

**Town of Garfield  
Financial Summary Report Narrative  
3rd Quarter 2014**

**BUDGET AMENDMENTS**

The 2014 Budget was adopted by Ordinance No. 442N December 19, 2013 and amended by Ordinance 444N on October 22,2014.

**CURRENT EXPENSE (CE) 001**

**Revenues**

Taxes

Property tax received through the 3<sup>rd</sup> Quarter totaled \$38,570.49 which is 67.7% of the 2014 budgeted line item and represents prior year taxes. The majority of property taxes are received in April and November, following the March and October tax statements.

Local sales tax received is at 78.9% of the \$25,000 budgeted, with receipts of \$19,725.98 to date. Please note these funds appear in two lines, 313.11.00.00 and 313.11.00.01 as the account code as changed to 313.11.00.00.

Criminal justice tax is at \$6,305.76 or 87.6% of the projected budget.

Utility tax is right on target ranging from 66.2% for telephone to 85.5% for electricity for the third quarter. Effective April 1, 2013 the utility tax for telephone service will be 6%, reflecting the original intent of the council at the time utility taxes were implemented.

Licenses/Permits

This entire category reflects a very minor portion of the total municipal budget. Receipts in this category include; building permits, dog licenses, and concealed pistol licenses. There were 11 building permits issued in the first three quarters totaling \$1,492.10. Animal licenses are at 85.4% of the budget with a total of 36 dog licenses issued by the end of the third quarter. 1 conditional use application has been filed and processed for the first three quarters of 2014. Concealed pistol licenses are at \$257.00 or 257% of the budgeted line item.

State Generated Revenues

City Assistance received was \$11,826.57 with a total budget of \$10,400.00. Criminal justice monies came in approximately 77.8% to 84.5% of the budgeted figures. \$3,966.45 in Liquor Control Board Profits was received by the 3<sup>rd</sup> quarter or 99.2% of the \$4,000 budgeted line item.

Misc. Revenues

Miscellaneous revenues came in at \$1,045.68. This represents a very small portion of current expense and includes copies, investment interest (\$474.98), sales tax interest and miscellaneous receipts.

Non Revenues

Non-revenues represent monies that the town simply collects and passes onto 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

There were no interfund transfers in the 3<sup>rd</sup> quarter of 2014.

**Expenditures**

Legislative and Executive

These departments ended at 82% and 0% of their projected budgets. The insurance line item is at 99.2% of its budgeted line at \$3,966.42 as the insurance total annual premium is paid in the first month of the year. Also voter registration costs are at 95.8% of the budgeted line item. These are the voting costs paid in 2014 for the 2013 elections.

#### Judicial

This line item is for the contract payment with Whitman County for court services and has an established per capita fee. No payment has been made in 2014.

#### Finance

For the third quarter of 2014 this department is at 74.9% of its budget and represents ½ of the clerk-treasurer's expenses plus any financial costs. Travel expenses to attend meetings were \$195.26 or 97.6% of the budgeted \$200.00. Also the education and meetings line item is over budget with \$845.50 spent of the budgeted \$500.00. As noted above, the insurance premium paid in total in the first month of the year, shows this line item at 96% of budget. Financial Pro Services covers the accounting software service agreement for the year and is paid once a year in January.

#### Legal

This department covers the costs of the town's legal counsel and is at 75% of budget.

#### General Government

This expenditure of \$110.00 represents the annual dues to the Association of Washington Cities. No other expenditures are billed to this department.

#### Fire

This category ended the third quarter at 50.7% of the budget. Starting with the 2<sup>nd</sup> quarter of 2013, the town entered into an interlocal agreement with the Whitman County Rural Fire District #3 via Resolution 2013-05 to form a Joint Fire Protection Board (JFB). Fire expenditures will be split 40% town / 60% fire district with the town reimbursing the JFB for the expenditures. Three line items are over budget; property and liability insurance is at 96.9% but is only paid once in the calendar year, firefighter personnel benefits is at 102% and again only paid once a year, equipment maintenance and repair is at 450.8% which is due to some necessary work that was needing to be completed on one of the fire trucks.

#### Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. 11 permits have been issued through the 3<sup>rd</sup> quarter of 2014. The town pays the building inspector \$20.00 a month for reimbursement of telephone expenses, which totals \$200.00 so far this year.

#### Communications/Alarms/Dispatch

Police, fire telephone and fire siren expenses are paid from this department. The budget ended at 71.1% of its projected budget.

#### Other Environment Services

The only expenditure under this category is for dog licenses which are not purchased until the 4<sup>th</sup> quarter of the year.

#### Planning & Community Development

To date, there have been no expenditures in this department.

#### 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. There has been \$38.28 spent in this department.

### Park/Pool

This department finished at 78% of its budget with total expenditures of \$10,738.12 at the end of the third 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. \$414.00 of expenditures has occurred by the third quarter of 2014.

### Capital Expenditures

A new utility trailer was purchased for use in water, sewer, garbage, street and parks projects so \$527.89 is current expense's portion of the capital expenditure. The total amount to purchase the trailer is spread between all the previously mentioned accounts as a capital expenditure. Also \$295.94 has been spent on a water fountain for the park which will be installed spring of 2015.

### Interfund Transfers

A total of \$2,248.05 was transferred to the fire department from money that was left over from the 2013 fire department budget.

### Other Expenditures Intergovernmental Payments

This fund represents the law enforcement contract with the City of Palouse. A 3-year contract renewal from 2014-2017 was approved in October of 2013. A monthly rate of \$5,951.65 will continue throughout 2014. Currently the line item is at 75% of its budget.

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

### **Revenues**

No revenues have been received to date.

### **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 \$36,178.52 which is 63.5% of the 2014 budgeted line item and represents prior year taxes. The majority of property taxes are received in April and November, following the March and October tax statements.

#### State Generated Revenues

Motor Vehicle Fuel Taxes came is at \$9,023.69 or 90.2% of this budgeted line item amount of \$10,000.

#### Misc. Revenues

Interest for the first 3 quarters totaled \$158.16.

#### Interfund Transfer

No interfund transfers were received from the Street Reserve Fund.

### **Expenditures**

The general operations of the Street Funded ended at 66.5% of the annual budget projected for the year with most lines items at or below their budgeted 75% figure. The Streets Operate Rental and Leases account line item is at 113.3% but is a one time expense to rent the grader from Palouse to

grade the roads in Garfield. Street Professional Services (BIAS) and insurance are both paid in January for the full year to reflect the full annual costs and came in at 189.1% and 91.3% respectively for their annual budgeted line items. Also the costs to have an engineering company prepare the Six Year Street Plan and submit a proposal to the Transportation Improvement Plan were paid from the Street Pro Services Fund. The capital expenditure of \$527.87 represents the purchase of the new utility trailer for the public works department.

### **STREET RESERVE FUND 102**

#### **Revenues**

Investment interest today is at \$124.28. No other revenues have occurred.

#### **Expenditures**

There have been no expenditures to date.

### **CAPITAL FACILITIES PROJECT FUND 304**

Per council direction, at the end of 2012 this fund was reclassified as 304 Capital Facilities Project Fund by Ordinance No. 426N.

#### **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. 3<sup>rd</sup> quarter receipts totaled \$0.0. \$108.50 in interest was received.

#### **Expenditures**

No expenditures have occurred to date.

### **FIRE EQUIPMENT RESERVE 310**

### **POLICE EQUIPMENT RESERVE 311**

### **EQUIPMENT RESERVE 312**

Per council direction, at the end of 2012 these funds were reclassified as Capital Projects Funds and renumbered 310, 311 and 312 respectively, by Ordinance No. 426N.

#### **Revenues**

The major revenues for these funds are Interfund Transfers from Current Expense. There was \$2,248.05 transferred by the 2<sup>nd</sup> quarter of 2014 from Current Expense to roll the unused portion of the 2013 fire department budget into 2014. \$751.95 are still budgeted to move from Current Expense to the Fire Capitals Projects Fund. Effective with Resolution 2013-02 interest earnings for these funds are deposited directly into each of these funds respectively. Investment interest collected so far in 2014 is \$68.69 for fund 310, \$73.16 for fund 311, and \$140.36 for fund 312.

#### **Expenditures**

No expenditures have occurred to date.

### **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 receipts are at \$70,118.82, roughly 77.9% of its budget; sewer receipts are \$93,434.07, roughly 73.6% of its budget; garbage receipts are \$72,481.75, roughly 74.7% of its budget; and late fees totaled \$3,530.00 for the first three quarters.

Interest is at \$131.76, 219.6% of its budget. Sale from recyclables totaled \$87.80 in the first three quarters. Larger proceeds from recycling will be noticeable in the final quarter of 2014. A total of \$27,000.00 was transferred from the Utility Reserve Fund and the Utility Equipment Reserve Fund to 401 to cover large expenses that were made throughout the year at the sewer plant and additional costs associated with the retro-fit of the new garbage truck, which are both part of the 401 fund. One new water connection has been paid for and will be installed late fall or early spring for the customer.

### **Expenditures**

Total water expenditures ended at 67.6% of budget. A few line items were over the 75% figure and include; water personnel benefits, water professional services, water general repair and maintenance and water insurance which are paid in full the first quarter of the year. Water Taxes and Assessments is at 95.5% of it projected budget due to increased purchases for the WWTP in parts and labor necessary to meet Department of Ecology standards.

Total sewer expenditures ended at 74.5%. Several line items were over the 75% figure and include; personnel benefits, sewer supplies, sewer professional services, sewer permits (annual charge), sewer general maintenance and repair, sewer training and insurance that is paid once in the first quarter of 2014. Major repairs have occurred at the WWTP in the first two quarters of 2014. The bio-cell was repaired for a total cost of \$12,096.07. Multiple pumps have been replaced or repaired through Strom Electric totaling \$10,061.01. Our contact chamber was required to be pumped out and the contents removed from the facility for a total of \$2,587.20. A Budget Amendment was approved through Ordinance 444-N on October 22, 2014 to help cover some of the additional costs that were unforeseen for the sewer plant.

Sewer training is higher than anticipated due to having two employees currently training for their WWTP operator I license. Sewer operating supplies is slightly higher than anticipated since additional products were needed to make the plant run smoothly and meet regulations. Sewer Professional Services is also higher than anticipated due to the necessity of having an engineer plan and guide the town in necessary repairs at the WWTP, the cost associated with engineering fees in the first three quarters is \$6,628.85. Also the town had to hire a contract operator as an oversight for the WWTP until the Public Works Superintendent can get the necessary credentials to operate the plant. Total expenditures through the 3<sup>rd</sup> quarter for this service are \$3,060.00. Again Sewer Taxes and Assessments and Sewer Operating Supplies are at 96.8% and 73% respectively due to having to purchase the necessary parts, tools and additional contracted labor to operate the plant at a service level compliant with the Department of Ecology.

Total garbage expenditures are at 74.5% at the end of the 3rd quarter. A few line items were over the 75% figure and include office and operating supplies, professional services, garbage taxes and assessments, personnel benefits, operating supplies including \$752.84 for retrofitting the dumpsters and changing bins for the recycling collection to accommodate the new garbage truck, garbage small tools and equipment in the amount of \$3,574.05 for steel to retrofit the new and old dumpsters, garbage vehicle maintenance and repair totaling \$6,546.26 for repairs performed on both trucks. Professional Services (BIAS) and insurance are both paid in January for the full year to reflect the full annual costs. Also the Contracted Service Compost Pile is at 515.6% of the budgeted \$300.00. The compost pile has been hauled away more frequently through Whitman County Public Works. The current amount spent on hauling yard debris is \$1,546.83.

There were \$3,831.17 in capital expenditures which represents the purchase and licensing of the new Fox utility trailer for the Public Works Department.

Interfund Transfers included \$21,300.00 to pay the annual water loan payment from Fund 402, \$25,598.57 transferred to Fund 403 Sewer Loan Redemption to make the bi-annual sewer loan payment. Funds transferred out from water, sewer, and garbage sales to Fund 410 Utility Reserve

account total \$21,067.16. Funds transferred out from water, sewer and garbage sales to Fund 412 Utilities Equipment Reserve account total \$5,284.46.

#### **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 Interfund Transfer of \$22,167 from the Water Fund. A loan principal and interest payment of \$21,297.15 was paid in the third quarter of 2014.

#### **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 interfund transfers totaling \$51,197 from the Sewer Fund. The first loan payment of \$25,598.57 along with the corresponding interfund transfer from the Sewer Fund to cover that expenditure was made in March. The second installment of the payment was made in the third quarter in the amount of \$25,598.57.

#### **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; \$21,067.16 plus \$392.35 in interest and represent 74.2% and 46.2% of their budgeted line items.

\$22,000.00 was transferred out to Fund 401 to help cover unexpected costs for the sewer plant repairs that were fixed in the first three quarters of 2014.

#### **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 \$5,284.46 plus \$267.37 in interest and represent 67.7% and 83.3% of their budgeted line items.

No capital expenditures have occurred in the first three quarters of 2014. An Interfund Transfer of \$5,000.00 was transferred to Fund 401 to help cover additional expenses for the new garbage truck and retro-fit of the Curotto Can.

#### **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. 3<sup>rd</sup> Quarter of 2014 interest is at \$212.65.

#### **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. To date they total \$483.67.