

City of
Waitsburg
2011
Final
Budget

“ONE OF A KIND”

CITY OF WAITSBURG'S VISION FOR THE FUTURE

A Vital All-American Small Town

We want Waitsburg to continue to be a friendly small town where you know and care about your neighbors. Hometown values and quality schools should always contribute to the feeling that Waitsburg is a great place to raise a family. As our future unfolds, Waitsburg should continue to be a safe community. We seek controlled, slow growth that will enhance the vitality of our community, but not threaten those aspects of the community we treasure. We seek new jobs and income sources for our residents that will fit our clean, non-polluted community. We are proud of our unique charter system of government and are determined to maintain it in the future.

City of Waitsburg's Growth Management Comprehensive Plan
Adopted March 1998

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Mayor’s Transmittal—2011 City Budget Proposal

There have been many firsts in my new career as the Mayor of Waitsburg, and writing the 2011 City of Waitsburg budget has been one of my most challenging endeavors so far. This is especially true when I look around and see what our state and other local governments are facing in the upcoming year. I am, however, looking forward to 2011 as a year of opportunity for the City. Where other governmental entities are shedding jobs and can no longer offer basic services to their constituents, the City of Waitsburg is going to maintain its existing services at reasonable rates, including keeping our pool and library open, maintaining the streets, providing animal control and law enforcement, and ensuring the availability of clean water, sewer disposal and garbage removal. The City of Waitsburg is going to provide the services that are important to our citizens.

That being said, services require funding, and the Waitsburg City Council decided to vote in favor of a property tax increase and is looking to change the utility rate structure to meet revenue shortfalls in various funds for the new year. This was a difficult decision but one that the majority felt needed to be done. Without that tax increase, street maintenance would have had to be scaled back, and a reduction would allow our exceptional street system to deteriorate to the point where it would cost more to fix than it would to maintain it. The change in the utility structure is related to the base amount of water each user receives each month for a standard fee. The base rate of water is expected to be reduced from 800 cubic feet per month to 500 cubic feet per month, allowing the City to collect additional revenues that can be set aside as reserves for continued capital improvements to the City water and sewer infrastructure.

The 2011 budget was designed to achieve a fundamental goal: to provide the level of service the community expects while operating in a fiscally responsible manner, balancing revenues generated against controlled expenditures. Our 2011 budget conservatively achieves these goals.

With this budget, the City can move cautiously but confidently into the coming year.

Thank you. December 15, 2010

Walt Gobel
Mayor

City and other Local Officials

Mayor

Walt Gobel

Council Members

Marty Dunn
Orville Branson
Kevin House
Karl Newell
Scott Nettles

Treasurer

Randy Hinchliffe

Management Team

Public Works Director
Daniel C. Katsel

City Clerk/Administrative Assistant

Randy Hinchliffe

Fire Chief

Jim Callahan

Walla Walla County Sheriff

John Turner

Other Officials

Deputy City Clerk

Kelly Steinhoff

Maintenance Crew

James Lynch
Travis Newman
Jeff Hofer
Ryan Meier

Municipal Court Services

Walla Walla County
District Court

City Attorney

Kristian E. Hedine

Librarian

Susan Alexander

Librarian Assistant

City Health Official

Walla Walla County Health
Department

Building Official

Columbia County
Planning Department
Jeromy Phinney

Legislative District: 16

Senator: Mike Hewitt
Representatives: Terry Nealy &
Maureen Walsh

Congressional District: 5

U.S. Senators: Patty Murray & Maria
Cantwell
Representative:
Cathy McMorris

Walla Walla County Commissioner

District 2

Perry Dozier

BUDGET MESSAGE

Budgeting is the Art of Accomplishing the Goals and Priorities of the City Using the Limited Revenue Available to the City.

Budgeting is an essential element of the financial planning, control and evaluation processes of government. The process involves establishing goals and priorities, and determining the types and levels of services to be provided. Then a forecast of the revenues that will be available to the City in the future is made. That anticipated revenue must be allocated among various departments, programs, or functions in the most effective way to accomplish the goals and provide the services that were identified during the planning process. In recent years, it has been quite common that the revenues available are not adequate to accomplish all of City's goals and projects.

Currently the City of Waitsburg provides the following services and facilities:

- Law Enforcement
- Fire Protection
- Municipal Water System
- Municipal Sewer System
- Solid Waste Collection
- Street and Road Maintenance
- Library
- Parks
- Fairgrounds Facility
- City and Odd Fellows Cemeteries
- Swimming Pool
- Animal Control
- Flood Mitigation
- Economic/Community Development
- Planning and Zoning
- Building Inspection
- Emergency Preparedness
- Historic Preservation
- Stormwater Drainage Systems

Other projects and tasks that would benefit the City and should be continued or initiated during the 2011 fiscal year: (Not listed by priority)

- Continue small-diameter water/sewer main upgrade/replacement program
 - Includes replacement of low-flow fire hydrants for added fire protection
- Continue searching for funding sources to complete Coppei Flood Control Project
- Compliance with cross-connection control program
- Implementation of a sidewalk rehabilitation/installation program
- Library improvements, including expanding operating hours
- Public works equipment replacement inventory and replacement system
- Promotion of use of the City Fairground facilities for local events
- Pursue expansion of flood mitigation ground along Touchet River for citizen recreational use
- Building or purchase of a new equipment garage at the City Shop or nearby to house public works equipment
- Expand the playground equipment in Preston Park
- Implement a water reservoir dechlorination project
- Completion of comprehensive water and sewer system studies
- Investigate potential water and sewer facility upgrades
- Vegetation removal along City's levee system

The City's Budget and Accounting Systems are Organized on a Fund Basis

As required by state law, the City of Waitsburg's accounting and budgeting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities.

This is an important concept. It means that the City's budget is different from a household budget or even the budgets of most businesses. To put the fund concept in perspective, a fund to a local government is what a subsidiary corporation is to a business conglomerate. Like the subsidiary, the fund is independent. Each fund has its own purpose and is accounted for as a separate entity. Each fund must balance on its own. A shortfall in one fund cannot be offset by an excess in another fund.

State law requires that funds are budgeted on a cash basis.

The Budget Provides a Control Mechanism throughout the Year

Financial control and evaluation procedures typically focus on ensuring that fixed expenditure limitations (appropriations) are not exceeded, and on comparing estimated and actual revenues and expenditures.

The budget authorizes and provides control of financial operations during the fiscal year. Upon adoption, the expenditure estimates, as modified by the Council, are enacted into law through the passage of an appropriations ordinance.

The appropriations constitute maximum expenditure authorizations during the fiscal year and cannot legally be exceeded until subsequently amended by the Council. Expenditures are monitored through the accounting system to ensure budgetary compliance.

Budgeting is Planning

While typically thought of as a financial activity done to satisfy state law, budgeting is the process of planning. Fiscal planning involves all elements of government and should be considered one of the most important functions for City officials.

The processes of budgeting will not only allocate fiscal resources to meet needs and provide services, but will also set a direction for the future. The elements of good planning include identifying community needs, City resources, the capability to meet community needs, and a plan to match such resources to the needs.

The two primary and most important functions of a City Council are (1) to set goals and policies for the City and (2) adopt an annual budget for the City. Throughout the year, the City Council considers a variety of proposals and suggested goals and policies. What is important to remember is that there is a direct relation of the adopted goals and policies to the budget.

The primary functions of the City Council – budget and setting policy – are closely interrelated. The priorities and policies set by the Council direct where the City’s money will go. The policies adopted by a City Council are empty unless they are funded through the budget, and the most important policies should receive the first funding. Likewise, the budget is not just numbers to be shifted and juggled. The real consequence of the budget is a street that is paved or remains full of potholes; a public concern, such as emergency preparedness, that is addressed or not; and public services that are antiquated or safe and efficient.

The Budget is presented to reveal the Planning that Underlies Budget Development

Traditionally, budgets have been presented as rows of numbers aligned in several columns across numerous pages. Many communities now believe that this traditional presentation is unrepresentative, even misleading. Pages and pages of numbers tend to draw attention to the numbers themselves and away from the larger policies and goals of a community.

The two primary functions of a City Council are (1) to set goals and policies for the City and (2) adopt an annual budget for the City. The budget document should show the link between those functions – a street repaired, a leaking water main fixed, emergency preparedness, parks and cemeteries maintained, law enforcement and fire protection services provided, and the host of other services and facilities. The budget should show the goals and priorities of the Council. The

most important policies should receive the first funding, and the budget document should show that.

In short, the budget document is the link to the other primary function of the City Council, establishing goals and policies for the City; the budget is not presented only as pages full of numbers, but as projects to be accomplished or to be shelved for the future.

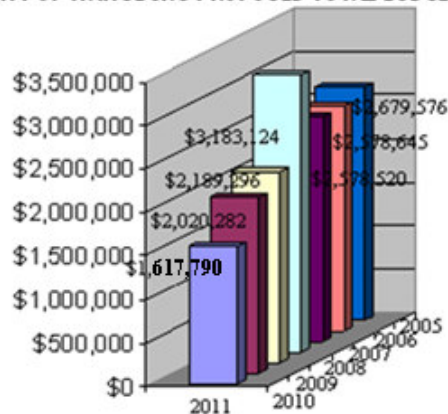
What the Budget has done: 2010 Accomplishments

- Maintained basic services for citizens – law enforcement, fire protection, ambulance, water system, sewer, garbage, park, cemetery, library, planning, building inspection, etc.
- Worked with Walla Walla County Sheriff's Office for continued police coverage
- Continued installation of the City's portion of backflow preventers in conjunction with state mandates on cross-connection programs
- Provided for the cleanup and repurposing of the Wait's Mill site
- Set aside contingency reserves in order to maintain fund balances
- Funded capital transfers and City debt obligations
- Funded animal control program
- Provided for continuing education and certification of City Council Members, and City Staff and Crew
- Provided for tourism promotion
- Funded the City Pool
- Provided funding for prescription delivery to the Waitsburg Clinic
- Lined roughly 1,500 feet of failing terracotta sewerline
- Lined roughly 350 feet of failing stormwater drainage line along Main Street
- Funded reconstruction design for W. 7th Street
- Funded flood mitigation project related to dike armoring at the Fairgrounds facility
- Continued the annual street maintenance program
- Helped organize and hold the Cycle Oregon bicycling event in the City of Waitsburg

What the Budget Can Do: 2011 Goals

- Maintain basic services for citizens – law enforcement, fire protection, ambulance, water system, sewer, garbage, park, cemetery, library, planning, building inspection, etc.
- Continue set aside for upgrading of undersized water lines, fire hydrants and lining of aging sewer lines
- Fund the Walla Walla County Sheriff’s Office for continued police coverage
- Make repairs to certain City streets as a part of continued repair and maintenance
- Continue to maintain the City of Waitsburg website
- Continue to fund additional public works staff
- Set aside contingency reserves in order to maintain fund balances
- Fund capital transfers and City debt obligations
- Provide for continuing education of Council Members, and City Staff and Crew
- Provide for tourism promotion
- Continued funding of a local Animal Control Officer/Program
- Fund City Pool
- City sidewalk replacement/rehabilitation program
- Fund the building of an equipment garage to house public works equipment
- Set aside funds for the development of comprehensive water and sewer system plans
- Mitigate potential flooding through levee clearing
- Fund additional library hours and staffing

CITY OF WAITSBURG PROPOSED TOTAL BUDGETS: 2011 to 2005

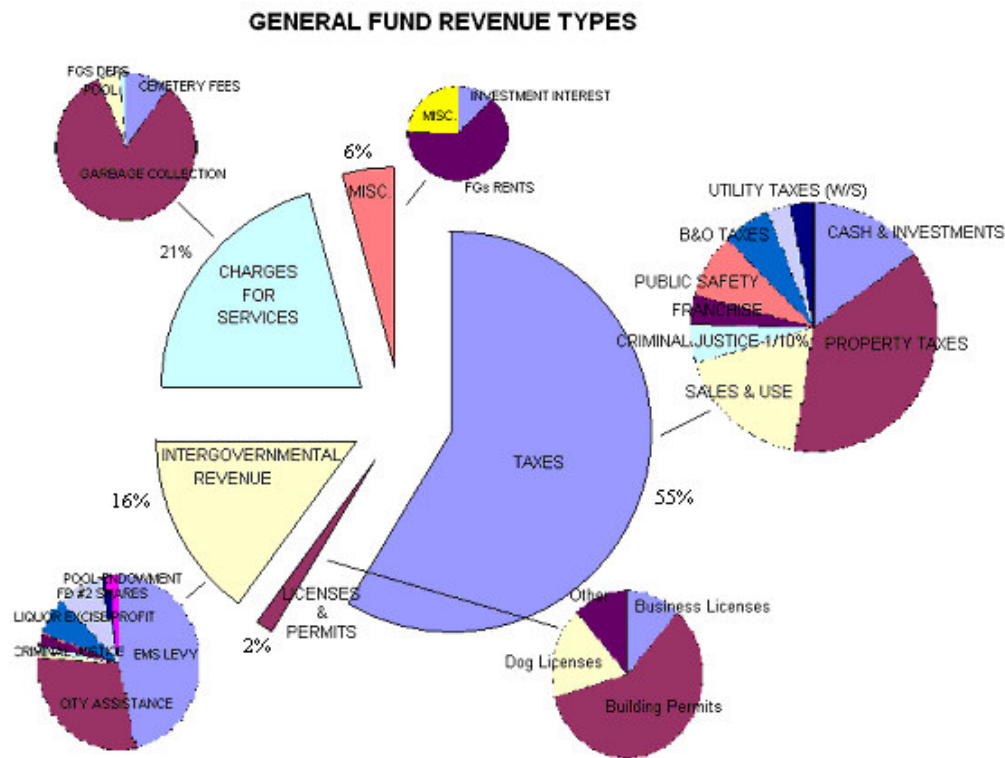


As the chart indicates, the City of Waitsburg’s total budget has been declining from a little over \$3,000,000 in 2008, when the City budgeted for improvements to its downtown corridor, to a little over \$1,600,000 in 2011. This reduction is due to higher costs associated with providing basic services, use of cash reserves for capital projects coupled and lower revenue receipts.

City Funds:

CURRENT EXPENSE – This is Fund No. 001 in the Budget.

What is paid from this Fund: The Current Expense Fund is the most active fund. It is the general purpose fund. This fund provides money for several different functions within the City, including Mayor/Council; Clerk/Treasurer; Police; Fire; Parks; Fairgrounds; Pool; Library and Cemeteries.



The above chart shows the percentage by taxes and cash revenue type for the City's General Fund.

Summary of Revenue Sources for this Fund: (Reference Notes & Comments)

Beginning Net Cash & Investments	\$60,000
Taxes	
Real & Personal Property Taxes	
Retail Sales & Use Tax	
Criminal Justice – 1/10 of 1%	
Franchise Fees	
Business & Occupation Tax	
Public Safety Tax	
Water and Sewer Utility Taxes	\$ 257,000

Licenses & Permits

Business Licenses	
Building Permits	
Dog Licenses	
Misc. Licenses/Permits	\$ 9,750

Intergovernmental Revenue

Special EMS Tax Assessment	
Criminal Justice Funding	
City Assistance	
Liquor Board Profits	
Liquor Excise Taxes	
Friends of the Pool Endowment	
FD#2 Retirement Shares	\$ 92,950

Charges for Services

Cemetery Fees	
Garbage Collection	
Swimming Pool	\$ 122,750

Fines & Forfeits

Municipal Court Fines	\$ 75
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Misc. Revenue

Investment Interest	
Rents	
Misc. Revenue	\$ 35,955

<u>Total Revenues</u>	\$ 578,480
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Notes & Comments

Beginning Net Cash & Investments – Each fund throughout the budget has an ending cash balance to be carried over to the next fiscal year. Beginning Net Cash and Investments is the anticipated amount that is expected to carry over from the current year. This balance should never be zero. At a minimum, sound fiscal management requires that there be at least an unreserved cash balance at the end of each year. The City established a policy of no less than 10% being kept in reserves to meet unanticipated expenses. This provides a cushion for the uncertainties of the budget process and for emergencies. Also, there are often unexpended funds that had been designed for a specific purpose but, for whatever reason, were not spent. Thus, the total carryover from one year to the next is a combination of unreserved cash plus the unexpended portion of various individual plans and projects.

Real & Personal Property Taxes are a tax based on the assessed value of all property subject to taxation. Each year the Council sets a tax levy amount, which is determined by taking the City required tax levy and dividing that number by the assessed valuation of all real and personal

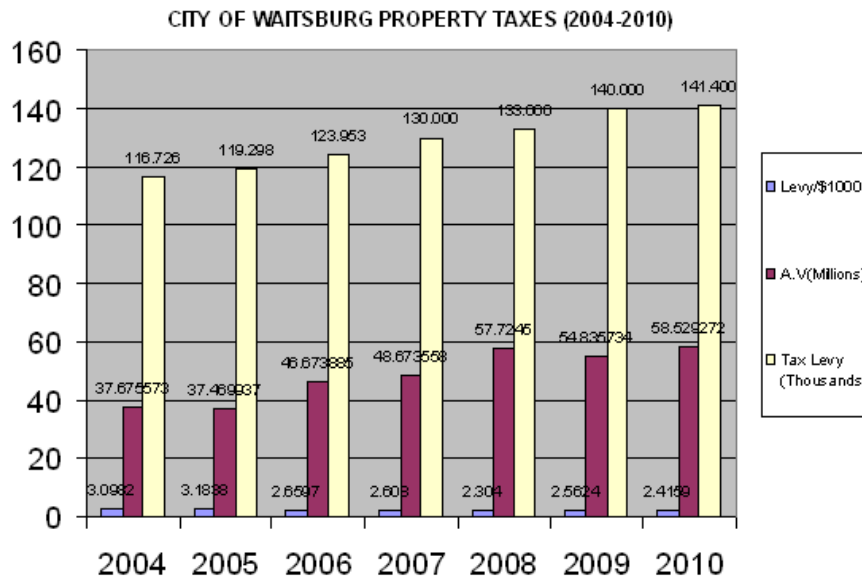
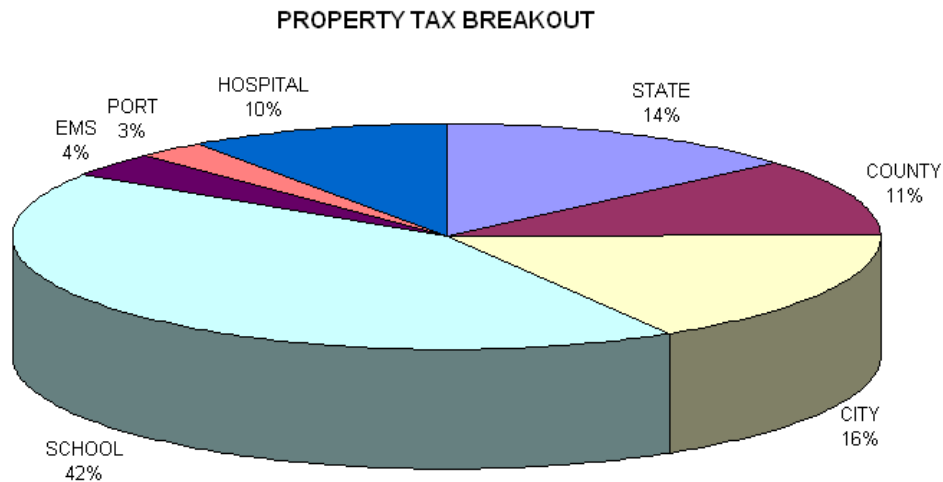
property within the City's Taxing District; resulting in the corresponding tax levy per thousand dollars of assessed valuation as indicated by the following example:

$$\text{2011 Tax Levy } (\$141,400) / \text{Total Assessed Value of the City's Taxing District } (\$58,529,272) = \text{Tax Levy per thousand dollars assessed valuation } (\$2.4159/\$1,000 \text{ a.v.})$$

The tax levy increase for 2011 is an increase of 1% over the prior year with 86% of levy staying the general fund and 14% going to the City Street and Road Fund. Total tax expected to be collected includes new construction assessments, changes in state assessed values.

The Walla Walla County Treasurer acts as the City's agent to collect property taxes levied in the County for all taxing authorities. Taxes are due in two equal installments on April 30 and October 31. Collections are remitted to the City in month following collections by the County Treasurer to the appropriate taxing district by the County Treasurer.

Property taxes are shared by multiple agencies. The majority of tax dollars received by Walla Walla County based on evaluations within the City of Waitsburg are used for school district funding.



The City by law to \$3.375 per

is permitted levy up to \$1,000 of

Chart represents actual year assessment numbers which are collected in the current year. Example: tax year 2010 is assessed and collected in 2011.

assessed valuation for general government services. By state initiative, property tax is currently capped at a 1% increase plus the value of any annexations, new construction and changes in state assessed values. For several years, the City's net effective tax rate has decreased because the higher assessed valuation from growth and property appreciation has spread the tax over a broader base, resulting in a lower rate. For 2010 tax year, the total assessed value was assessed higher, resulting in a decrease to the City's property tax rate for 2011, which is estimated at around \$2.42 in property tax for every thousand dollars of assessed valuation.

Special EMS Tax Assessment is a portion of taxes received from Walla Walla County for Emergency Medical Services; which is then passed onto the Waitsburg Ambulance.

Retail Sales & Use Tax is monies collected by the Department of Revenue from local retailers for sales & use taxes. As the following chart indicates, the City of Waitsburg Receives 16.875 cents of every dollar spent in the City of Waitsburg, with the remainder going to the State and Walla Walla County. Projected revenue from sales tax is estimated at \$72,000 for 2011.

**BREAK OUT OF CITY OF WAITSBURG SALES TAX DOLLARS
(Cents/Dollar)**



County: City of Waitsburg: State:
1.875 Cents 16.875 Cents 81.25 Cents

Public Safety Tax is monies collected by the Department of Revenue from 3/10ths of one percent increase in local sales tax and is included in the above amount.

Business & Occupation Taxes are a utility charge on all telephone and electric businesses conducted within the City. The amount is 6% of gross income generated by the business within the City limits. This is a tax on the business, not the customer. However, the Washington Utilities and Transportation Commission does allow businesses to take into consideration taxes paid in establishing rates.

Similar to B&O Taxes, the City for 2011 plans to impose roughly a 1% utility tax on gross sales of its own utility. These monies are transferred out monthly from the Water and Sewer Fund by the City Treasurer into the General Fund.

The Department of Revenue, through Engrossed Substitute Senate Bill 6050, changed the distribution of proceeds from the State Real Estate Excise Tax so that some of it goes to City-County Assistance and is distributed quarterly to all state and county governments. Due to

downturns in the economy, especially real estate markets, the City's portion is expected to be lower than prior-year amounts which have tended to be closer to \$45,000. Waitsburg's share for 2011 is expected to be around \$27,500.

Criminal Justice funding is grant funding used to assist local governments with funding to meet rising criminal justice needs. The grant funding is provided by the State's General Fund. The grant amount is established by CTED and is distributed quarterly.

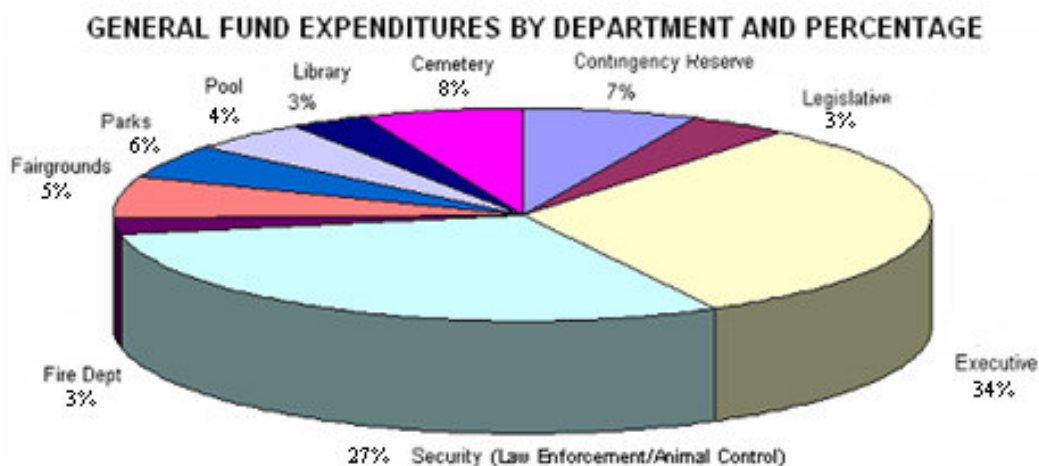
Liquor Excise Taxes are a tax distributed per capita from a tax on liquor sales. By statute, 2% of the allocation is redistributed, as prescribed by law, to the County to be used on alcoholism treatment programs.

Liquor Board Profits are monies residing in the State Liquor Revolving Fund. 40% of the total distribution to cities is ratable on the basis of population. 2% of the City's allocation, by statute, is redistributed to the County to be used for alcoholism treatment programs.

Fire District 2 Retirement Shares are the member's (firefighter's) portion of State Volunteer Firefighter's Retirement Fund. The City receives the member's share and reimburses the firefighter's pension fund accordingly.

Miscellaneous revenues in the general fund include fairground facility and other property rents, investment interest on the City Cemetery and Library Endowments, transfers in from Water and Sewer related to 16% of late penalties on utility payments for solid waste collection and other licenses and permits such as variances, fence permits, etc.

Investment Interest is a rate of return that the City receives on investments. City Clerk/Treasurer Randy Hinchliffe advises that interest rates are at historically low levels; and interest revenue projections for all funds are based on a 1/2 to 1% return rate. With the current market conditions, the returns for 2011 are expected to be similar in profit as 2010. The City of Waitsburg mainly invests in short term Certificates of Deposit totaling less than \$200,000 of its total cash and investments.

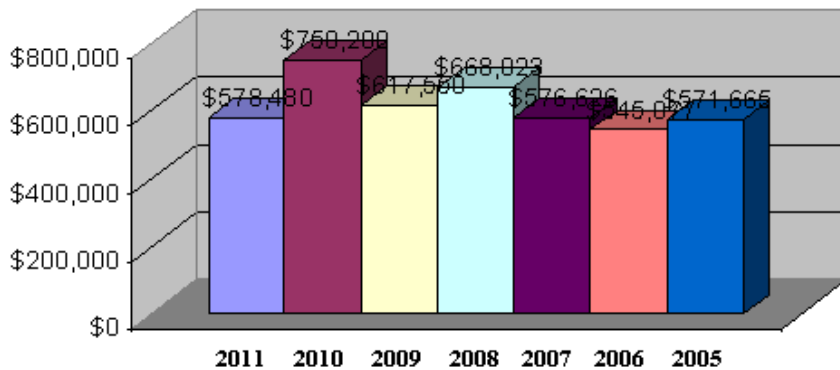


Summary of Programs be financed by the General Fund in 2011:

<u>Programs</u>	
Contingency Reserve	\$ 40,000
General Governmental Services (Legislative/Executive)	\$216,735
Security (Law Enforcement/Animal Control)	\$157,100
Fire Department	\$ 16,400
Fairgrounds Facility	\$ 29,896
Park Facilities	\$ 34,420
Swimming Pool Facility	\$ 24,913
Weller Public Library	\$ 14,905
City and Odd Fellows Cemeteries	\$ 44,111
Total Program Expenditures	\$578,480
Total Estimated Revenues	\$578,480
Total Estimated Expenditures	\$578,480
Balanced	



**GENERAL FUND BUDGET TREND
2011-2005**



CITY STREET AND ROAD – This is Fund No. 102 in the Budget.

What is paid from this Fund: The City Street and Road Fund is used for maintenance and repairs of all City streets and arterials located within the City limits. It also pays for street lighting costs.

Revenue Sources for this Fund: (Reference Notes & Comments)

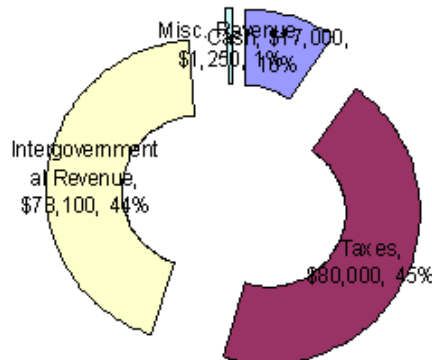
Beginning Net Cash & Investments	\$ 17,000
Taxes	
Real & Personal Property Taxes	
Franchise Taxes	
Interest on Delinquent Taxes	\$ 80,000
Intergovernmental Revenue	
DOT Capital Grant	\$ 50,600
Motor Vehicle Fuel Taxes	\$ 27,500
Misc. Revenue	
Investment Interest	
Other	\$ 1,250
<u>Total Revenues</u>	\$176,350

Notes and Comments

Real and Personal Property Taxes for this fund are established in the same manner as the Current Expense Fund. 14% of the City Property Tax Levy is anticipated to be deposited into this fund for 2011.

The City collects a utility tax from the Pacific Power Corporation. See comments in prior section regarding utility B & O taxes.

Motor Vehicle Fuel Taxes are taxes on motor vehicle fuels from the prior month’s collection that are to be used for the construction, improvements, and repairs of streets and roads. The monthly distribution is based on population ratio.



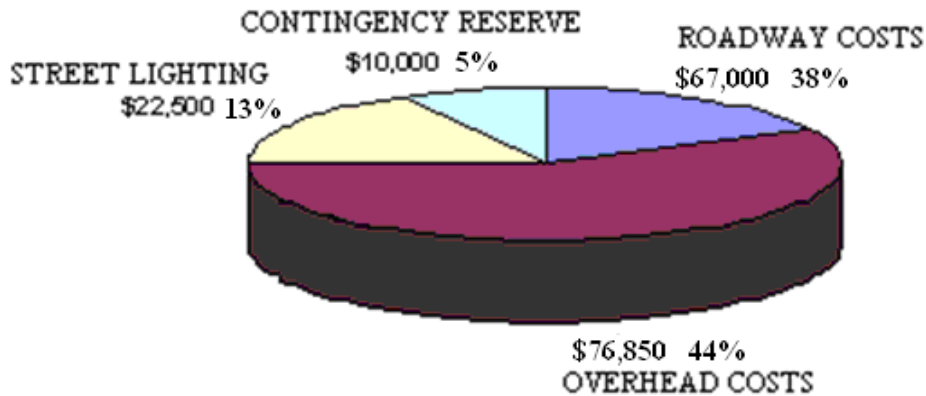
Summary of Programs Obligations to be Road Fund in 2011:

and Continuing Governmental financed by the City Street &

Programs

Contingency Reserve	\$ 10,000
Street & Road Preservation and Maint.	\$166,350
Total Expenditures	\$176,350
<hr/>	
Total Estimated Revenues	\$176,350
Total Estimated Expenditures	\$176,350
Balanced	
<hr/> <hr/>	

STREET AND ROAD EXPENDITURES BYTYPE



Notes and Comments

Considered to have best street system in Walla Walla County and surrounding area, the City of Waitsburg actively maintains its City street system through a series of crack and chip sealing, hot and cold patches, road reconstruction, gravel conversions and overlays. With 11 miles of road throughout Waitsburg, the City, contingent on yearly funding, budgets to do one of the above maintenance types at least a mile or so per year.

In 2010, the City of Waitsburg was awarded a grant from the Washington Department of Transportation for \$169,000 to help pay for costs associated with design work and sidewalk improvements for a future reconstruction project related to W. 7th Street; total design cost: \$75,000. Total remaining project cost: \$600,000.

PROMOTION – This is Fund No. 106 in the budget.

What is paid from this Fund: The Promotion Fund was established to help promote tourism within the City.

Revenue Sources for this Fund: (Reference Comments & Notes)

Beginning Net Cash & Investments	\$ 500
Taxes	
Motel/Hotel Transient	\$ 500
Misc. Revenue	
Investment Interest	\$ 10
<u>Total Revenues</u>	\$1,010

Comments & Notes

The Motel/Hotel Transient Tax is collected by the Department of Revenue from a tax on occupancy rates at local hotels and motels. The entire tax collected is paid to the originating municipality to be used for the purposes of visitor and convention promotion and development.

Program to be financed by the Promotion Fund in 2011:

<u>Programs</u>	
Tourism Promotion	\$1,010
Total Expenditures	\$1,010
<hr/>	
Total Estimated Revenues	\$1,010
Total Estimated Expenditures	\$1,010
Balanced	
<hr/> <hr/>	

MUNICIPAL CAPITAL IMPROVEMENT – This is Fund No. 107 in the budget.

What is paid from this Fund: The Municipal Capital Improvement Fund finances, depending on availability of funds, local improvements to City buildings and land as needed.

Revenue Sources for this Fund: (Reference Comments & Notes)

Beginning Net Cash & Investments	\$ 6,500
Taxes	
Real Estate Excise	\$ 10,000
Misc. Revenue	
Investment Interest	\$ 100
<u>Total Revenues</u>	\$ 16,600

Comments & Notes

Real Estate Excise Tax is the local portion (1/4 of 1%) of a tax that is collected upon the sale of real and personal property (land and/or structures) within Waitsburg. This tax is collected by the Walla Walla County Treasurer and distributed to the City monthly. Its main purpose is to help pay for facilities project and items outlined in the City Capital Facilities Plan.

Programs to be financed by the Municipal Capital Improvement Fund in 2011:

	<u>Programs</u>	
Capital Outlay for Facilities		\$ 16,600
Total Expenditures		\$ 16,600
<hr/>		
Total Estimated Revenues		\$ 16,600
Total Estimated Expenditures		\$ 16,600
	Balanced	
<hr/> <hr/>		

FIRE DEPARTMENT CAPITAL – This is Fund No. 110 in the budget.

What is paid from this Fund: The Fire Department Capital Fund reserves monies for capital improvements to the City’s portion of the fire department, foremost purchasing a new fire truck.

Revenue Sources for this Fund: (Reference Comments & Notes)

Beginning Net Cash & Investments	\$ 13,900
Misc. Revenue	
Investment Interest	\$ 100
<u>Total Revenues</u>	\$ 14,000

Comments & Notes

Allocated amounts are established annually by resolution. This fund historically has been supported by the Current Expense Fund at \$5,000 per year. Increased demands for other services along with declining revenues have all but eliminated the transfer out of the general fund. For 2011, should a grant application submitted by the fire department not be funded, the City intends to transfer all monies from the Fire Department Capital Fund to the General Fund to help pay for flood mitigation cost associated with vegetation clearing along the Touchet River Levee

Proposed programs to be financed by the Fire Department Capital Fund in 2011:

Capital Outlay (Reserved)	\$ 14,000
<u>Total Expenditures</u>	<u>\$ 14,000</u>
Total Estimated Revenues	\$ 14,000
Total Estimated Expenditures	\$ 14,000
Balanced	

COMMUNITY REVITALIZATION AND IMPROVEMENT – This is Fund No. 115 in the budget.

What is paid from this Fund: The Community Revitalization and Improvements Fund was created to help revive and improve the overall appearance of the City.

Revenue Sources for this Fund: (Reference Comments & Notes)

Beginning Net Cash & Investments	\$ 500
<u>Total Revenues</u>	\$ 500

Comments & Notes

In 2008, the City completed the first and second phases of the Downtown revitalization project at a cost of roughly \$583,000 with funding coming from two enhancement grants from the Washington State Department of Transportation (\$430,000), a grant from the Port of Walla Walla (\$100,000), a private donation (\$10,000) and the City of Waitsburg providing the remaining project funding. The remaining monies are earmarked for future bench installations.

Proposed programs to be financed by the Community Revitalization Fund in 2011:

Capital Outlay (Reserved)	\$ 500
<u>Total Expenditures</u>	\$ 500
Total Estimated Revenues	\$ 500
Total Estimated Expenditures	\$ 500
Balanced	

FLOUR MILL FUND – This is Fund No. 120 in the budget.

What is paid from this Fund: The Flour Mill Fund was established to help revive and restore the historic Wait’s Flour Mill.

Revenue Sources for this Fund (Reference Comments & Notes):

Beginning Net Cash & Investments	\$ 1,000
Misc. Revenue	
Investment Interest	\$ 100
<u>Total Revenues</u>	\$ 1,100

Comments & Notes

In 2009, the City, in conjunction with the Waitsburg Historical Society, applied for and was awarded \$139,000 through a Washington State Heritage Grant (\$75,000) and foundation grants from the Kinsman Foundation (\$27,000) and Sherwood Trust (\$37,000). The funds were earmarked for roofing renovations on the historic Mill. After starting roofing renovations, however, Wait’s Mill was destroyed by fire in September of 2009. Since then, the City had the site cleaned up and a conceptual plan completed for a facility that would commemorate the Mill and provide additional benefits to the region through a repurposing of the Sherwood Trust Grant.

Proposed programs to be financed by the Flour Mill Fund in 2011:

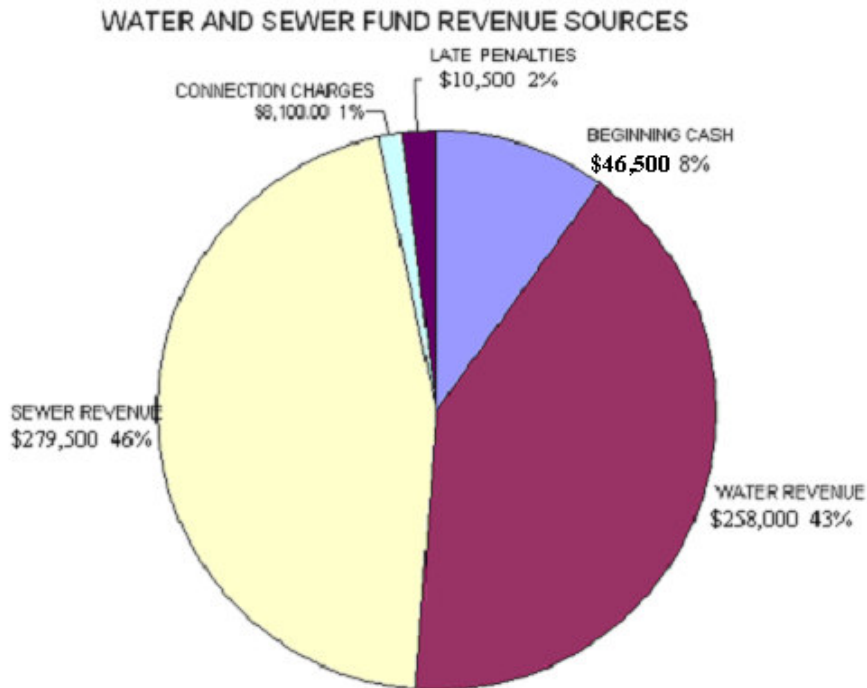
Capital Outlay (Reserved)	\$1,100
Total Expenditures	\$1,100
<hr/>	
Total Estimated Revenues	\$1,100
Total Estimated Expenditures	\$1,100
Balanced	
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WATER AND SEWER – This is Fund No. 401 in the budget.

What is paid from this Fund: The Water and Sewer Fund maintains our water system and sewer system.

Revenue Sources for this Fund (Reference Comments & Notes):

Beginning Net Cash & Investments	\$ 46,500
Charges for Services	
Water Sales	
Water System Connections	
Water Reconnection Fees	
Sewer Services	
Sewer System Connections	\$ 539,100
Misc. Revenue	
Investment Interest	
Miscellaneous	
Non-payment Penalties	\$ 17,000
<u>Total Revenues</u>	\$602,600



Summary of Programs and Continuing Governmental Obligations to be financed by the Water and Sewer Fund in 2011:

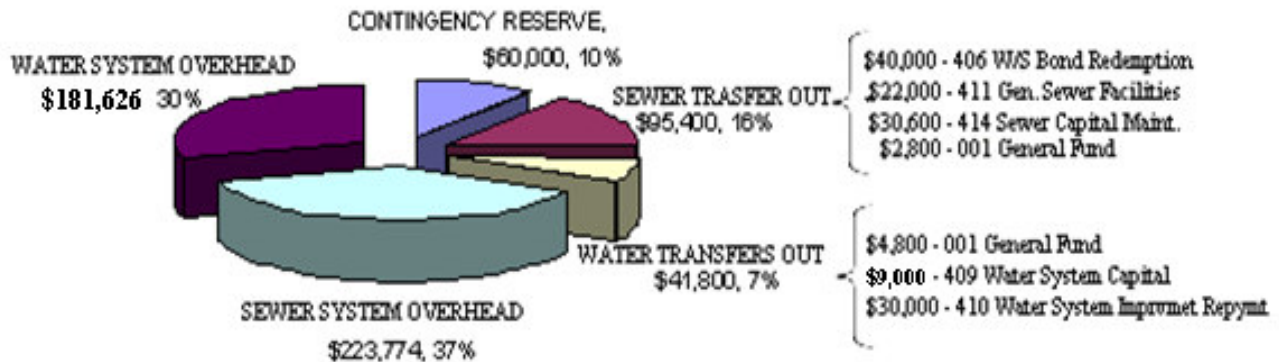
<u>Programs</u>	
Contingency Reserves	\$ 60,000
Water System Expenses	\$316,026
Sewer System Expenses	\$226,574
Total Water/Sewer Expenditures	\$602,600
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Total Estimated Revenues	\$602,600
Total Estimated Expenditures	\$602,600
Balanced	

Comments & Notes

The City’s water and sewer rates support all water and sewer related functions, including overhead costs, transfers out to capital funds, utility taxes, and water- and sewer-related debt service. In 2011, the water and sewer fund will transfer out to other funds \$139,200 with \$7,600 going to the general fund for late penalties (\$1,600) and utility taxes (\$6,000) as well as \$9,000 going to the Water System Capital Fund for reserve set asides for future infrastructure improvements. In addition, this fund will transfer out \$40,000 to the Water and Sewer Bond Redemption Fund as well as \$30,600 to the Sewer Capital Maintenance Fund and \$22,000 to the General Sewer Facilities Plan and Construction Fund and \$30,000 to Water System Improvement Repayment Fund for debt service obligations.

For additional information related to the City Water and Sewer System, see the City Capital Facilities Plan for 2011.

WATER AND SEWER FUND EXPENDITURE DISTRIBUTION



WATER AND SEWER BOND REDEMPTION FUND – This is Fund No. 406 in the budget.

What is paid from this Fund: The Water/Sewer Bond Redemption Fund has two functions: 1.) Accumulate resources to repay the 2002 Revenue Bond, and; 2.) Maintain a reserve balance totaling a one-year payment for the bond. The balance is a legal requirement intended to provide security in the event of unforeseen hardship.

Revenue Sources for this Fund (Reference Comments & Notes):

Beginning Net Cash & Investments	\$ 55,000
Intergovernmental Revenue	
Transfers In from Water/Sewer Fund	\$ 40,000
Misc. Revenue	
Investment Interest	\$ 500
<u>Total Revenues</u>	\$ 95,500

Debt obligations to be financed by the Redemption Fund in 2011:

Estimated Ending Reserve Balance	\$ 15,500
Bond Obligations-Principal	\$ 38,849
Bond Obligations-Interest	\$ 41,151
<u>Total Expenditures</u>	\$ 95,500
<hr/>	
Total Estimated Revenues	\$ 95,500
Total Estimated Expenditures	\$ 95,500
<u>Balanced</u>	

Comments & Notes

In 1997, the Department of Ecology required the City to seriously consider how they would upgrade or replace the failing treatment plant. The City applied for and was awarded a DOE grant to complete a General Sewer & Wastewater Facilities Plan that would evaluate their options. The City paid the 10% required local match, and the DOE granted the remaining 90%.

The final cost of the upgrade to the treatment plant was approximately \$3 million, which was financed through a combination of municipal bonds, grants, and low-interest, long-term loans. Due to a proactive debt reduction initiative by the City, the City has been able to retire large portions of loan and bond proceeds from the treatment plant upgrade, even paying additional principal on the revenue bond in order to pay it off early, saving citizens thousands of dollars in interest over the long term. Current debt balance associated with the treatment plant upgrade is \$1,302,372. Repayment of the revenue bond is financed through utility bills, with 14.50% of monthly sewer revenue being deposited into this fund.

WATER SYSTEM CAPITAL IMPROVEMENT – This is Fund No. 409 in the budget.

What is paid from this Fund: The Water System Capital Fund was established to finance painting and future paintings of the water tower, and other capital water system improvements.

Revenue Sources for this Fund (Reference Comments & Notes):

Beginning Net Cash & Investments	\$11,200
Intergovernmental Revenue	
Transfers In from Water/Sewer Fund	\$ 9,000
Misc. Revenue	
Investment Interest	\$ 250
<u>Total Revenues</u>	\$20,450

Programs and Continuing Governmental Obligations to be financed by the Water System Capital Improvement Fund in 2011:

<u>Programs</u>	
Estimated Ending Unreserved Balance	\$ 20,450
Total Expenditures	\$ 20,450
Total Estimated Revenues	\$ 20,450
Total Estimated Expenditures	\$ 20,450
Balanced	

Comments & Notes

Historically this fund is funded by the Water and Sewer Fund. In a normal year, a specific dollar amount of each utility bill, (\$7.81 for 2009) is transferred out of the Water and Sewer Fund into this fund.

There were no transfers in for 2010 due to debt service obligations for upgrades to the W. 4th Street Waterline. The City plans to transfer 3.50% (\$.96) of every utility user's base water rate payment into this fund for future capital needs.

WATER SYSTEM IMPROVEMENT REPAYMENT 2003 – This is Fund No. 410 in the budget.

What is paid from this Fund: This fund was established to repay the water system improvement debt related to Well Field upgrade.

Revenue Sources for this Fund:

Beginning Net Cash & Investments	\$ 4,000
Intergovernmental Revenue	
Transfers in from 401 Water/Sewer Fund	\$ 30,600
Misc. Revenue	
Investment Interest	\$ 500
<u>Total Revenues</u>	\$ 35,100

Debt obligations to be financed by the Water System Improvement Fund in 2011:

<u>Debt Obligations</u>	
Est. Ending Fund Balance	\$ 4,331
DWSRF Loan Principal	\$ 26,991
DWSRF Loan Interest	\$ 3,779
Total Expenditures	\$ 35,100
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Total Estimated Revenues	\$ 35,100
Total Estimated Expenditures	\$ 35,100
Balanced	
<hr/>	

Comments & Notes

Historically this fund is funded by the Water and Sewer Fund for debt service obligations. Every year a specific dollar amount per month of each utility bill, (roughly \$11.36 in 2010) is transferred out of the water and sewer fund into this fund. Transfers into this fund for 2011 are expected to be 12% (\$3.28) of water user's base rate for debt service obligations for City well field improvement loan.

For additional information related to the City Well Field and other water related items, see the City Capital Facilities Plan for 2011.

GENERAL SEWER FACILITIES PLANNING CONSTRUCTION – This is Fund No. 411 in the budget.

What is paid from this Fund: General Sewer Facilities Planning Construction Fund was established to manage the planning and construction phases of a new wastewater treatment plant and to fund future waste water related discharge expenses.

Revenue Sources for this Fund:

Beginning Net Cash & Investments	\$ 23,000
Misc. Revenue	
Transfers in from 401 Water/Sewer Fund	\$ 22,250
<u>Total Revenues</u>	\$ 45,250

Debt obligations to be financed by the General Sewer Facilities Planning and Construction Fund in 2011:

<u>Construction Obligations</u>	
Estimated Ending Reserve	\$ 250
PWTF Loan Obligations – Principal	\$ 42,222
PWTF Loan Obligations – Interest	\$ 2,778
<u>Total Expenditures</u>	\$ 45,250
<hr/>	
Total Estimated Revenues	\$ 45,250
Total Estimated Expenditures	\$ 45,250
Balanced	
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Comments & Notes

Historically this fund is funded by the Water and Sewer Fund for debt service obligations and other sewer/stormwater infrastructure related costs. In past years, 17% of monthly sewer revenue is transferred out of the water and sewer fund into this fund. For 2011, the City plans to transfer in \$3.25 (8%) of every user’s base sewer rate into this fund.

For additional information related to the City’s Sewer and Stormwater systems, see the City Capital Facilities Plan for 2011.

SEWER CAPITAL MAINTENANCE – This is Fund No. 414 in the budget.

What is paid from this Fund: A few years ago, the City experienced several unexpected capital expenses on the sewer system. To forego any future financial hardships, the City established the Sewer Capital Maintenance Fund.

Revenue Sources for this Fund:

Beginning Net Cash & Investments	\$ 00
Intergovernmental Revenue	
Portion of Sewer Revenue	\$30,600
Misc. Revenue	
Investment Interest	\$ 250
<u>Total Revenues</u>	\$30,850

Programs and Continuing Governmental Obligations to be financed by the Sewer Capital Maintenance Fund in 2011:

<u>Continuing Governmental Obligations</u>	
Estimated Unreserved Ending Balance	\$ 00
Debt Service	\$ 30,850
Total Expenditures	\$ 30,850
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Total Estimated Revenues	\$ 30,850
Total Estimated Expenditures	\$ 30,850
Balanced	
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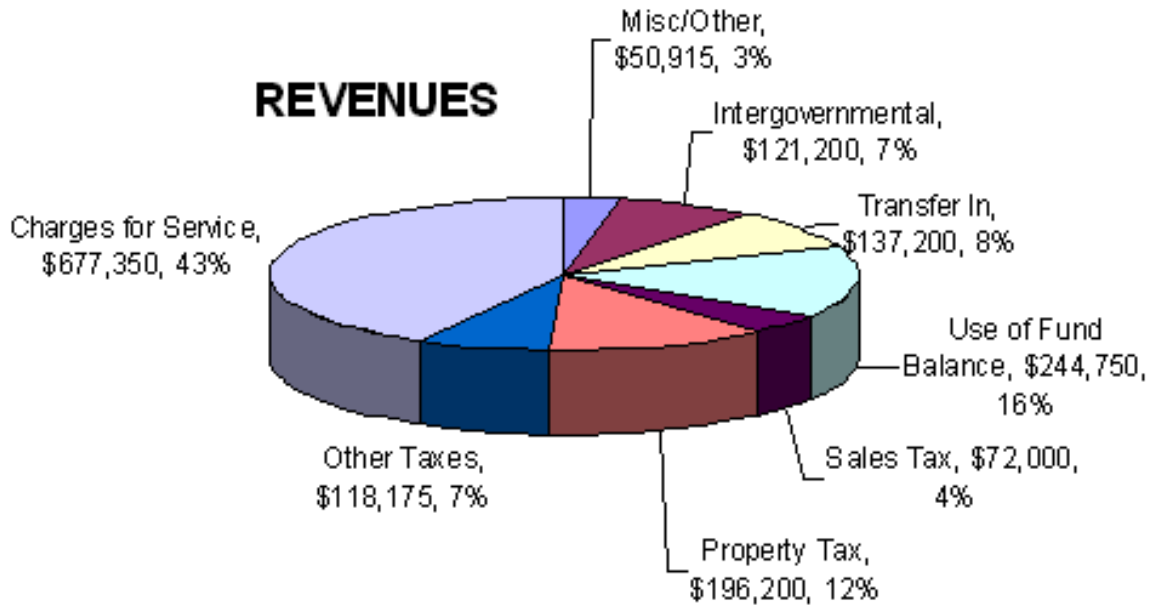
Comments & Notes

Historically this fund is funded by the Water and Sewer Fund for debt service obligations and other sewer system infrastructure related costs. This fund paid for the lining of about 1,500 feet of failing terracotta sewerline.

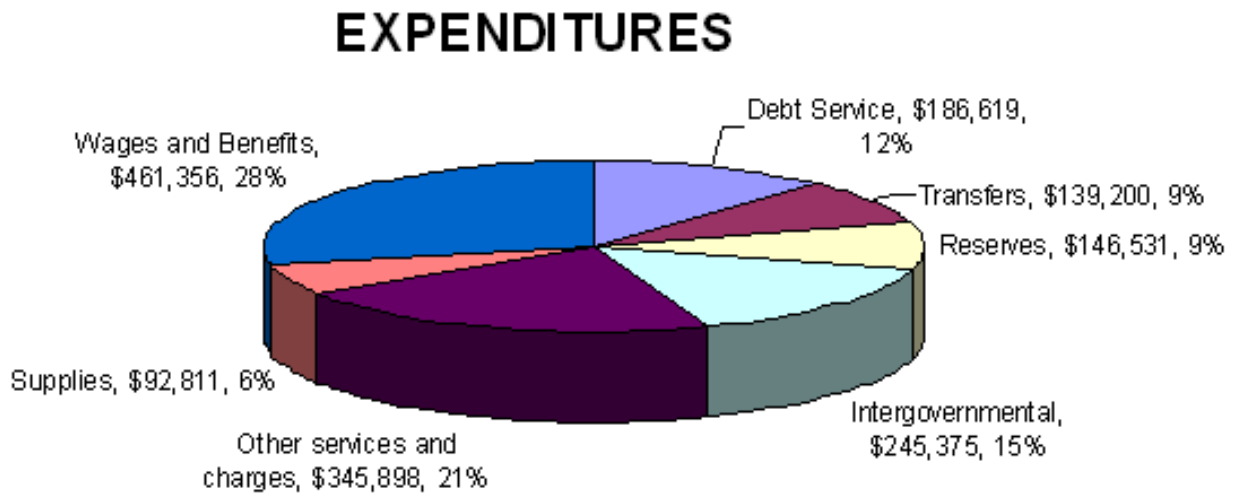
Transfers into this fund for 2011 are related to debt service obligations for sewer and storm line relining done in 2010. For 2011, the City plans to transfer in \$3.25 (8%) of every user's base sewer rate into this fund.

For additional information related to the City's Sewer system, see the City Capital Facilities Plan for 2010.

Where Does the City's Money Come From?



How is the City's Money Spent?



ORDINANCE NO. 2011-976

**AN ORDINANCE ADOPTING THE 2011 BUDGET
OF THE CITY OF WAITSBURG**

WHEREAS, the Mayor of the City of Waitsburg, Washington completed and placed on file with the City Clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses of the government of the City of Waitsburg for the fiscal year beginning January 1, 2011, and ending December 31, 2011, and a notice was posted that the Council of the City of Waitsburg would meet on the 15th day of December, 2010, at the hour of 7:00 p.m., at Waitsburg Fairgrounds Facility, Lions Club Memorial Building 349 E. 10th Street, Waitsburg, WA, for the purpose of considering the proposed budget for fiscal year 2011 and giving taxpayers within the limits of said City an opportunity to be heard upon said budget; and

WHEREAS, the City Council did meet at said time and place and did then consider the matter of the proposed 2011 budget; and

WHEREAS, the said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Waitsburg for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said city for said year and being sufficient to meet the various needs of the City of Waitsburg during fiscal year 2011.

NOW THEREFORE, the City Council of the City of Waitsburg do hereby ordain as follows:

Section 1. The budget for the City of Waitsburg, Washington, for fiscal year 2011 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Waitsburg, 2011 Budget, three copies of which are on file in the Office of the City Clerk.

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Waitsburg, and aggregate totals (net of transactions between funds) for all such funds combined for the year 2011 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2011 as set forth below:

Fund		Amount
Current Expense Fund (001)		\$ 578,480
City Street & Road (102)		\$ 176,350
Promotion (106)		\$ 1,010
Municipal Capital Improvement (107)		\$ 16,600
Fire Department Capital (110)		\$ 14,000
Community Revitalization Fund (115)		\$ 500
Floor Mill Fund (120)		\$ 1,100

Water & Sewer Department (401)		\$ 602,600
Water/Sewer Bond Redemption (406)		\$ 95,500
Water System Capital Improvement (409)		\$ 20,450
Water System Imprvmnt Repayment (410)		\$ 35,100
Sewer Facilities Plan/Construction (411)		\$ 45,250
Sewer Capital Maintenance (414)		\$ 30,850
Total All Funds		\$1,617,790

Section 3. Effective upon passage of this Ordinance, the following sections of the Waitsburg Municipal Code are hereby amended for the duration of 2010. All amendments will revert back to the original percentages with the passage of the 2011 budget unless amended by the City Council in accordance with the 2011 Budget Approval. Summary Amounts for 2009 – 2011 are as follows:

	2009	2010	2011
Water/Sewer Bond Redemption 406	30.00%	14.50%	14.50%
Water System Capital Improvement 409	\$7.81	\$0.00	3.50%
Water System Imprvmnt Repayment (410)	\$0.00	\$11.36	12.00%
Sewer Facilities Plan/Construction (411)	0.00%	0.00%	8.00%
Sewer Capital Maintenance (414)	9.375%	5.43%	8.00%

9.01.095. Each monthly payment collected pursuant to WMC. 9.01.090, when it is received by the City, shall be allocated as follows:

A. First, Eight Percent (8.00%) of each monthly payment shall be deposited into the Sewer Facilities Planning and Construction Fund, pursuant to Chapter 17 of Title 4 of the Waitsburg Municipal Code.

B. Second, fourteen and one half percent (14.50%) of each monthly payment shall be deposited into the Water and Sewer Revenue Bond Fund, 2002 Principal and Interest Account, pursuant to Chapter 1E of Title 9 of the Waitsburg Municipal Code.

C. Third, Eight percent (8.00%) of each monthly sewer utility payment shall be deposited into the Sewer Capital Maintenance Fund, pursuant to Chapter 19 of Title 4 of the Waitsburg Municipal Code.

D. Fourth, WMC. 4.12.020. From and after January 1, 2010, the City Treasurer shall pay into the Water System Capital Fund Two and Three Quarters percent (3.50%) from each monthly water utility payment received pursuant to WMC 9.01.080.

E. Fifth, WMC. 4.21.040. From and after January 1, 2010, the City Treasurer shall pay into the Water System Improvements Repayment Fund, 2003 the sum of Twelve percent (12%) from each “contributing water user.” “Contributing water user” shall mean each separate water user for which the City collects a basic water fee.

D. Finally, WMC section 9.01.110 (C) related to the percentage transfer from Water and Sewer to the General Fund for payment of utility taxes is hereby adjusted to 1% of gross utility amounts with any remaining portions of each monthly payment being deposited into the Water and Sewer Revenue Fund.

Section 4. The Mayor is hereby authorized to implement the programs and spending as provided in the 2011 Budget.

Section 5. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the Washington State Auditor’s Office and to the Association of Washington Cities.

Section 6. This Ordinance shall become effective January 1, 2011, upon its passage by the council and publication according to law

2011 Salary Schedule

<p>Employee Position Classification Salary Schedule Elected Officials</p>

<u>Classification</u>	<u>Maximum</u>
Mayor	\$ 1,200.00
Council Members	\$ 600.00

<u>Classification</u>	<u>Maximum</u>
Public Works Director	\$60,640.00
City Clerk/Treasurer	\$49,300.00
Deputy Clerk	\$38,100.00
Assistant to the Public Works Director	\$49,100.00
Public Works Employee I	\$38,000.00
Public Works Employee II	\$33,200.00
¾ Public Works/Swimming Pool	\$29,000.00
Librarian/Assistant	\$ 8,972.00
Fire Chief	\$ 3,000.00

2011 Salary Schedule by Department

Current Expense	\$ 97,050.00
City Streets	\$ 39,300.00
Water	\$ 79,600.00
Sewer	\$ 95,430.00

2011 Salary Schedule

Division of Payroll & Benefits

Public Works Director: Water/Sewer – 60% Streets – 18% CE – 22%

Assistant to the PWD:	Water/Sewer - 80%		CE – 20%
Public Works Specialist I:	Water/Sewer - 60%	Streets – 15%	CE – 25%
Public Works Specialist II:	Water/Sewer – 60%	Streets – 15%	CE – 25%
City Clerk/Treasurer:	Water/Sewer – 60%	Streets – 20%	CE – 20%
Deputy Clerk:	Water/Sewer – 60%	Streets – 15%	CE – 25%
Librarian/Assistant:			CE – 100%
Summer Maintenance-Fairgrounds:	Water/Sewer – 20%	Streets – 10%	CE – 70%
Swimming Pool			CE – 100%
Mayor/Council:	Water/Sewer – 50%	Streets – 25%	CE – 25%

Passed by the Council of the City of Waitsburg on this 15th day of December, 2010.

Walt Gobel
Mayor

Attest:

Randy Hinchliffe
City Clerk

Approved as to form:

Kristian E. Hedine
City Attorney