

TOWN OF GREENFIELD, OKLAHOMA
Fiscal Year 2023 - 2024 Annual Budget

BUDGET MEMO

DATE May 16, 2023
TO Town of Greenfield, Council Members
FROM RSMeacham CPAs & Advisors
RE 2023 / 2024 Annual Budget

The budget includes the following highlights for fiscal year 2023 / 2024:

- Taxes has been budgeted at 90% of current year projections. This equates to a reduction in budgeted Tax revenues of <~\$3k> from this years projected revenue collections.
- The budget includes Water rate increases at 60%. Currently the Town is charging customers a \$20 minimum charge and the provider is charging \$25. The Town is not recouping the costs of even the purchased water. The rate increase is only expected to cover the water purchased and not any other operating costs. The water department is showing a profit margin of -15%. For long term stainability, we recommend profit margins between 25%-35%. In order for the Town to have a 25% profit margin in the water department, rates would need to be raised 114%.
- Please note during the FY23 budget season, we suggested 100% rate increases in water and sewer departments. While rate increases were implemented, they were not significant enough to recoup the cost of operating the GUA. The only reason the GUA is showing net income for FY23 is related to sewer dumpage fees which are unpredictable.
- The proposed water and sewer rate increases are projected to generate ~\$21,500 in additional revenues for FY24.
- No Capital Outlay / Special Request items have been included in the budget.
- No pay increases are budgeted for employees.
- No debt service is budgeted in FY24.
- In our experience, municipalities need a profit margin in their utilities of at least 35% in order to provide needed revenues for future capital needs and the operational needs of the General Fund. Please note at the bottom of the GUA budget, our combined profit margin for the utility authority is -2%, which includes the additional revenue from the proposed rate increases. *Please note, these calculations exclude capital outlay and administrative costs.* These margins are below the amounts we would recommend.
- **This budget projects an overall Loss of <\$10,874> for fiscal year 2024 and ending the year with only \$38,558 in cash. At the end of FY24, the Town is budgeted to have only 7 months of cash remaining. The ARPA funds received in FY22 & FY23 have helped sustain operations, however, these funds are non-recurring.**
- Please note, if the suggested utility increases are not immediately implemented, the Town will struggle to pay bills timely. Also, please note the Board can be held personally liable for any bills approved to be paid should the Town not have the funds available.
- *Please keep in mind that Oklahoma municipalities have to rely upon tax and utility revenues to provide services to citizens. These revenues must be able to fund current operations and capital outlay, as well as provide reserves for future capital projects.*

The legal level of control for the Town's 2023 / 2024 budget is established at the Department level. Additional detail is provided for analysis purposes only. Management may make transfers between departments throughout the year.

If you have any questions, please contact Tracy Reed, CPA.

In accordance with Section 17-208, Title 11, Oklahoma Statutes, notice is hereby given the proposed Town of Greenfield Fiscal Year 2023/2024 Annual Budget will be considered at a public hearing on June 6, 2023, at 5:00 p.m. at 104 N. 4th Street. Copies of the proposed budget are available for review in the Office of the City Clerk at 104 N. 4th Street. Notice is hereby given that the Town of Greenfield 2023/2024 Annual Budget will be adopted during a meeting of the City Council on June 6, 2023.

TOWN OF GREENFIELD, OKLAHOMA
Fiscal Year 2023 - 2024 Annual Budget

BUDGET SUMMARY

	BEGINNING BALANCE (Estimates)	REVENUES	EXPENSES	TRANSFERS	Net Change	ENDING BALANCE
GENERAL FUND	\$ 28,028	\$ 34,365	\$ (44,365)	\$ (600)	\$ (10,600)	\$ 17,428
ENTERPRISE FUNDS:						
Utility Authority	\$ 21,404	\$ 95,240	\$ (96,114)	\$ 600	\$ (274)	\$ 21,130
GRAND TOTAL ALL FUNDS	\$ 49,432	\$ 129,605	\$ (140,479)	\$ -	\$ (10,874)	\$ 38,558

**Town of Greenfield
General Fund
Budget 2023-2024**

	Actual 2021-2022	Approved Budget 2022-2023	Projected YTD 2022-2023	Proposed Budget 2023-2024	
<u>REVENUES</u>					
Sales tax	\$ 15,697	\$ 15,146	\$ 18,024	\$ 16,222	* 90%
Use Tax	-	7,500	5,428	4,885	* 90%
Franchise Tax	-	-	3,444	3,100	* 90%
Alcoholic Beverage Tax	3,294	1,344	4,498	4,048	* 90%
Tobacco Tax	125	118	122	110	* 90%
Motor Vehicle Tax	852	338	912	821	* 90%
Gas Excise Tax	-	176	197	177	* 90%
Grants					
Fire Department - Operational Grant	4,763	4,500	10,053	4,500	
ARPA Funds	7,772	7,772	7,846	-	
Miscellaneous Revenue	25,193	5,000	2,894	500	
Total revenues before carryover	57,696	41,894	53,418	34,363	
<u>EXPENDITURES</u>					
Administration & General Government					
Personal services	13,391	16,000	5,833	5,215	
Materials & supplies	6,207	6,000	2,110	2,500	
Other services & charges	40,882	35,000	20,642	25,000	
Total Administration & General Government	60,480	57,000	28,585	32,715	
Parks Department					
Materials & supplies		130	130	150	
Other services & charges	6,645	9,000	7,000	7,000	
Total Parks Department	6,645	9,130	7,130	7,150	
Fire Department:					
Materials & supplies	1,767	2,000	2,780	2,000	
Other services & charges	1,201	2,500	812	2,500	
Capital Outlay	38,500	-	6,461	-	
Total Fire Department	41,468	4,500	10,053	4,500	
Total expenditures	108,593	70,630	45,768	44,365	
Revenue over (under) expenditures	(50,897)	(28,736)	7,650	\$ (10,002)	
<u>OTHER FINANCING SOURCES (USES)</u>					
Interest	1	2	7	2	
Transfers-In		32,000	370	-	
Transfers-Out	(37,586)	-	(500)	(600)	
Net other financing sources (uses)	(37,585)	32,002	(123)	(598)	
Revenues and other financing sources over (under) expenditures and other uses	(88,482)	3,266	7,527	(10,600)	
Beginning Fund Balance (estimated)	106,315	15,973	17,833	28,028	
Ending Fund Balance	17,833	19,239	25,360	17,428	

**Town of Greenfield
Utility Authority
Budget 2023-2024**

	Actual 2021-2022	Approved Budget 2022-2023	Projected YTD 2022-2023	Proposed Budget 2023-2024
<u>Operating revenues:</u>				
Water	25,771	\$ 60,000	35,164	35,000
60.0% Rate Increase	-	5,220	5,500	21,000
Sewer	7,406	11,500	8,635	8,500
5.2% Rate Increase	-	1,001	1,500	442
Trash	275	20,000	18,000	18,000
Admin Fee	-	-	2,239	2,088
Sewer Dumping Fees	-	-	54,772	10,000
Miscellaneous	3,283	200	331	200
Total operating revenues	36,735	97,921	126,141	95,230
<u>Operating expenses:</u>				
Water Department:				
Personal services	3,802	5,400	4,254	5,563
Materials and supplies	819	1,000	52	1,000
Other services and charges	11,755	7,500	3,540	5,000
Water Purchases	40,901	40,000	52,687	53,000
Capital Outlay	-	-	12,514	-
Total Water Department:	57,277	53,900	73,047	64,563
Sewer Department:				
Other services and charges	1,365	2,500	6,694	5,000
Capital Outlay	17,564	-	-	-
Total Sewer Department:	18,929	2,500	6,694	5,000
Trash Department:				
Other services and charges	-	13,200	12,820	15,384
Total Trash Department:	-	13,200	12,820	15,384
Administration Department:				
Personal services	5,768	5,167	5,167	5,167
Materials and supplies	571	1,000	-	1,000
Other services and charges	3,710	5,000	992	5,000
Total Administration Department	10,049	11,167	6,159	11,167
Total operating expenses	86,255	80,767	98,720	96,114
Net operating income (loss)	\$ (49,520)	\$ 17,154	\$ 27,421	\$ (884)

**Town of Greenfield
Utility Authority
Budget 2023-2024**

	Actual 2021-2022	Approved Budget 2022-2023	Projected YTD 2022-2023	Proposed Budget 2023-2024
<u>Nonoperating revenue :</u>				
Interest Income	13	10	53	10
Transfers-In	38,006	-	500	600
Transfers-Out	-	(32,000)	(369)	-
Total nonoperating revenue	<u>38,019</u>	<u>(31,990)</u>	<u>184</u>	<u>610</u>
Net Income (loss)	(11,501)	(14,836)	27,605	(274)
Beginning Fund Balance (estimated)	13,864	13,147	2,363	21,404
Ending Fund Balance	<u>2,363</u>	<u>(1,689)</u>	<u>29,968</u>	<u>21,130</u>

GROSS PROFIT BY DEPARTMENT - Excludes Capital Outlay

Water Revenues	25,771	60,000	35,164	56,000
Water Expenses	<u>57,277</u>	<u>53,900</u>	<u>60,533</u>	<u>64,563</u>
Gross Profit	<u>(31,506)</u>	<u>6,100</u>	<u>(25,369)</u>	<u>(8,563)</u>
GP %	-122%	10%	-72%	-15%
Sewer Revenues	7,406	11,500	8,635	8,942
Sewer Expenses	<u>18,929</u>	<u>2,500</u>	<u>6,694</u>	<u>5,000</u>
Gross Profit	<u>(11,523)</u>	<u>9,000</u>	<u>1,941</u>	<u>3,942</u>
GP %	-156%	78%	22%	44%
Trash Revenues	275	20,000	18,000	18,000
Trash Expenses	<u>-</u>	<u>13,200</u>	<u>12,820</u>	<u>15,384</u>
Gross Profit	<u>275</u>	<u>6,800</u>	<u>5,180</u>	<u>2,616</u>
GP %	100%	34%	29%	15%
Water & Sewer Combined	33,177	71,500	43,799	64,942
Water & Sewer Combined	<u>76,206</u>	<u>56,400</u>	<u>67,227</u>	<u>69,563</u>
Gross Profit	<u>(43,029)</u>	<u>15,100</u>	<u>(23,428)</u>	<u>(4,621)</u>
GP %	-130%	21%	-53%	-7%

All Services combined-excluding capital outlay

Revenues	33,452	91,500	61,799	82,942
Expenses	<u>76,206</u>	<u>69,600</u>	<u>80,047</u>	<u>84,947</u>
Gross Profit	<u>(42,754)</u>	<u>21,900</u>	<u>(18,248)</u>	<u>(2,005)</u>
GP %	-128%	24%	-30%	-2%