

**Town of Garfield  
Financial Summary Report Narrative  
3rd Quarter 2011**

**BUDGET AMENDMENTS**

The 2011 Budget was adopted by Ordinance No. 395N December 15, 2010. The budget was amended by Ordinance No. 396N, Ordinance No. 398N and Ordinance No. 402N increasing the appropriations to the Current Expense Reserve Fund, Street Fund, Street Reserve Fund, Capital Facilities Fund, Fire Equipment Reserve Fund, Equipment Reserve Fund, Water Fund, Utilities Reserve Fund and Utilities Equipment Reserve Fund.

**CURRENT EXPENSE (CE) 001**

**Revenues**

Taxes

Property tax received for the 3rd Quarter totaled \$25,213 which is 47% 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 84% of the \$19,000 budget, with receipts of \$15,897, showing a slightly higher return for the year than expected. However, the town recently received a notice from the Department of Revenue that there was a 3.8% overpayment in July. This overpayment will be deducted from the November 2011 sales tax distribution. It's still possible this line item will end with receipts over the budgeted figure of \$19,000.

Criminal justice tax came in at \$4,915 or 98% of the projected budget.

Utility taxes for electricity, telephone, sewer and garbage were all at 81% or higher for the 3rd Quarter projection. Water utility tax came in at 79% of budget due to utility payments being credited to the water account last.

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. The summer months showed some activity in building permits with receipts at \$1,095. Entire funds collected in this category totaled \$1,432.

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 3rd Quarter receipts for state shared revenues are \$14,741 or 56% of projection. City Assistance is currently the only line item under budget at only 44% of its projection.

Misc. Revenues

Miscellaneous revenues are showing 96% 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

The \$3,600 transfer-in from the Current Expense Reserve represents the Current Expense Fund's portion of the \$12,000 audit conducted this year.

### Expenditures

#### Legislative and Executive

Insurance and election costs are over projected budgeted figures. The insurance line item of \$3,840 is 204% 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 voter registration expense of \$2,160 represents the annual 2009 payment and 2010 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 but no bill has yet been received.

#### Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. Current expenditures are at 72% of budget. The insurance line of \$1,710 is at 91% of the budgeted figure of \$1,885. 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 \$3,600 for state audit fees. 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 at a cost of \$12,000.

#### Legal

This department covers the costs of the town's legal counsel and is at 75% 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 the 3<sup>rd</sup> Quarter at 69% of the budget. The electricity line item of \$973 is at 162% 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 59% 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 which represents the poster printing charge for the town beautification contest sponsored by the Planning Commission. The winner of this year's contest was Windy Tevlin.

### 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. This \$115 payment represents the 4<sup>th</sup> Quarter 2010, and 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2011 assessments.

### Park/Pool

This department is at 90% of its budget at the end of the 3rd 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 34% 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

All of the budgeted interfund transfers were made except the \$15,500 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 renewal from 2011-2013 was approved in November of 2010. A monthly rate of \$5,665 will continue throughout 2011. Payments to date total \$50,985. The other two expenditures represent payments to the Garfield PDA (\$2,000) for interim maintenance and the Garfield Park & Recreation District (\$5,125) for one-half the cost of the boiler replacement due to improper shut down in the fall of 2010.

## **CURRENT EXPENSE (CE) RESERVE 002**

### **Revenues**

Revenues for this fund originate from the Current Expense (CE) Fund. To date no interfund transfers have been made.

### **Expenditures**

The \$3,600 transfer out to Current Expense was to cover audit costs.

## **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 3rd Quarter was \$23,256 at 42% of the budget.

#### State Generated Revenues/Miscellaneous Revenues

Motor Vehicle Fuel Tax to date is at \$9,355 or nearly 93% of budget. TIB funds of \$5,165 have been received for engineering for the 2<sup>nd</sup> Street Overlay Project. No funds were received in the 3<sup>rd</sup> Quarter for the 3<sup>rd</sup> and 4<sup>th</sup> Street Chip Seal Projects. All of these projects have been completed. The

financial close out should occur in the 4<sup>th</sup> Quarter. The miscellaneous revenue of \$500 represents the sale of the old white Chevy pick up.

#### Interfund Transfer

No interfund transfers in have occurred to date.

#### **Expenditures**

The general operations of the Street Fund ended at 72% of the 3rd Quarter budget projected for the year. There are a few line items significantly over including street oiling and street signs with the purchase of the poles and hardware. Capital expenditures to date include \$720 for tools and \$6,515 for the TIB 2<sup>nd</sup> Street Overlay project. A \$9,000 transfer-out was made to the Street Reserve Fund.

#### **STREET RESERVE FUND 102**

##### **Revenues**

The investment interest projected for this fund is \$500. \$30.68 in interest was received, representing 6% of the budget. The \$9,000 transfer-in is from the Street Fund.

##### **Expenditures**

The only expenditure to date is \$2,600 under capital expenditures for the purchase of a used skid street. This \$26,000 purchase was shared 10% Street Reserve; 10% Equipment Reserve; 17% Utilities Reserve Water, 17% Utilities Sewer Reserve, 16% Utilities Reserve Garbage; and 10% Utilities Equipment Reserve Water, 10% Utilities Equipment Reserve Sewer and 10% Utilities Equipment Reserve Garbage.

#### **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 \$1,709 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, all of which were made in the 3<sup>rd</sup> Quarter.

##### **Expenditures**

There have been no expenditures for the Fire Equipment Reserve Fund or the Police Equipment Reserve Fund. The Equipment Reserve Fund expenditure of \$2,600 represents its 10% share of the used skid street purchase.

#### **PARK GAZEBO/BANDSTAND 113**

It was anticipated this entire budget would be spent when the gazebo was built by local community volunteer efforts but likely will not happen in 2011. 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 74% of budget. Sewer sales are at 76% of budget. Garbage sales are at 76% of budget. The transfer in of \$3,600 represents the audit costs from the Utilities Reserve-Water. The transfer in of \$10,626 represents the \$3,600 audit costs and \$7,025 in WWTP repairs from the Utilities Reserve-Sewer. The \$7,025 represents the WWTP repairs from the Utilities Equipment Reserve-Sewer. The transfer in of \$8,363 represents retrofitting the garbage truck from the Utilities Equipment Reserve-Garbage. The transfer in of \$15,200 represents the \$1,200 audits costs and \$14,000 garbage roller cart purchases from the Utilities Reserve-Garbage.

### **Expenditures**

Total water expenditures ended at 67% of budget. A few line items are over the 75% figure and include Pro Services at \$512 (155% of the \$330 budget line item) for BIAS; Audit Fees at \$3,600 (98% of the \$3,675 budget); Permits at \$640 (91.5% of the \$700 budget); Maintenance and Repair at \$2,458 (162% of the \$1,250 budget line item); and Lab Fees at \$1,278 (142% of the \$900 budget). 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 bills are expected. The cost was shared 30% Current Expense, Water and Sewer and 10% Garbage. There have been extra water tests that fall on a 3-year cycle.

Total sewer expenditures ended at 84%. A few line items are over the 75% figure and include Pro Services at \$496 (166% of the \$330 budget line item) for BIAS; Audit Fees at \$3,600 (98% of the \$3,675 budget); Permit Fees at \$1,274 (85% of the \$1,500 budget line item); WWTP Fuel at \$1,762 (103% of the \$1,700 budget); WWTP Maintenance and Repair at \$4,117 (205% of the \$2,000 budget line item); General Maintenance and Repair at \$643 (143% of the \$500 line item); Vehicle Maintenance and Repair of \$475 (237.5% of the \$200 line item) and insurance at \$8,568 (135% of the \$6,355 budget line item). 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 73% at the end of the 3rd Quarter. A few line items are over the 75% figure and include Office Supplies at \$370 (123% of the \$300 budget line item); Pro Services at \$704 (213% of the \$330 budget line item) for BIAS and an employee medical exam; Audit Fees at \$1,200 (98% of the \$1,225 budget); B&O Tax at \$3,771 (86% of the \$4,400 budget line item); Fuel at \$3,401 (83% of the \$4,100 budget); Communications at \$184 (92% of the \$200 line item); and Utilities at \$1,331 (102% of the \$1,300 budget line item). . See note above for audit costs.

Capital Expenditures included the \$576 from water, sewer and garbage for needed tools and equipment approved by council in late 2010. \$11,461 for upgrades to the WWTP plant. The new roller carts totaled \$16,002 with enough ordered for extras and replacements. \$8,363 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 \$22,601 was paid in September. The revenue for this payment comes from an Interfund Transfer 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. Both payments have been made. The revenue for this payment comes from two interfund transfers totaling \$51,197 from the Sewer Fund. The interfund transfers have 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. In addition in 2011, a \$3,840 transfer was made from 401 garbage fees combined reserve to 410, representing the one-time \$15 roller cart fee. Receipts to date total \$27,967 plus \$10,000 from the Sewer Loan Redemption fund not needed for the final payment.

The capital expenditures of \$13,000 represent the purchase of a used skid steer. Transfers out total \$29,427. \$3,600 represents the Water Reserve portion of the audit. The \$10,625 represents the Sewer Reserve portion at \$7,025 in WWTP upgrades and \$3,600.72 for the audit. The \$15,200 represents the Garbage Reserve portion at \$14,000 for new roller carts and \$1,200 for the audit.

### **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. To date these funds total \$5,762

The capital expenditures of \$8,300 represent the purchase of a used pipe cutter and skid steer. The skid steer purchase was shared 10% Street Reserve; 10% Equipment Reserve; 17% Utilities Reserve Water, 17% Utilities Sewer Reserve, 16% Utilities Reserve Garbage; and 10% Utilities Equipment Reserve Water, 10% Utilities Equipment Reserve Sewer and 10% Utilities Equipment Reserve Garbage.

Transfers out represent \$7,025 for WWTP upgrades (this same amount was also paid out of Utilities Reserve (410)), and \$8,363 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 3rd Quarter of 2011 interest is at \$66.19.

### **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 and currently total \$236.

### **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.