

CITY OF HARTSHORNE, OKLAHOMA

Fiscal Year 2024 / 2025 Annual Budget

BUDGET MEMO

VERSION 9 - 15% UTILITY RATE INCREASE now; Finance IRS over 5 years; reduced OT; 1 day month w/o pay; reduce employee benefits; reduce Fuel costs

August 5, 2024

updated August 19, 2024

- ❖ Past due payroll taxes for 2018-2022 are included to be financed at an estimated 6% for 5 years. These payments are budgeted at \$34,200 for the PWA, \$43,500 for the General Fund and \$10,680 for the Nutrition Department for a total of \$88,380 for the next 5 years. Our estimated total past due payroll taxes is \$379,933. These amounts are only the expected taxes and do not include any potential penalties and interest.
- ❖ The budget includes an 15% rate increases in water, sewer & trash services which is estimated to bring in ~\$204k in revenues per year (annualized). This change would increase our minimum utility bill by \$11.98/month bringing the new minimum to \$91.85/month. Please note, overall inflation for the last 4 years is 23.3%
- ❖ Payroll hours are reduced by 4.5% (reduce work days for full-time employees by 1 day/month - unpaid). Suspension of Mayor pay for the remainder of the year is included as well. These changes are expected to save \$37k/year.
- ❖ Overtime in the Water & Police Departments is reduced by 1/2 of prior year and eliminated for Supervisory positions. Savings are estimated at \$26k.
- ❖ Dental, Vision, Life and 2nd Health insurance benefits are eliminated, with an expected savings of \$26k (annualized).
- ❖ Services to citizens are budgeted to continue at their current levels.
- ❖ Recurring tax revenues have been budgeted at 90% of current year projections. If collected at 100%, we'd receive an additional ~\$61k in tax revenues.
- ❖ The budget does not include any pay changes for employees, nor does it include any longevity pay.
- ❖ Retirement is budgeted at the current City contribution rate of 7% for full-time employees at an estimated cost of \$43k.
- ❖ New Debt Service for the Water Line project is estimated at \$92,339 for 4 months for FY25. Debt Service for the new USDA loan is expected to be \$277k in future years.
- ❖ Capital Outlay & Special Requests are summarized by fund below:

	Budgeted	Funding Source:
General Fund Capital / Special Requests:	\$ 164,100	Operations; Restricted Cash
PWA Capital / Special Requests:	12,932,350	\$4.85m Grants; \$7.05m Loans; \$308k restricted cash; Operations
Ambulance & Capital Equipment / Special Requests:	-	Restricted Sales Tax
Cemetery Care Capital / Special Requests:	-	Restricted Cash
TOTAL CAPITAL OUTLAY	\$ 13,096,450	

- ❖ Continued Debt service payments include:

OWRB Loans	Water	\$	34,025	AMR
OWRB Loans	Water		136,262	Refinance
USDA Loan	Water		92,339	new Water Lines - 4 months
Total Debt Service		\$	262,626	

- ❖ *This budget projects a net loss of <\$780,233> for fiscal year 2025. A net loss of <\$802,868> is projected for operating funds (which exclude the Ambulance and Cemetery Care Restricted Funds). It projects we will end the year with \$294,151 in unrestricted cash.*

- ❖ **PLEASE NOTE: WHILE THIS BUDGET IS LEGAL, TO CONTINUE AT THE SAME LEVEL OF OPERATIONS IN FY26, WE WILL NEED TO CUT EXPENSES OR INCREASE REVENUES BY ~\$563k TO AVOID BANKRUPTCY. THIS WOULD EQUATE TO AN ADDITIONAL 43% UTILITY RATE INCREASE FOR ALL UTILITIES. THIS ASSUMES A FULL YEAR OF NEW LOAN PAYMENTS AND NO CAPITAL OUTLAY PAID FROM CASH.**

The legal level of control for the City's 2024 / 2025 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.

CITY OF HARTSHORNE, OKLAHOMA
Fiscal Year 2024 - 2025 Annual Budget

BUDGET SUMMARY

	BEGINNING BALANCE (Estimates)	REVENUES	EXPENSES	TRANSFERS	Net Change	ENDING BALANCE
GENERAL FUND	\$ 574,193	\$ 1,025,490	\$ (1,419,395)	\$ -	\$ (393,905)	\$ 180,288
ENTERPRISE FUNDS						
PWA Operations	\$ 522,826	\$ 1,340,758	\$ (1,749,721)	\$ -	\$ (408,964)	\$ 113,863
PWA Capital Outlay		12,932,350	(12,932,350)		-	\$ -
TOTAL ENTERPRISE FUNDS	\$ 522,826	\$ 14,273,108	\$ (14,682,071)	\$ -	\$ (408,964)	\$ 113,863
Total General Fund & PWA:	\$ 1,097,019	\$ 2,366,248	\$ (3,169,116)	\$ -	\$ (802,868)	\$ 294,151
SPECIAL REVENUE FUNDS						
Limited Purpose Sales Tax-Ambulance & Capital Equipment	\$ 25,253	\$ 166,235	\$ (144,000)	\$ -	\$ 22,235	47,488
Cemetery Care Fund	6,834	400	-	-	400	7,234
TOTAL SPECIAL REVENUE FUNDS	\$ 32,087	\$ 166,635	\$ (144,000)	\$ -	\$ 22,635	\$ 54,722
GRAND TOTAL ALL FUNDS	\$ 1,129,106	\$ 15,465,232	\$ (16,245,466)	\$ -	\$ (780,233)	\$ 348,873

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**City of Hartshorne
Public Works Authority**

Fiscal Year 2024 / 2025 Budget

	UNAUDITED FISCAL YEAR 2022/2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024 / 2025	
<u>Operating revenues:</u>					
Charges for services:					
Water charges	\$ 681,716	\$ 680,000	\$ 670,529	\$ 670,000	
Restricted Sales Tax (1/2%)	78,988	85,000	92,325	83,093	*90%
15.0% rate increase-Oct		-	-	75,375	
Sewer charges	264,948	280,000	254,544	254,000	
15.0% rate increase-Oct		-		28,575	
Sanitation charges	445,397	470,000	438,397	438,000	
15.0% rate increase-Oct (5% pass-through)		-		49,275	
Total charges for services	<u>1,471,049</u>	<u>1,515,000</u>	<u>1,455,795</u>	<u>1,598,318</u>	
Administration Revenue	24,290	126,000	57,090	50,000	
Grants - Sewer			44,298	1,038,000	**
Grants - Water	547,210			4,537,790	*
Loan Proceeds - Water				7,048,000	*
Total operating revenues	<u>2,042,549</u>	<u>1,641,000</u>	<u>1,557,183</u>	<u>14,272,108</u>	
<u>Operating expenses:</u>					
Water Department:					
Personal services		-	-	260,715	
Materials and supplies		-	71,992	70,500	
Water Purchase - \$4.00 / 1,000 gallons	408,849	805,000	421,438	425,000	F
Other services and charges	14,978	-	21,755	22,000	
Debt Service - OWRB	173,114	-	173,493	-	
AMR- 2020-2035 1.66%				34,025	F
Refi - 2021-2048 Variable (5.2%)				136,262	F
Debt Service - USDA - New Water Lines-estimated-40 years-1.25% - 4 MONTHS				74,712	F
Debt Service Reserve - USDA - New Water Lines-estimated - 4 MONTHS				7,472	F
Short-Lived Asset Reserve - USDA - New Water Lines-estimated - 4 MONTHS				10,155	F
Capital Outlay	-	-	238,650	11,894,350	*
Total Water Department:	<u>596,942</u>	<u>805,000</u>	<u>927,328</u>	<u>12,935,191</u>	
Sewer Department:					
Capital Outlay	9,402	50,000	235,187	1,038,000	**
Total Sewer Department:	<u>9,402</u>	<u>50,000</u>	<u>235,187</u>	<u>1,038,000</u>	
Sanitation:					
Other services and charges	434,102	435,000	385,782	232,997	
5% increase in trash contract-March 2025				122,324	
Total Sanitation Department:	<u>434,102</u>	<u>435,000</u>	<u>385,782</u>	<u>355,321</u>	F

**City of Hartshorne
Public Works Authority**

Fiscal Year 2024 / 2025 Budget

	UNAUDITED FISCAL YEAR 2022/2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024 / 2025
Administration Department:				
Personal services	290,545	-	261,542	49,359
Estimated Past Due Payroll Liabilities-\$2,850/mo; 5 yrs; 6%				34,200
Materials and supplies	74,465	-	136,666	140,000
Other services and charges	147,799	351,000	128,063	130,000
Capital Outlay		-	-	-
Total Administration Department:	512,810	351,000	526,270	353,559
 Total operating expenses	1,553,256	1,641,000	2,074,568	14,682,071
 Net operating income (loss)	\$ 489,293	\$ -	\$ (517,385)	\$ (409,964)
Nonoperating revenue :				
Interest	283	-	1,789	1,000
Insurance Claims		-	-	-
Total nonoperating revenue	283	-	1,789	1,000
 Net Income (loss) before contributions and transfers	489,576	-	(515,596)	(408,964)
Transfers In from other funds (Equipment)	-	-	-	-
Transfers Out to Other Funds	-	-	-	-
Revenues and other financing sources over (under) expenditures and other uses	\$ 489,576	\$ -	\$ (515,596)	\$ (408,964)
 Beginning Fund Balance (estimated)				522,826
Ending Fund Balance				113,863

TOTAL FIXED COSTS (F)	\$ 1,077,147
FIXED COST AS % OF TOTAL OPERATING COST	62%
 FUTURE TOTAL FIXED COSTS (F)-12 months debt service	\$ 1,261,825
FUTURE FIXED COST AS % OF TOTAL OPERATING COST-12 months debt service	65%

**City of Hartshorne
General Fund**

Fiscal Year 2024 / 2025 Budget

	UNAUDITED FISCAL YEAR 2022/2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024/ 2025	
REVENUES:					
Sales Tax - 2.5%	431,523	388,371	461,625	415,462	90%
Use Tax	117,745	105,971	134,584	121,126	90%
Beverage Tax	27,376	24,638	8,950	25,000	90%
Franchise Tax	64,048	57,643	57,399	57,000	
Tobacco Tax	4,803	4,323	4,648	4,183	90%
Licenses & Fees	3,575	-	6,580	3,000	
Tower Rental - \$800/month				9,600	
Royalties	90,085	-	82,396	50,000	
Police Fines	89,474	80,527	106,035	85,000	
Motor Vehicle Tax			4,494	4,045	*90%
Gasoline Excise Tax	-	-	-	-	*90%
Nutrition Income			82,451	45,000	
Cemetery Income			-	-	
Restricted Cemetery Income -12.5%			-	625	
Other Cemetery Income	7,892	-	5,358	5,000	
Twin Cities Baseball	752		-	-	
ARPA Grant	172,232		-	-	
Grant Income		-	69,298	-	
Other Income	313,195	150,000	249,802	200,000	
Total Revenues	1,322,701	811,473	1,273,620	1,025,040	
EXPENDITURES					
General Government:					
Personal Services	263,841	109,003	257,919	112,007	
Estimated Past Due Payroll Liabilities-\$3,625/mo; 5 yrs; 6%			-	43,500	
Materials & Supplies	102,282		7,690	13,750	
Other Services & Charges	152,764	539,782	182,137	225,000	
Capital Outlay -GG, Clerk, Treas	4,690	325,000	186,079	125,000	
Total General Government	523,577	973,785	633,826	519,257	
Police:					
Personal Services	175,476	254,648	242,777	297,977	
Materials & Supplies	63,860	75,000	91,451	24,750	
Other Services & Charges	6,002	47,186	8,333	70,200	
Debt Service - \$2,264/mo				27,168	
Capital Outlay	35,969	41,000	47,305	27,600	
Total Police	281,307	417,834	389,866	447,695	

**City of Hartshorne
General Fund**

Fiscal Year 2024 / 2025 Budget

	UNAUDITED FISCAL YEAR 2022/2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024/ 2025
Animal Control / Code Enforcement				
Personal services	32,096	35,500	35,072	46,640
Materials & Supplies	15,652	23,000	6,862	7,000
Other Services & Charges	-	25,000	8,192	8,500
Capital Outlay	-	-	-	-
Total Animal Control / Code Enforcem	<u>47,748</u>	<u>83,500</u>	<u>50,126</u>	<u>62,140</u>
Fire:				
Personal Services	12,663	20,000	19,079	22,698
Materials & Supplies		10,000	2,173	2,500
Other Services & Charges	11,156	-	9,878	10,000
Capital Outlay			-	11,500
Total Fire	<u>23,819</u>	<u>30,000</u>	<u>31,130</u>	<u>46,698</u>
Street:				
Personal Services	24,152	71,000	11,227	67,854
Materials & Supplies	78,242	60,000	90,769	80,000
Other Services & Charges	-	16,000	12,559	15,000
Capital Outlay	29,765	50,000	-	-
Total Street	<u>132,160</u>	<u>197,000</u>	<u>114,555</u>	<u>162,854</u>
Recreation & Events:				
Personal Services		-	-	-
Materials & Supplies	911	-	3,855	5,000
Other Services & Charges	116,692	-	26,105	25,000
Capital Outlay	576	140,000	-	-
Total Recreation & Events	<u>118,178</u>	<u>140,000</u>	<u>29,960</u>	<u>30,000</u>
Library:				
Personal services			-	-
Materials & Supplies	30,342	30,000	-	-
Other Services & Charges			7,593	8,000
Capital Outlay			-	-
Total Library	<u>30,342</u>	<u>30,000</u>	<u>7,593</u>	<u>8,000</u>
Cemetery Operations:				
Materials & Supplies			-	-
Other Services & Charges	18,863	20,000	-	-
Total Cemetery Operations	<u>18,863</u>	<u>20,000</u>	<u>-</u>	<u>-</u>

**City of Hartshorne
General Fund**

Fiscal Year 2024 / 2025 Budget

	UNAUDITED FISCAL YEAR 2022/2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024/ 2025
Nutrition:				
Personal services	-	-	77,792	84,071
Estimated Past Due Payroll Liabilities-\$890/mo; 5 yrs; 6%				10,680
Materials & Supplies	41,336	-	14,089	15,000
Other Services & Charges	-	103,000	30,332	33,000
Capital Outlay	-	-	30,000	-
Total Nutrition	41,336	103,000	152,213	142,751
Total expenditures	1,217,331	1,995,119	1,409,269	1,419,395
Revenue over (under) expenditures	105,371	(1,183,646)	(135,649)	(394,355)
<u>OTHER FINANCING SOURCES (USES)</u>				
Interest Income	438	394	525	450
Gain/Loss on Sale of Assets		-	9,750	-
Transfers In:				
S&A Transfer in to GF		-	-	-
PWA Transfer in to GF		-	-	-
Nutrition Transfer In to GF		-	51,000	97,751
Transfers Out:				
to Cemetery Care		-	-	-
to Nutrition		-	(51,000)	(97,751)
to PWA		-	-	-
to S&A		-	-	-
Total Transfers:	-	-	-	-
Net other financing sources (uses)	438	394	10,275	450
Revenues and other financing sources over (under) expenditures and other uses	105,809	(1,183,252)	(125,374)	(393,905)
Beginning Fund Balance (estimated)				574,193
Ending Fund Balance				180,288

City of Hartshorne
Limited Purpose Sales Tax-Ambulance & Capital Equipment Fund

Fiscal Year 2024 / 2025 Budget

	ACTUAL FISCAL YEAR 2022 / 2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024 / 2025	
REVENUES:					
Sales Tax - 1%	\$ 191,338	\$ -	184,650	166,185	90%
Other Revenue	-	-		-	
Total Revenues	191,338	-	184,650	166,185	
EXPENDITURES					
Other Services & Charges-\$12k/month	170,500	-	147,500	144,000	
Capital Outlay	-	-	-	-	
Total expenditures	170,500	-	147,499	144,000	
Revenue over (under) expenditures	20,838	-	37,150	22,185	
OTHER FINANCING SOURCES (USES)					
Interest Income	72	-	88	50	
Transfers Out to PWA (Equipment)	-	-	-	-	
Net other financing sources (uses)	72	-	88	50	
Revenues and other financing sources over (under) expenditures and other uses	20,910	-	37,239	22,235	
Beginning Fund Balance (estimated)				25,253	
Ending Fund Balance				47,488	

**City of Hartshorne
Cemetery Care Fund**

Fiscal Year 2024 / 2025 Budget

	ACTUAL FISCAL YEAR 2022 / 2023	APPROVED BUDGET FISCAL YEAR 2023 / 2024	UNAUDITED FISCAL YEAR 2023 / 2024	PROPOSED BUDGET FISCAL YEAR 2024/ 2025
<u>REVENUES:</u>				
Restricted Income (12.5%)	\$ 11,534	-	\$ -	400
Other Income	-	-	-	-
Total Revenues	11,534	-	-	400
<u>EXPENDITURES</u>				
Capital Improvements	18,863	-	-	-
Land Purchases	-	-	-	-
Total Cemetery Care	18,863	-	-	-
Revenue over (under) expenditures	(7,329)	-	-	400
<u>OTHER FINANCING SOURCES (USES)</u>				
Interest Income	-	-	-	-
Transfer In	-	-	-	-
Net other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other uses	(7,329)	-	-	400
Beginning Fund Balance (estimated)				6,834
Ending Fund Balance				7,234

City of Hartshorne Capital Outlay & Special Request Detail
Fiscal Year 2024 / 2025 Annual Budget

	REQUESTED CAPITAL OUTLAY 2024-2025	BUDGETED CAPITAL OUTLAY 2024-2025	LESS OUTSIDE GRANT FUNDS:	LESS LOAN PROCEEDS	LESS PAID FROM RESTRICTED CASH	NET CY OPERATING COST TO CITY:	
GENERAL FUND:							
General Government							
Capital Outlay							
City Hall	200,000	125,000	-		-	125,000	<i>Estimated</i>
Total General Government	200,000	125,000	-	-	-	125,000	
City Clerk							
Capital Outlay							
Office Furniture	6,000	-				-	
Filing Cabinet	500	-				-	
Total City Clerk	6,500	-	-	-	-	-	
Treasurer							
Capital Outlay							
Office Furniture		-				-	<i>Need estimate</i>
Filing Cabinet		-				-	<i>Need estimate</i>
Supply Cabinet		-				-	<i>Need estimate</i>
Total Treasurer	-	-	-	-	-	-	
Police Department							
Capital Outlay							
2 Vehicles	21,600	21,600			(21,600)	-	<i>Capital Lease - \$1,800/mo for 4 years; paid w/ Equip & Training cash?-Reduce Repairs on older vehicles</i>
Tasers	6,000	6,000			(6,000)	-	<i>\$6k/year for 5 years; paid from Equip & Training cash</i>
Total Police & Court Department	27,600	27,600	-	-	(27,600)	-	
Fire Department							
Capital Outlay							
Storm Siren - Control Base St:	9,500	9,500				9,500	<i>county sales tax???</i>
Computer	2,000	2,000				2,000	<i>county sales tax???</i>
Kitchen Remodel	4,000	-				-	<i>county sales tax???</i>
VFD Roof		-				-	<i>Need Estimates</i>
Total Fire Department	15,500	11,500	-	-	-	11,500	
Recreation & Events							
Capital Outlay							
Total Recreation & Events Department	-	-	-	-	-	-	
Library							
Capital Outlay							
Total Library	-	-	-	-	-	-	
Animal Control Department							
Capital Outlay							
Total Animal Control Department	-	-	-	-	-	-	
Ambulance							
Capital Outlay							
Total Ambulance	-	-	-	-	-	-	

FY25 Notes:

City of Hartshorne Capital Outlay & Special Request Detail
Fiscal Year 2024 / 2025 Annual Budget

	REQUESTED CAPITAL OUTLAY 2024-2025	BUDGETED CAPITAL OUTLAY 2024-2025	LESS OUTSIDE GRANT FUNDS:	LESS LOAN PROCEEDS	LESS PAID FROM RESTRICTED CASH	NET CY OPERATING COST TO CITY:	
Cemetery Operations							<i>FY25 Notes:</i>
Capital Outlay							<i>Estimated cost \$1k per day to fix 5-15 headstones per day</i>
Fix Headstones	6,000	-					<i>Estimated 100 headstones need to be fixed ~6 days of work</i>
Total Cemetery Operations	6,000	-	-	-	-	-	
Nutrition							
Capital Outlay							
Pay increases							<i>Included in Salary Schedule</i>
Oven Repair	600	-					<i>Estimate</i>
Steamtable Repairs	500	-					<i>Estimate</i>
Replace Ceiling Tiles	3,080	-					<i>Estimate</i>
Stainless Steel Countertop O	2,000	-					<i>Estimate</i>
Total Nutrition	6,180	-	-	-	-	-	
Total General Fund	\$ 261,780	\$ 164,100	\$ -	\$ -	\$ (27,600)	\$ 136,500	

PUBLIC WORKS AUTHORITY:

Administration							
Total Administration	-	-	-	-	-	-	
Water Department							<i>\$2,750,000 USDA Grant; \$2,335,000 HIS Grant (Spent \$238,650 in FY24 for Engineering; paid with a portion of Choctaw I.H.S. Grant)</i>
Replace all Water Lines	11,894,350	11,894,350	(4,537,790)	(7,048,000)	(308,560)	-	<i>Use Capital Equipment Restricted Cash - Finance?</i>
Skid Steer	75,000	-				-	<i>Finance?</i>
Side by Side	15,000	-				-	
Total Water Department	11,984,350	11,894,350	(4,537,790)	(7,048,000)	(308,560)	-	
Sewer Department							<i>S3 Construction \$817k; paid with OWRB ARPA Grant + remaining CDBG</i>
Sewer Plant Improvements & Line Replacement	1,038,000	1,038,000	(1,038,000)	-	-	-	
Total Sewer Department	1,038,000	1,038,000	(1,038,000)	-	-	-	
Total Trash Department	-	-	-	-	-	-	
Total PWA	13,022,350	12,932,350	(5,575,790)	(7,048,000)	(308,560)	-	

AMBULANCE & CAPITAL EQUIPMENT - LIMITED PURPOSE SALES TAX

Total Ambulance & Capital I	-	-	-	-	-	-	
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CEMETERY CARE FUND-Land Purchases or Capital Improvements

Cemetery Care							
Capital Outlay							
Total Cemetery Care	-	-	-	-	-	-	
Total Budgeted Capital Outlay All Funds	\$ 13,284,130	\$ 13,096,450	\$ (5,575,790)	\$ (7,048,000)	\$ (336,160)	\$ 136,500	

City of Hartshorne
 Minimum Utility Bill
 FY25 Budget
 Utility Rate Proposed Changes

PROPOSED FY25 CHANGES:

	Current Rate- Residential		Proposed Rate Change	\$ Change	Proposed New Minimum Bill
Water	\$ 29.50	0-4,000 gallons	15.0%	\$ 4.43	\$ 33.93
Sewer	\$ 21.81	0-2,000 gallons	15.0%	\$ 3.27	\$ 25.08
Trash	\$ 28.56	1 polycart	15.0%	\$ 4.28	\$ 32.84
	<u>\$ 79.87</u>			\$ 11.98	<u>\$ 91.85</u>

per year: \$ 143.77

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