2020 BUDGET

CONTINUED GROWTH AND DEVELOPMENT
ORDINANCE NO. 2019-1150

AN ORDINANCE ADOPTING THE BUDGET CITY OF MABTON, WASHINGTON FOR THE FISCAL YEAR ENDING DECEMBER 31, 2020

WHEREAS, the Mayor of the City of Mabton, Washington completed and placed on file with the City Treasurer a proposed budget and estimate of the amount of monies required to meet the public expenses, reserve funds and expenses of government of said City for the fiscal year ending December 31, 2020; and

WHEREAS, a notice was published on September 30, 2019 and posted to the City website that the City Council would meet in a Budget Workshop at 1pm on Saturday, October 19th, 2019, to hold a public meeting on the proposed FY 2020 budget and giving taxpayers within the city limits of said City an opportunity to be hard upon said budget; and

WHEREAS, a notice was published on October 9th, 2019, that the City council of the City of Mabton would meet at 7:00 pm on Tuesday October 22, 2019 to consider the matter of said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Mabton for the purposes set forth in this budget; and

WHEREAS, a notice was published on November 20, 2019, that the City Council of the city of Mabton would meet at 6:00 pm on Tuesday, December 10, 2019 to hold a public hearing on the proposed Final Budget FY 2020 did meet at said time and place and did then consider the matter of said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Mabton for the purposes set forth in this budget, by law to be levied on the property within the City of Mabton for the purposes set forth in this budget and the estimated expenditures set forth in said budget are all necessary to carry on the government of said City for said year and are sufficient to meet the various needs of said City during said period; and

NOW, THEREFORE, IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF MABTON, WASHINGTON, as follows:

Section 1. The budget for the City of Mabton, Washington, for the year 2020 hereby adopted at the fund level in its final form and content as set forth in the document
entitled City of Mabton 2020 FY Budget, three (3) copies of which are on file in City Hall.

Section 2. Estimated resources, including fund balances for each separate fund of the City of Mabton, and aggregated totals for all such funds combined, for the year 2020 are set forth in summary form below, and are hereby appropriated for expenditures during the year 2020 set forth below

<table>
<thead>
<tr>
<th>Fund</th>
<th>Beginning Fund Balance</th>
<th>Revenues</th>
<th>Expenditures</th>
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</tr>
</thead>
<tbody>
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Section 3. The City Treasurer is directed to transmit a certified copy of the budget hereby adopted to the Division of Municipal Corporations in the Office of the State Auditor {SAO} and to the Association of Washington Cities {AWC}.

Section 4. This Ordinance shall be effective five (5) calendar days after passage, approval and publication as required by law.

PASSED by the City Council for the City of Mabton this 10th day of December, 2019.

__________________________________________
Laura Vazquez, Mayor

ATTEST:

__________________________________________
Sylvia Sanchez, City Clerk

APPROVED AS TO FORM:

__________________________________________
James Carmody, City Attorney
EXPLANATION OF FUND ACCOUNTING

Reporting Entity
The City of Mabton was incorporated on November 7, 1905 and operates under the laws of the State of Washington applicable to a non-charter code city with a Mayor-Council form of government (government type). Almost all cities under 5,000 populations operate under the mayor-council form of government (165 of 169) in Washington State. The City of Mabton is a general purpose government and provides public safety including police and fire protection, street, parks and grounds maintenance; capital improvements, water supply, wastewater treatment, library, health and social services and general administrative services. The City uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

Basis of Accounting
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Accounting records for the City of Mabton are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State Law, Chapter 43.09 RCW. The City of Mabton uses the revenue and expenditure classifications contained in the Budgeting, accounting and Reporting System (BARS) prescribed by the State Auditor.

Revenues are recognized only when received in cash and expenditures are when paid, including those properly chargeable against the report year budget appropriations as required by State Law. This is a departure from generally accepted accounting principles (GAAP), which require revenue and expenditure recognition on the accrual basis of accounting. Purchases of fixed assets are expensed during the year acquired. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

Basis of Presentation Fund Accounting
The accounts of the City of Mabton are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single entry accounts that comprise of its cash investments, revenues and expenditures, as appropriate. The City’s resources are allocated or accounted for in individual funds depending on their intended purpose. The following are the fund types and account groups used by the City of Mabton.
GOVERNMENT FUND TYPES

General Fund (Current Expense)
Fund 001- This fund is the general operating of the City. It accounts for all financial resources and transactions except those that are required to be accounted for in another fund.

Special Revenue Funds
Funds in the 100 series- These funds account for revenues derived from specific taxes, grants or other sources, which are designed to finance particular activities of the City.

Capital Project Fund Types
Funds in the 300 Series- These funds account for financial resources, which are designated for the acquisition or construction of general government capital improvements.

PROPRIETARY FUND TYPES

Enterprise Funds
Funds in the 400 Series- These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business, where the intent is that costs of providing goods or services to be the general public on a continuing basis must be financed or recovered through user fees and charges.

FIDUCIARY FUND TYPES

Investment Trust Funds
Funds in the 701 -710 Series- These funds earn revenue on behalf of the parties for which the trust was established, but the principal (or corpus) of the trust must remain intact. The Reserve for Endowments in the Cemetery Trust Fund represents amounts paid for perpetual care of the cemetery plots and for cemetery beautification. The endowment principal is considered non-expendable.
Revenues are arranged by fund, categorized in a basis account format. The following is a brief summary of those basic accounts.

308 Beginning Net Cash and Investments
This account includes the estimated and actual amounts of cash and investments available for appropriation at the beginning of the year.

310 Taxes
This account includes tax assessments levied for the support of the City; including property taxes, sales and use taxes, franchise fees, business and occupational taxes, excise taxes and gambling taxes.

320 Licenses and Permits
This account includes revenues for charges for the issuance of licenses and permits. Including but not limited to, proceeds from the issuance of business licenses, animal license and land use permits (and fees). Licenses and permit fees are designed to cover the cost of administration, inspection and continuing services in connection with regulation.

330 Intergovernmental Revenues
This account includes revenues derived from Federal and State Grants, State and Inter-local shared revenues, entitlements, and in-lieu taxes. Revenues collected in this account include motor vehicle fuel tax, criminal justice, liquor excise tax and liquor board profits.

340 Charges for Goods and Services
This account includes fees and charges for professional or other services rendered. Included in this account are water and sewer collections, garbage collections and late charges on utilities.

360 Miscellaneous Revenues
This account is sued for all other resources collected, which are not otherwise provided for through the above referenced accounts; included in this account are investment interest earnings and sales interest.

380/90 Non-Revenues
This account is used for non-revenues such as investment sales and transfers between funds. This account is not recognized within the budget.
**Expenditure Categories**

Expenditures are arranged by fund, categorized in a basis account format. Following is a brief summary of those basic accounts.

**508-Ending Net Cash & Investments**
This account is defined as the estimated amount of cash and investments that have not been appropriated or the actual amount that has been spent at the end of the Fiscal Year.

**510-General Government Services**
This account is a major class of services provided by the legislative, judicial and administrative branches of governmental entity for the benefit of the public or governmental body as a whole.

**520-Public Safety**
This account includes all Public Safety services including: Police, Fire, Ambulance, Rescue and Emergency Aid, Communication, Alarms and Dispatch.

**530-Utilities and Environment**
This account includes all utilities provided by the City of Mabton such as Water, Sewer and Solid Waste.

**540-Transportation**
This account is used for all aspects of transportation including road and street preservation, maintenance and operations.

**550-Economic Environment**
This account is used for those services including Community Services, Planning and Community Development and Housing & Community Development.

**560-Mental and Physical Health**
This account provides for all aspects of Public Health including mental health services and substance abuse.

**570-Culture and Recreation**
This account is used for Library services, Spectator and Community Events, Participant Recreation, Cultural and Recreational Facilities and Park Facilities.

**580-Non-Expenditures**
This account is used for Inter-Fund Loan Disbursements, Redemption of Long-Term Debt for Proprietary Funds (utility funds), Agency Type Disbursements and any other miscellaneous non-expenditure.

**591-593- Debt Services**
This account is used for debt services such as redemption of debt, interest and other debt service costs and advance refunding escrow.

**594/595-Capital Expenditures**
This account is used for the purchase of Capital Items including roads/street construction and other infrastructure.
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City of Mabton
Four Year Expenditure Comparison
City of Mabton
2020 General Fund Revenue

Taxes
$616,400.00
66%

Licenses and Permits
$104,700.00
11%

Intergovernmental Revenue
$158,050.00
17%

Charges for Goods and Services
$12,300.00
1%

Miscellaneous Revenues
$40,500.00
5%

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Glossary of Budget Terms

**Account** – A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues, and expenses.

**Accrual Basis** – A method of accounting in which revenue is recorded in the period in which it is earned (whether or not it is collected in that period), and expenses are reported in the period when they are incurred (not matter when the disbursements are made). This method differs from the cash basis of accounting, in which income is considered earned when received and expenses are recorded when paid. All funds except the governmental funds are accounted on the accrual basis, and the governmental funds are accounted on a modified accrual basis.

**Administrative Services Departments** – Refers to organizational units or departments that primarily provide services to other departments or divisions. These include:

- **Legislative** – city council and its functions;
- **Financial Services** – the accounting, financial reporting, customer service, and treasury functions;
- **Personnel Services** – provides centralized personnel services to all city operations;
- **Administrative Services** – provides supervision of financial services and personnel services as well as budget, fiscal planning, tax and license, data processing, risk management, and other general administrative services;
- **Civil Service** – the independent panel that works with personnel/hiring issues for the Public safety departments.

**Agency Fund** – A governmental accounting classification used to describe those situations where one jurisdiction is acting on behalf of another.

**Appropriation** – The legal spending level authorized by an ordinance of the city council. Spending should not exceed this level without prior approval of the council.

**Assessed Valuation** – The value assigned to properties within the city that is used in computing the property taxes to be paid by property owners.

**BARS** – The Budgeting, Accounting, and Reporting System for accounting systems prescribed by the Washington State Auditor’s Office.

**Benefits** – City-provided employee benefits, such as social security insurance, retirement, worker’s compensation, life insurance, medical insurance, vision insurance, and dental insurance.

**Budget** – A financial plan of operations for the city. It is a plan, not a list of accounts and amounts.

**Capital Improvement Program (CIP)** – The element of the budget that deals with the expenditure of funds on durable capital facilities and equipment, typically with a value of more than $5,000.

**Capital Outlay** – A budget category that may be a part of a capital improvement program, or in the case of expending less than $5,000 but more than $500, is a part of the operating budget.

**Capital Project** – A single project within the Capital Improvements Program.

**Costs Allocation** – The assignment of applicable costs incurred by a central services department (like “administrative services”) to a fund based on the benefit to the fund being assessed.

**Councilmanic Bonds** – Bonds that can be authorized by the city council without a vote of the public in an amount up to .75 percent of the assessed valuation of the city.

**Current Expense Fund** – See “General Fund”

**Debt Service** – Interest and principle payments on debt.

**Debt Service Funds** – The type of fund that accounts for the payment of debt service on general obligations of the city.

**Designated Fund Balance** – A portion of fund balance that has been designated by past council action for a specific purpose.

**Enterprise Fund** – A type of proprietary fund in which the direct beneficiaries pay for all costs of the fund through fees, or where a periodic determination of revenues and expenses is desired by management.

**Fund** – A self-balancing group of accounts that includes revenues and expenditures.

**GAAP** – “Generally Accepted Accounting Principles,” which are mostly determined by the GASB for governments.

**GASB** – “Governmental Accounting Standards Board,” which determines the underlying principles to be used in accounting for governmental activities.
General Fund – The fund of the city that accounts for all activity not specifically accounted for in other funds. Includes such operations as police, fire, engineering, planning, parks, museums and administration.

General Obligations – Bonds or other indebtedness of the city for which the pledge made for repayment is the full faith and credit of the city.

Governmental Fund Types – Funds that provide general government services. These include the general fund, special revenue funds, capital projects funds, and debt service funds.

Intergovernmental Revenues – Interfund charges to pay for quasi-external transactions of the fund.

Internal Controls – A system of controls established by the city that are designed to safeguard the assets of the city and provide reasonable assurances as to the accuracy of financial data.

Internal Service Funds – A type of proprietary fund that accounts for the goods and services provided to other units of the city. Payment by the benefiting unit is intended to fund the costs of providing such services.

LEOFF – The “Law Enforcement Officers and Fire Fighters” retirement system of the state that provides coverage for city public safety employees.

Levy Rate – The property tax percentage rate used in computing the property tax amount to be paid.

licenses and Permits – A revenue category of the city derived from business licenses and building or development permits.

LID – “Local Improvement Districts.” A financing mechanism that permits the building of public infrastructure improvements which benefit a confined area and where the costs for those improvements are to be paid by the benefiting area land owners.

Operating Budget – The annual appropriation to maintain the provision of city services to the public.

PERS – “Public Employee Retirement System.” The state system for public employment retirement applicable in most cities for employees, except where LEOFF is applicable.

Preliminary Budget – That budget which is proposed by staff to the council and has not yet been adopted by the council.

Proprietary Funds – A group of funds that account for the activities of the city that are of a proprietary or “business” character. See “Enterprise Fund.”

Public Safety – A term used to define the combined budget of the police and fire departments.

Revenue Bonds – Bonds sold by the city that are secured only by the revenues of a particular system, usually the water/sewer fund and the regional water fund.

Special Revenue Funds – General government funds for which the source of monies is dedicated to a specific purpose.

Standard Work Year – 2,080 hours a year, 260 days (except leap year).

Working Capital – The year-end balance of current assets less current liabilities.