

BUDGET ADOPTION RESOLUTION

**TOWN OF EAST DUKE, OKLAHOMA
RESOLUTION NO. 0605-18**

A RESOLUTION APPROVING THE TOWN OF EAST DUKE, OKLAHOMA BUDGET FOR THE FISCAL YEAR 2018 - 2019 AND ESTABLISHING BUDGET AMENDMENT AUTHORITY

WHEREAS, The Town of East Duke has adopted the provisions of the Oklahoma Municipal Budget Act (the Act) in 11 O.S. Sections 17-201 through 17-216; and

WHEREAS, The Chief Executive Officer has prepared a budget for the fiscal year ending June 30, 2019 (FY 2018 - 2019) consistent with the Act; and

WHEREAS, The Act in section 17-215 provides for the chief executive office of the Town, or designee, as authorized by the governing body, to transfer any unexpended and unencumbered appropriation from one department to another within the same fund; and

WHEREAS, The budget has been formally presented to the Town of East Duke governing body at least 30 days prior to the start of the fiscal year in compliance with Section 17-205; and

WHEREAS, The Town of East Duke governing body has conducted a Public Hearing at least 15 days prior to the start of the fiscal year, and published notice of the Public Hearing in compliance with Section 17-208 of the Act; and

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE
TOWN OF EAST DUKE, OKLAHOMA:**

SECTION 1. The Town Council of the Town of East Duke does hereby adopt the FY 2018 - 2019 Budget on the 5th day of June 2018 with total resources available in the amount of approximately \$1,803,555 and total fund/departmental appropriations in the amount of \$1,270,376. Legal appropriations (spending/encumbering limits) are hereby established as follows:

Fund: Department	Appropriation Amount
General Fund:	
General government	\$34,000
Fire Department	6,000
Street & Alley Department	9,500

[Handwritten Signature]

RECEIVED

JUN 28 2018

**State Auditor
and Inspector**

Jackson

Parks & Recreation Department	1,000
Police Department	60,582
Community Building Department	5,000
Municipal Court	2,000
Duke Municipal Authority:	
Administration Department	\$50,925
Sewer Department	5,000
Water Department	1,008,996
Trash Department	87,373



SECTION 2. The Town Council does hereby authorize the Town Clerk to transfer any unexpended and unencumbered appropriations, at any time throughout FY 2018 - 2019, from one line item to another, one object category to another within a department, or one department to another within a fund, without further approval by the Town Board.

SECTION 3. All supplemental appropriations or decrease in the total appropriation of a fund shall be adopted at a meeting of the Town Council and filed with the State Auditor and Inspector.

TOWN OF EAST DUKE OKLAHOMA
Fiscal Year 2018 - 2019 Annual Budget

BUDGET MEMO

DATE May 14, 2018
Updated June 5, 2018
TO Town of East Duke, Council Members
FROM Tracy Reed, CPA
RSMeacham CPAs & Advisors
RE 2018 / 2019 Annual Budget

The FY 2019 Annual Budget for the Town of East Duke is presented, as attached, for approval by the Council in accordance with the Oklahoma Municipal Budget Act.

The budget includes the following highlights for fiscal year 2018 / 2019:

- Recurring revenues are budgeted at 90%, as indicated. If collected at 100% approximately an additional \$6,178 of revenues would be collected in FY19.
- Capital Outlay for the DMA includes \$25,000 in the Water department for an excavator/trackhoe and \$62,000 for waterline replacement (Grant revenue of \$98,000 was budgeted in FY18).
- No pay increases are budgeted for employees, however health insurance is provided to full time employees with the Town & DMA paying 75% of the cost, which is expected to be ~\$15,000 for FY19.
- Continued debt service payments for the USDA note is budgeted at \$13,296, with an optional additional \$3,000 / month payment.
- Per council's request, no rate increases are included in the budget at this time. We would always recommend that, at a minimum, our utility rates be increased in line w/ inflation, which is currently 2.3%. A 2.3% rate increase across all utilities is projected to generate ~\$25,000. For comparison purposes a 10% rate increase would generate an additional \$111,000 in revenues.
- In our experience, municipalities need a profit margin in their utilities of 25% - 35% in order to provide needed revenues for future capital needs and the operational needs of the General Fund. You'll note at the bottom of the DMA budget, our combined profit margin for water and sewer is 8%, while the trash department's profit margin is 10%. *Please note, these calculations exclude capital outlay and administrative costs.* These margins are below the amounts we would recommend.
- We know that we've had to increase water rates significantly in recent years due to the increases from our water provider. Therefore, while you may wish to forgo an increase in the current year, we would recommend that we begin building our profit margins slowly over the years to provide the resources necessary for future capital needs and operational expenses of both the Town and DMA.
- Should you choose to increase rates in line w/ the current inflation rates (2.3%), the profit margins would increase to 10% for Water & Sewer and 12% for Trash and our projected loss for the year would be reduced to ~\$68k. While a 25% increase across all utilities would produce profit margins of 27% for Water & Sewer and 28% for Trash, which is in the ballpark of our recommended margins.
- **This budget projects an overall loss of <\$93,525> for fiscal year 2019. In order to breakeven for FY19, a utility rate increase across all utilities of 8.5% would be required.**
- *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.*

In accordance with Section 17-208, Title 11, Oklahoma Statutes, the FY 2019 budget was presented to Council on May 14, 2018 for consideration.

The legal level of control for the Town's 2018 / 2019 budget is established at the Department level. Additional detail is provided for analysis purposes only.

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

In accordance with Section 17-208, Title 11, Oklahoma Statutes, notice is hereby given the proposed Town of East Duke Fiscal Year 2018 / 2019 Annual Budget will be considered at a public hearing on June 5, 2018, at 5:00 p.m. in the East Duke Town Hall. Copies of the proposed budget are available for review in the Office of the City Clerk, PO Box 340, Duke, OK 73532. Notice is hereby given that the Town of East Duke 2018 / 2019 Annual Budget will be adopted during a meeting of the City Council on June 5, 2018.

TOWN OF EAST DUKE, OKLAHOMA
Fiscal Year 2018 - 2019 Annual Budget

BUDGET SUMMARY

	BEGINNING BALANCE (Estimates)	REVENUES	EXPENSES	TRANSFERS	Net Change	ENDING BALANCE
GENERAL FUND	\$ 206,028	\$ 58,351	\$ (118,082)	\$ 50,000	\$ (9,731)	\$ 196,297
ENTERPRISE FUNDS:						
DMA	\$ 420,676	\$ 1,118,500	\$ (1,152,294)	\$ (50,000)	\$ (83,794)	\$ 336,882
TOTAL ENTERPRISE FUNDS	\$ 420,676	\$ 1,118,500	\$ (1,152,294)	\$ (50,000)	\$ (83,794)	\$ 336,882
GRAND TOTAL ALL FUNDS	\$ 626,704	\$ 1,176,851	\$ (1,270,376)	\$ -	\$ (93,525)	\$ 533,179

**Town of East Duke
General Fund
Budget 2018-2019**

	Actual 2016-2017	Approved Budget 2017-2018	Projected YTD 2017-2018	Proposed Budget 2018-2019	
<u>REVENUES</u>					
Sales taxes	31,624	\$ 30,695	\$ 33,306	\$ 29,976	* 90%
Use taxes	8,988	8,522	12,333	11,100	* 90%
Beverage tax	2,381	2,203	2,389	2,150	* 90%
Franchise taxes	8,378	7,200	9,868	8,881	* 90%
Cigarette tax	399	370	359	323	* 90%
Motor Vehicle tax	2,746	2,516	2,762	2,486	* 90%
Gas Excise Tax	738	666	761	685	* 90%
License & permits	3,114	2,000	3,224	2,000	
Investment income	620	550	1,282	750	
Donations - Playground Equipment	-	20,000	-	-	
Grant Income:					
FEMA - Storm Sirens	-	15,000	-	-	
SWODA - Street Improvements	66,382	75,000	-	-	
Miscellaneous	35,758	-	-	-	
Total revenues before carryover	<u>161,127</u>	<u>164,722</u>	<u>66,286</u>	<u>58,351</u>	
<u>EXPENDITURES</u>					
General government:					
Materials & supplies	770	2,000	1,280	2,000	
Other services & charges	25,575	30,000	31,480	32,000	
Capital outlay - Storm Sirens	-	20,000	24,100	-	
Total general government	<u>26,344</u>	<u>52,000</u>	<u>56,860</u>	<u>34,000</u>	
Fire Department:					
Personal Services	840	1,000	1,008	1,000	
Materials & supplies	1,249	2,000	1,326	1,500	
Other services & charges	2,650	4,000	3,102	3,500	
Total Fire Department	<u>4,740</u>	<u>7,000</u>	<u>5,436</u>	<u>6,000</u>	
Street & Alley:					
Materials & Supplies	74,974	3,000	5,378	5,000	
Other services & charges	3,951	4,000	4,126	4,500	
Capital Outlay - Street Improvements	-	90,000	13,743	-	
Total Street & Alley	<u>78,925</u>	<u>97,000</u>	<u>23,246</u>	<u>9,500</u>	

**Town of East Duke
General Fund
Budget 2018-2019**

	Actual 2016-2017	Approved Budget 2017-2018	Projected YTD 2017-2018	Proposed Budget 2018-2019
Parks & Recreation:				
Other services & charges	308	1,000	595	1,000
Capital Outlay - Playground Equipment	-	30,000	40,000	-
Total Parks & Recreation	308	31,000	40,595	1,000
Police Department:				
Personal services	50,469	49,356	35,896	54,582
Materials & supplies	3,860	4,500	2,085	4,000
Other services & charges	2,162	1,500	2,133	2,000
Capital Outlay - vehicle	13,594	-	-	-
Total police department	70,085	55,356	40,114	60,582
Community Building				
Materials & supplies	4,798	1,000	3,004	1,000
Other services & charges	778	5,500	3,115	4,000
Total community building	5,576	6,500	6,120	5,000
Municipal Court				
Other services & charges	-	2,000	96	2,000
Total municipal court	-	2,000	96	2,000
Total expenditures	185,979	250,856	172,466	118,082
Revenue over (under) expenditures	(24,851)	(86,134)	(106,180)	(59,731)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in/(out)	34,000	40,000	66,000	50,000
Sale of assets	701	-	1,010	-
Net other financing sources (uses)	34,701	40,000	67,010	50,000
Revenues and other financing sources over (under) expenditures and other uses	9,850	(46,134)	(39,170)	(9,731)
Beginning Fund Balance (estimated)	237,426	247,276	247,276	206,028
Ending Fund Balance	247,276	187,569	208,105	196,297

**Town of East Duke
Duke Municipal Authority
Budget 2018-2019**

	Actual 2016-2017	Approved Budget 2017-2018	Projected YTD 2017-2018	Proposed Budget 2018-2019	
<u>Operating revenues:</u>					
Charges for services:					
Water charges - Town	\$ 887,410	\$ 740,000	878,920	\$ 875,000	
0% Rate Increase	-	161,545	-	-	
Water charges - Centralvue	-	130,000	131,769	130,000	
0% Rate Increase	-	3,900	-	-	
Sewer charges	34,349	33,000	34,587	33,000	
0% Rate Increase	-	-	-	-	
Sanitation charges	73,392	70,000	72,997	70,000	
0% Rate Increase	-	-	-	-	
Total charges for services	<u>995,152</u>	<u>1,138,445</u>	<u>1,118,273</u>	<u>1,108,000</u>	
Miscellaneous	1,564	1,000	5,116	1,000	
Penalty	13,938	9,500	11,100	9,500	
Total operating revenues	<u>1,010,654</u>	<u>1,148,945</u>	<u>1,134,489</u>	<u>1,118,500</u>	
Cost of Goods Sold:					
Electricity for Pumps	22,730	23,247	23,895	24,373	+2%
Trash Haul	61,913	63,177	62,985	63,000	
Water Purchase	534,021	543,402	710,206	710,206	
Water Purchase-30% increase	-	163,021	-	-	
Water Purchase-Lease	18,883	22,000	10,130	22,000	
Total Cost of Goods Sold	<u>637,548</u>	<u>814,847</u>	<u>807,216</u>	<u>819,580</u>	
<u>Gross Profit:</u>	<u>373,106</u>	<u>334,098</u>	<u>327,272</u>	<u>298,920</u>	
<u>Operating expenses:</u>					
Administration Department:					
Personal services	37,520	38,828	34,534	43,925	
Materials and supplies	2,868	4,000	3,377	4,000	
Other services and charges	3,017	3,000	2,338	3,000	
Capital Outlay	-	-	9,238	-	
Total Administration Department:	<u>43,405</u>	<u>45,828</u>	<u>49,487</u>	<u>50,925</u>	
Sewer Department:					
Materials and supplies	258	2,500	1,156	2,500	
Other services and charges	2,054	2,500	2,388	2,500	
Capital Outlay - tractor/shredder	-	25,000	-	-	
Total Sewer Department:	<u>2,312</u>	<u>30,000</u>	<u>3,543</u>	<u>5,000</u>	
Water Department:					
Personal services	64,429	64,310	62,244	75,494	
Materials and supplies	25,559	25,000	22,331	25,000	
Other services and charges	36,438	43,000	12,091	40,000	
Debt service	7,972				
USDA Note - \$1,108 / mo.	-	13,296	13,296	13,296	
USDA Note - optional additional \$3k / mo.	-	36,000	36,000	36,000	
Capital Outlay	5,043	4,000	250	87,000	
Total Water Department:	<u>139,441</u>	<u>185,606</u>	<u>146,212</u>	<u>276,790</u>	
Total operating expenses	<u>185,158</u>	<u>261,434</u>	<u>199,243</u>	<u>332,714</u>	
Net operating income (loss)	\$ 187,948	\$ 72,664	\$ 128,030	\$ (33,794)	

**Town of East Duke
Duke Municipal Authority
Budget 2018-2019**

	Actual 2016-2017	Approved Budget 2017-2018	Projected YTD 2017-2018	Proposed Budget 2018-2019
Nonoperating revenue :				
Investment income		-	-	-
Grant Income		-	-	-
Total nonoperating revenue	-	-	-	-
Net Income (loss) before contributions and transfers	187,948	72,664	128,030	(33,794)
Transfers In from other funds				
Transfers to other funds, net	(34,000)	(40,000)	(66,000)	(50,000)
Revenues and other financing sources over (under) expenditures and other uses	153,948	32,664	62,030	(83,794)
Beginning Fund Balance (estimated)	219,014	372,962	372,962	420,676
Ending Fund Balance	372,962	405,626	434,992	336,882

GROSS PROFIT BY DEPARTMENT - Excludes Capital Outlay

Sewer Revenues	34,349	33,000	34,587	33,000
Sewer Expenses	2,312	5,000	3,543	5,000
Gross Profit	32,038	28,000	31,044	28,000
GP %	93%	85%	90%	85%
Water Revenues	887,410	901,545	878,920	1,005,000
Water Expenses	710,033	770,255	890,194	946,369
Gross Profit	177,377	131,290	(11,274)	58,631
GP %	20%	26%	-1%	6%

Sewer & Water combined-excluding capital outlay				
	921,759	934,545	913,507	\$ 1,038,000
	712,344	775,255	893,737	951,369
	209,415	159,290	19,770	86,631
	23%	17%	2%	8%

Trash Revenues	73,392	70,000	72,997	70,000
Trash Expenses	61,913	63,177	62,985	63,000
Gross Profit	11,479	6,823	10,012	7,000
GP %	16%	10%	14%	10%

townofeastduke@swoi.net

From: "Donna Monroe" <thedukebooster@gmail.com>
Date: Monday, June 11, 2018 10:35 AM
To: <townofeastduke@swoi.net>
Subject: Invoices for Town of East Duke

Cheyenne,

Here are the amounts for the publications for the Town of East Duke and the Duke Municipal Authority.

Town of East Duke:

7-14-17 Public Notice-End of FY ran 2 weeks	\$25.00
11-13-17 Publish of Social Host Ordinance	\$25.00
11-21-17 Publication of Bids for Siren	\$12.50
05-17-18 Publication of Towns budget	\$25.00
Total	\$87.50

Duke Municipal Authority

7-14-17 Publications of notice about trash	\$12.50
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Thank you,
Donna K. Lanford
The Duke Booster
580-679-4519

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6/11/2018