



City of Napavine

407 Birch Ave SW P O Box 810 Napavine, WA 98565
Phone: (360) 262-3547 Fax: (360) 262-9199
Website: <http://cityofnapavine.com>

Mayor Nicholas W. Bozarth
Mary Todd, Clerk-Treasurer

Clerk-Treasurer's 3rd Quarter Financial Report

October 11, 2010

The budget amendment from Ordinance 472 has been implemented the best it can for a mid-year budget amendment. Technical support helped me set up the new fund accounts. Transfers from the Capital Improvement Fund 301 were made into the new funds, Parks Capital Improvement Fund 301, Street Capital Improvement Fund 302, Water Capital Improvement Fund 402, and Wastewater Capital Improvement Fund 408 of the fund balance effective August 31, 2010. The appropriations were posted to each fund as follows: Street Capital Improvement - \$15,317.37, Water Capital Improvement - \$220,523.03 and Wastewater Capital Improvement - \$364,306.05. This left a balance of \$39,147.14 for Parks Capital Improvement. During my posting of the appropriations I noticed that the expenditures already made in the Capital Improvement Fund were not taken into consideration. The city already spent \$6,351.29 for the arborvitae trees that were planted earlier this spring.

The water improvements spent from the Capital Improvement Fund consisted of \$500 earnest money to purchase the property and the retainage held back on the Well #6 project. The Well #6 project expended from the Water Fund exceeded the appropriated line item by \$10,728.16, which should have been posted to the Capital Improvement line item. A budget amendment will be necessary to make this transfer. The amount that was budgeted with Ordinance 472 was \$10,000.00.

This month the city spent \$1,720.19 toward the skate park project. I was advised that the expenditures cannot be moved to the new accounts; doing so would affect the 301 Fund Balance. My recommendation to the council is to defer any budget amendments of restructuring funds until the 2011 Budget.

Sales tax revenue is down by 8.44% as of September 2010. The projections for the remainder of the year are rather conservative based on the average the city has received so far this year. The anticipated shortfall in sales tax revenue is estimated at \$31,862.93. Licenses and Permits are anticipated to have a short fall in the amount of \$9,735.00 as a result of the slowdown in building permit applications.

State shared revenue in City Assistance is down from the projections during the 2010 Budget process due to the lower real estate excise tax revenue from home sales throughout the state. The total short fall in City Assistance revenue amounts to \$5,740.59. On a positive note the city received grant funds, which were not budgeted in the amount of \$12,220.19 in 2010. These funds were posted in the State Shared Revenues section of the budget. The city received \$9,999.00 in ARRA Funds (Police grant) which the grant period was from June 2009 through June 2010. The other grant fund was from traffic safety overtime programs, which was

reimbursement for police overtime. The city also received FEMA (flood disaster) funds in 2010, in the amount of 100.00.

The fire hydrant maintenance revenue was budgeted in the Water Fund, however state law requires the general fund bare the cost of maintaining the fire hydrants. Therefore, the general fund will receipt in the revenue for that purpose, which amounts to \$3,000.00. At the time of preparing the 2010 budget the city was not leasing out the old city hall, therefore the revenue from this line item helps with the shortfall in the general fund by \$5,500.00.

The city received \$42,468.29 in Rush Road Waterline Latecomer fees, which was not forecasted during the 2010 budget process. In 2009, the city receipted \$55,426.39 for latecomer fees. This revenue skews the overall picture of revenue for the General Fund. It is anticipated that the total amount the city has received, which equals \$97,894.68 is to be paid out as soon as the waterline is accepted and completes the process to turn over the waterline to the city. The city anticipates this expenditure to happen in October 2010. Once this payment is made, the General Fund balance will decline to \$20,838.81 and extreme caution will be necessary to ensure the fund balance does not become depleted.

While tracking the water and wastewater services revenue for 2010, it is apparent that consumers are conserving on their consumption, and revenues are not what were anticipated during the 2010 budget process. I am attaching spreadsheets for further detail. Water service revenue is at 60.64%, which consists of \$212,011.91 in revenue. By September the total revenue should be closer to 75% which amounts to \$262,237.50. This is about a \$50,000.00 shortfall in revenue in water service. Water and wastewater connections are considerably less than projected. To date the city has received 4 water connections and 4 wastewater connections. Wastewater service revenue is at 66.76% or \$388,731.24 in revenue, which at 75% should be \$436,725.45. This is about a \$47,990 shortfall in revenue in wastewater service. In December 2010, the city has the second annual payment towards the 12% regional wastewater plant in the amount of \$104,016.88. Currently the fund balance for wastewater is \$56,965.31. The October billing for wastewater services was \$93,485.35. If all billing is received, the city should have sufficient funds to meet the debt service. However, future expenditures will have to be watched carefully to ensure enough funds are available to meet this debt obligation.