

## FINANCE COMMITTEE MINUTES

January 17, 2019

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 4:00 pm in the Municipal Building Executive Conference Room on the 17th day of January, 2019, 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: Chair Castleberry, Members Bierman, Carter, and Wilson

ABSENT: none

OTHERS PRESENT: Mayor Lynne Miller  
Anthony Francisco, Director of Finance  
Mary Rupp, Interim City Manager  
Keith Humphrey, Chief of Police  
Gala Hicks, Director of Human Resources  
Kim Coffman, Budget Manager  
Ken Komiske, Director of Utilities  
Terry Floyd, Development Coordinator  
Kathryn Walker, Interim City Attorney  
Brenda Hall, City Clerk  
Tim Powers, Director of Information Technology  
Annahlyse Meyer, Chief Communications Officer  
Russell Evans, Ph.D., Oklahoma City University  
Mack Burke, Norman Transcript  
Roger Gallagher, Citizen  
Alison Petrone, candidate for City Council

Item #2 was discussed first.

Item 2, being:

### DISCUSSION REGARDING A PERFORMETER FINANCIAL STATUS MONITORING SYSTEM

Chair Castleberry stated that the Performeter that was presented is an example of a service that we could buy to monitor our financial status. He stated that he liked this model because it is very easy to understand and read. Mayor Miller agreed that it is easy for the public to understand.

Anthony Francisco stated that we do not cover our retired employees' healthcare premiums, but they are able to stay on our plan and pay for the entire premium themselves. We really should be charging a higher premium for any retired employees that stay on the plan, but we do not do this currently.

Item 2, continued:

Chair Castleberry would like for us to look for available funds to commission the model for the City of Norman.

Items submitted for the record:

1. The Performer: A Financial Statement Analysis of the City of Edmond, Oklahoma as of and for the year ended June 30, 2017

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Item 1, being:

MID-YEAR BUDGET REVIEW INCLUDING DISCUSSION OF ADDITIONAL PERSONNEL POSITIONS

Anthony Francisco stated that Dr. Russell Evans will be providing economic services for the City of Norman in the future and is here to talk about what that will look like.

Dr. Evans stated that he works closely with the City of Oklahoma City to provide some economic forecasting and sales tax projections. Every municipality has its own mitigating factors, so his comments are not specific. He stated that the United States Gross Domestic Product (GDP) in 2017 was very strong and 2018 is “deceptively optimistic”, with 3.1-3.2% growth, due to many factors. The State of Oklahoma started the year with the mindset of \$50 per barrel oil/\$3 per cubic foot gas. We did stay above this outlook for the most part. 2019 is looking to be exceedingly vulnerable and the policies are unsure. Global economic performance is slowing down, and we project 2019 to start slow and possibly worsen.

Dr. Evans stated that there had been a preliminary forecast done for the City of Norman in July, and for the first two months, the forecast was very strong. The model performed ok overall, but it did tend to exaggerate the overall sales tax collection. The model was updated to reflect the changes, which is showing a slowing for the last half of fiscal year 2019. Generally, the farther out you try to project the model, the less accurate it tends to be. They are most predictive over a 6 month period.

Mr. Francisco stated that having Dr. Evans start to gather data and learn information for a model for Norman will be a much appreciated second opinion for him when he makes his projections for our budget.

Mr. Francisco stated that the City ended fiscal year 2018 with about \$2.8 million more in the General Fund than we thought we would have when we adopted the budget. The fiscal year ended with a \$3.3 million Rainy Day Fund balance, which is \$1.2 million in excess of the Minimum. With everything that is going on with the General Fund, we predict we will still have a Rainy Day balance that is \$426,000 in excess of the Minimum, but will fall short of the Target by \$303,000. We need to decide if we will make a deposit to the Rainy Day Fund to return it to the Targeted level, or leave it as it is. We report that we will end the fiscal year with about \$40.9 million in sales tax revenue in the General Fund which is above our sales tax projections.

Item 1, continued:

We think we will bring in about \$1.5 million more than what was budgeted at the beginning of the fiscal year. With all of the collections taken together, we are about \$2 million above projections on the whole and expenditure projections have not changed. If all of our projections hold true, we will end the fiscal year with a balance of \$7.78 million in the General Fund.

Francisco stated that as of right now, about \$3.5 million will be apportioned to the University North Park (UNP) Fund. If there is no longer an apportionment to the TIF Fund in fiscal year 2020, it will have a positive impact on the General Fund and make our long-term picture more positive.

Francisco stated that the Public Safety Sales Tax (PSST) Fund is on target to have expenditures exceed revenues by \$2 million starting in fiscal year 2020. This will mean that the PSST Fund budget will not be allowed to be adopted, so he suggests we go ahead and absorb the PSST Fund into the General Fund. The PSST Fund was always going to be absorbed into the General Fund as soon as all of the promised capital projects were completed.

There was a consensus among the Committee members to place making a one-time payment to the Rainy Day Fund of \$357,000 to meet the target on the agenda for City Council.

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Item 3, being:

#### SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS

Most of this was included in the mid-year budget review item #1.

Items submitted for the record:

1. Summary of Major Fund Revenue Sources vs. Budget FYE 2019 as of December 31, 2018
2. Summary of Major Fund Expenditures vs. Budget FYE 2019 as of December 31, 2018
3. Appropriations from Fund Balance FY19
4. General Fund Transfers over \$50,000 between Expenditure Categories, FYE 19, December, 2018
5. Norman Forward Sales Tax Financial Reports

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Item 4, being:

#### SUBMISSION OF THE REPORT ON OPEN POSITIONS

This was not discussed.

Item 4, continued:

Items submitted for the record:

1. City of Norman Position Vacancy Report dated 1/9/19

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Item 5, being:

MISCELLANEOUS COMMENTS

None

The meeting adjourned at 5:26 pm.

ATTEST:

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City Clerk

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Mayor