

FINANCE COMMITTEE MINUTES
May 15, 2013

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:30 p.m. in the Municipal Building Study Session Room on the 15th day of May, 2013, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT: Members Castleberry, Gallagher, Griffith, and Kovach, and Chair Rosenthal

ABSENT: None

OTHERS PRESENT: Linda Lockett, Councilmember
Greg Jungman, Councilmember
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Clint Mercer, Municipal Accountant
Don Williams, Partner, BKD, LLP
Joel Haaser, Manager, BKD, LLP
Gala Hicks, Human Resources Director
Ken Komiske, Utilities Director
Jeff Bryant, City Attorney
Shawn O’Leary, Public Works Director
Jud Foster, Parks & Rec Director
Susan Conners, Planning & Community Development
James Fullingim, Fire Chief
Brenda Hall, City Clerk
Keith Humphrey, Police Chief
Ronda Guerrero, Municipal Court Clerk
Wayne Stenis, Planner II
Lynne Miller, Councilmember-Elect
Eddie Sims, PSST Chairperson
Joy Hampton, Transcript Reporter

INTRODUCTION OF BKD, LLP AND DISCUSSION OF FYE 2013 AUDIT

Don Williams, Partner, and Joel Haaser, Manager with BKD, LLP made presentation.

- Focus on Comprehensive Annual Financial Report (CAFR) – City’s financial statements
 - Financial District (TIF)
 - Federal Grants
- Auditing process timeline
 - September – pre-audit meeting with Finance Committee
 - Draft report due 11-20-13 to Finance Committee and meet with committee
 - Final report due 11-27-13 to Council

- Reviewed new GASB Statements #60, #61, #62, and #63
- “Statement of Net Assets” renamed to financial position
- In June/July will meet to update Finance Committee
- “Management Letter” will be submitted

Item(s) submitted for the record:

1. Handout prepared by BKD, LLP outlining plans for the City of Norman FYE 2013 audit.

DISCUSSION REGARDING THE FYE 2013 AND FYE 2014 BUDGET AND CAPITAL IMPROVEMENTS PLAN

- McKinley Elementary School (Flood & Cruce) - Traffic pattern changes in the works with the school district.
- School will pay half the cost of project (\$25,000) and City will pay half (\$25,000).
- Kovach – other schools – future improvements around schools.
- Finance Committee recommends putting project back into FYE 14 CIP budget – no amendment necessary.
- Kovach – work on other schools – Lincoln.
- Mayor - Action vs. Information items.
- General Fund balance graph (page 6, item 11).
- Kovach – tend to be better off at year-end.
- Castleberry – too big a variance between Actual and Budget Fund balance.
- \$2.9 million in needed sidewalks projects.
- “Why are we off this much?”
- Francisco – two things that are common in all years contribute to variance between budget projections and actual expenditures.
- Emergency reserve allocation is approximately \$1.4 million hopefully goes unspent most years.
- Don’t try to spend the entire budget – City Manager directed reductions.
- “Use it or lose it” attitude does not exist for Norman budget managers and where budget allocations are not spent, budget projections vary from actual expenditures
- May – main issue is Actual Fund Balance is declining.
- Kovach – if we are over conservative, people lose jobs. Wants to look at ways to build fund balance, wants closer to actual balances budgeted.
- Castleberry – wants to be less conservative with better numbers.
- Mayor – budget with narrower margin.
- #12 – mandated increase in IAFF pension contribution effective November 1, 2013 – approximately 9 months will cost City \$120,000.
- Finance Committee’s direction is to prepare Amendment to FYE 2014 Budget for this amount.
- Kovach – fund balance is savings account.
- #1 – frozen positions in inspections and park maintenance. If we don’t put back in budget, performance will decrease.

- Kovach - agrees with Mayor. Can have mid-year review – perhaps positions can be put back then.
- Finance Committee's direction is to leave frozen positions out of the FYE 14 budget.
- #2 – can UNP TIF be charged an administrative fee for City personnel services similar to the Room Tax administrative fee – would add \$127,275 to budget.
- Kovach – analysis of actual cost for staff time with UNP TIF.
- Finance Committee proposed to create UNP TIF administrative fee.
- #3 – UNP TIF Transfer Adjustments - Jungman asked if bonded indebtedness can be increased.
- #4 – Additional Room Tax Funds be used – Gallagher – maybe in another year increase administrative fee by 1%.
- #5 – Early Retirement Program and #6 – Storm Water Utility – save for later discussions.
- #7, #8, and #9 – PSST Fund – Mayor asked Anthony Francisco to walk the Committee through this matter.
- Francisco - Police and Fire's approximate 'share' of the Rainy Day Fund is an estimated \$1,031,330 by pro-rata share. This amount would make the Rainy Day Fund whole.
- Legal opinion needed – excess reserve use, this would be appropriate once all obligations have been met.
- Kovach – it is probably the safest place to put the PSST money and is appropriate.
- Castleberry – agrees with Kovach. Thinks it's appropriate.
- Jungman – other cities Rainy Day Fund policies?
- Francisco - most cities have targeted fund balance.
- Kovach – minimum 6 months for salaries & benefits in PSST reserve/"cushion". Can we transfer this 6 months savings/excess into the Rainy Day Fund for this?
- Francisco – would be uncomfortable with that – an emergency could wipe out total amount, and would not necessarily be for "public safety" expenditures.
- Gallagher – implies use of PSST funds for Rainy Day Fund – does not agree with this transfer.
- Mayor - Ordinance – City would be in full compliance with this transfer of PSST funds.
- Eddie Sims – PSST Chair, tax was for public safety. Committee in agreement. Make transfer from PSST to General Fund instead of to Rainy Day Fund.
- Kovach – we will have met all the obligations/promises. This is a very prudent way to handle this.
- Mayor – transfer \$600,000 to get to \$2.1 million instead of \$1,031,000.
- Griffith – agrees with Mayor.
- Castleberry - wants entire \$1 million if we are going to do the transfer but make sure this money is spent on public safety.
- Prepare budget amendment at \$1 million level.
- #8 – Emergency Communications subsidy –
- Kovach – can do a one-time subsidy to help depleted General Fund balance.
- Griffith – agrees with subsidy.
- Castleberry – 911 is public safety, on-going cost allocation subsidy should be covered by PSST Fund.

- Prepare amendment with 2 choices: 1) fund full emergency communications operation; 2) fund subsidy portion, based on additional workload caused by extra police and fire personnel funded by PSST.

Items submitted for the record:

1. Memo to Mayor and City Council from Steve Lewis dated May 3, 2013, FYE 2014 Proposed Budget Information Responses

SUBMISSION OF THE REVENUE/EXPENDITURE REPORT AS OF APRIL 30, 2013

No discussion on Revenue/Expenditure report.

Items submitted for the record:

1. Summary of Major Funds-General; Capital; Westwood; Water; Water Reclamation; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Report as of April 30, 2013.

SUBMISSION OF THE REPORT ON OPEN POSITIONS

No discussion on Open Positions Report.

Items submitted for the record:

1. City of Norman/Human Resources Department Recruitment and Selection Report dated May 2, 2013.

MISCELLANEOUS DISCUSSION

No discussion.

The meeting adjourned at 7:06 pm.

ATTEST:

City Clerk

Mayor