professional Services and Insurance reflect the full annual payment and are at 100% of budget. The line items significantly above 75% for the year are Permit Fees, the increased permits costs with the Department of Ecology; WWTP Maintenance and Repair, reflecting a needed pump repair done by Strom Electric; Training for safety training attended by Dave and Perry and the WWTP Operator class attended by Perry Brown; and Professional Services 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 69.2% for September 30th. As with the water and sewer departments, Professional Services and Insurance reflect the full annual payment. The only line items significantly above 75% for the year is Communications and Garbage Maintenance and Repair.

Capital Expenditures to date include the \$2,759.20 for the 2<sup>nd</sup> Street waterline engineering. This cost is solely borne by the town. The next expenditure is the \$113,685.70 for the ARRA 2<sup>nd</sup> 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 \$4,193.11 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. The Capital Expenditure of \$433.11 Capital Expenditure-Sewer and Equipment represents the prorated cost of the Public Works Toshiba Lap for sewer and garbage.

As noted above, the Inter Fund Transfers to date reflect the transfers of \$23,038 to the Water Loan Fund and \$51,197 to the Sewer Loan Fund for the loan payments, and the monthly water, sewer and garbage utility payments to the Utilities Reserve Fund and the Utilities Equipment Reserve 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 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 \$47,949.90 is for the California and Main Street - B to D Street waterline replacement projects less the 5% retainage. With a council budget amendment in September, the transfer out from the Utilities Reserve Fund to Water was increased by \$3,345 to cover a portion of the cost of the retiring Public Works Superintendent's vacation payout.

#### **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 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. As of September 30th it was at 24.4% of its budgeted interest.

#### **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.