

Town of Garfield
Preliminary Financial Summary Report Narrative
3rd Quarter 2012

BUDGET AMENDMENTS

The 2012 Budget was adopted by Ordinance No. 412N December 14, 2011. The budget was amended by Ordinance No. 418N and 421N increasing the appropriations for the Current Expense Fund, Current Expense Reserve Fund, Street Reserve Fund, Street Reserve Fund, Capital Facilities Fund, Equipment Reserve Fund, Utilities Reserve Fund, and Utilities Equipment Reserve Fund.

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property tax received for the 3rd Quarter totaled \$34,657.37 which is 64.2%. The bulk of property taxes are received in the months of April and May and October and November.

Local sales tax received is at 115.1% of the \$19,000 budgeted, with receipts of \$21,865.99, showing a higher than expected return for the year.

Criminal justice tax is at \$6,775.32 or 135.5% of the projected budget.

Utility tax for electricity thus far is at 83.5% of the budget with receipts of \$19,200.54. Telephone utility tax (which includes cell phone service) received \$6,778.07 of its \$8,000 annual budget. Water, Sewer and Garbage are all at roughly 75% of the 2012 annual budgeted receipts with water at the lowest percentage or 72.5% of the \$6,000 budget.

Licenses/Permits

This entire category reflects a very minor portion of the total municipal budget. Receipts in this category include building permits, dogs licensed, and concealed pistol licenses. Building permits are higher than expected at \$1,834.55, largely in part due to several large shops being built and S&M Storage getting their permit for their 2nd 16-unit storage unit. Animal licenses are lower than expected but conditional use permits are higher. Concealed pistol licenses fees are at \$214.00.

State Generated Revenues

State shared revenues remain down with the slower economy and cutbacks made at the state level, in an effort to balance the state budget. Although budgeted at \$15,000, City Assistance will be very low this year. To date, only \$7,457.47 has been received. Liquor Profits and Liquor Excise Tax both will end for the second half of 2012 and the first half of 2013. Total 3rd quarter receipts for state shared revenues total \$15,677.06 or 66.4% of projection. City Assistance is only at 50.3% of budget.

Misc. Revenues

Miscellaneous revenues are showing 163.1% of budget due to a \$500 donation from the Garfield Chamber for the purchase of community center tables and \$644 for the park bandstand. 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 and the \$644 donation will be offset by current expense fund expenses of approximately \$3,000. The balance of the bandstand project is being paid for through the Park Gazebo/Bandstand Fund which will be closed once this project is complete.

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 3rd Quarter.

Expenditures

Legislative and Executive

The advertising costs of \$2,666.05 represent the costs earlier this summer for advertising the public works positions. Insurance costs are over projected three-quarter year 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. Publication fees are under budget coming in at 53.2% but most of the activity in this line item is at the end of the year with budget hearing notices and ordinance publications. Also the Election Costs line item of \$1,500 hasn't been billed for the August street levy election.

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, however we have not yet been billed this year.

Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. Current expenditures are at 74.7% of budget. Professional services reflect payments to BIAS accounting for the annual service agreement plus the upgrade from Version 5 to Version 6 at \$542.90 for 201.1% of the \$270 budget line. Personnel benefits are at \$5,054.57 or 79.7% of the budget line. The total cost upgrade is split between Current Expense, Street, Water, Sewer and Garbage. Postage is over budget at \$246.63 with \$100 budgeted. 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. Personnel benefits are slightly over the 75% as budgeted projected costs for labor and industries, unemployment, etc. can be difficult.

Legal

This department covers the costs of the town's legal counsel and is at 75% 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 is at 44.4% of the budget. 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 89.5% of budget with \$1,074.42 spent to date. As noted above, there have been some larger projects underway this summer which reflect accordingly in the contract payment to the building inspector.

Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget ended at 55.9% 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

\$555 was spent in this category for zoning maps prepared by Keltic Engineering.

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. Expenditures to date total \$65.42 for the 3rd and 4th quarter of 2011.

Park/Pool

This department is at 62.9% of its budget with total expenditures of \$5,682.01 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 40.6% of its budget.

Capital Expenditures

Expenditures in this category include \$258.46 for an Air Compressor with the balance of the purchase split between recycling, park, street, water, sewer and garbage, and the new Community Center tables at \$1,401.30, but were 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 and is at \$32,253.45 or 58.6% of budget. 2012 tax collections are received typically until April of each year with the majority of taxes paid in April and October.

State Generated Revenues

The TIB Overlay funds are for the 3rd Street project from California to Union. Receipts of \$55,136.79 represent the engineering for this project and all the construction work minus the ADA ramps to be redone and the 5% retainage. This is a much appreciated 100% grant from the Transportation Improvement Board with no match from the town. This same dollar figure is reflected under Roadway Engineering-Overlay and Roadway Construct-Overlay.

Motor Vehicle Fuel Taxes to date are at \$9,018.62 or 90.2% 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 60.2% of the annual budget projected for the year with most line items at or under the 75% mark except street oiling which came in at \$3,259.35. As noted above in Current Expense, Professional Services and Insurance are higher than budgeted. Under capital expenditures, you will note the matching expenditure of \$7,260 for overlay engineering and \$47,876.79 for construction equal to the TIB grant receipt to date. The other capital expenditure of \$2,414.46 for machinery and equipment represents the purchase of the used street roller at \$2,156 (split between Streets and Utilities Equipment Reserve Water and Sewer) plus \$258.46 for an Air Compressor with the balance of the purchase split between recycling, park, street, water, sewer and garbage.

STREET RESERVE FUND 102

Revenues

The investment interest projected for this fund is \$50. \$23.64 in interest was received, representing 47.3% 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 \$622.45 received. \$24.14 in interest has been 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 all been completed.

Expenditures

A capital expenditure of \$3,072.30 was spent in the Equipment Reserve Fund 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. Expenditures to date in this fund total \$1,907.94 and represent the incredible work of a highly dedicated group of civic-minded community volunteers. It is anticipated this entire budget will be spent when the bandstand/gazebo is completed. The total project cost is estimated at about \$7,000, with the balance of the cost to be paid out of the Current Expense Fund, as authorized by the town council.

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 approximately 72% of budget. Sewer sales are at approximately 73% of budget. And garbage sales are at 74% of budget. Sale of recyclables comes in at \$1,246.21 with \$71.15 for miscellaneous sewer revenue. There was a \$1,000 receipt for a new sewer hook up at the Methodist Church for the daycare. The \$39,000 Transfer-In from the Utilities Reserve Fund was completed.

Expenditures

Total water expenditures ended at 75.2% of budget. A few line items are over the 75% figure and include CT Personnel Benefits at \$1,710.01 (79.4% of the \$2,155 budget line item); Office Supplies at \$415.66 (83.1% of the \$500 budget line item); Pro Services at \$1,061.97 (207.4% of the \$512 budget line item) for BIAS; Postage at \$423.17 (90% of the \$470 budget line item); PW Personnel Benefits at \$5,073.83 (78.7% of the \$6,450 budget line item); Supplies – Meters & Fittings at \$4,638.27 (77.3% of the \$6,000 budget line item); Supplies – Pipe & Fittings at \$1,357.13 (135.7% of the \$1,000 budget line item); Fuel at \$1,013.77 (101.4% of the \$1,000 budget line item); Vehicle Maintenance and Repair at \$692.05 (138.4% of the \$500 budget line item); General Maintenance and Repair at \$1,195.19 (99.6% of the \$1,200 budget line item); training at \$625.50 (312.8% 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 75.9%. A few line items are over the 75% figure and include CT Personnel Benefits at \$1,710.01 (79.4% of the \$2,155 budget line item); Pro Services at \$987.42 (197.5% of the \$500 budget line item) for BIAS; Permit Fees at \$1,720.84 (114.7% of the \$1,500 budget line item); WWTP supplies at \$5,102.71 (102.1% of the \$5,000 budget line item); Fuel at \$547.03 (99.5% of the \$550 budget line item); WWTP Maintenance and Repair at \$4,765.81 (105.90% of the \$4,500 budget line item); General Maintenance and Repair at \$916.92 (183.4% of the \$500 budget line item); Vehicle Repair at \$342.85 (171.4% of the \$200 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 72.3% at the end of the 3rd Quarter. A few line items are over the 75% figure and include CT Personnel Benefits at \$1,642.92 (80.9% of the \$2,030 budget line item); Garbage Office Supplies at \$279.43 (93.1% of the \$300 budget line item); Pro Services at \$1,148.90 (161.8% of the \$710 budget line item) for BIAS; Utility and B&O Taxes at \$3,514.31 (79.9% of the \$4,400 budget line item); Training at \$69.80 (100% over as no amount budgeted); PW Personnel Benefits at \$9,160.87 (76.5% of the \$11,970 budget line item); Recycle Bags at \$285.33 (95.1% of the \$300 budget line item); Fuel at \$3,541.23 (82.4% of the \$4,300 budget line item); Utilities at \$1,199.65 (85.7% of the \$1,400 budget line item); Contracted Services-Compost Pile at \$1,778.70 (98.8% of the \$1,800 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.

In some cases, as with permit fees, line items are over the 75% mark due to when fees are due. Personnel benefits are slightly over the 75% as budgeted projected costs for labor and industries, unemployment, etc. can be difficult. The fuel line items are also over the 75% mark reflecting the general increase in fuel and diesel. Although up earlier in year and again back down slightly, it does vary.

Capital Expenditures totaled \$4,062.44 at 26.2% of the \$15,500 budget. \$791.10 was spent from recycling and \$258.46 from garbage and \$258.46 each from water, sewer and garbage for an Air Compressor split between recycling, park, street, water, sewer and garbage; and \$2,425.50 for a steam washer for the WWTP.

The interfund transfers for the Water Loan and Sewer Loan have all been completed.

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 paid in September. The revenue for this payment comes from an Inter Fund Transfer of \$22,167 from the Water Fund. The loan payment and interfund transfer for this fund was completed in September. There will be no other activity in this fund in 2012.

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 completed. The revenue for this payment comes from two interfund transfers totaling \$51,197 from the Sewer Fund. Both interfund transfers have been done. There will be no more activity in this fund in 2012.

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 \$21,780.74 plus \$1,136.01 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).

The \$39,000 Transfer-Out to the Water Fund was completed.

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 \$5,369.07 plus \$463.99 in interest.

Capital Expenditures total \$13,528.90. 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). A capital expenditure of \$4,312 was made for the purchase of the used street roller. This total purchase of \$6,468 was split \$2,156 between Streets and Utilities Equipment Reserve Water and Sewer.

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 2012 interest is at \$54.27

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.