



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1617-50

File ID: R-1617-50

Type: Resolution

Status: ATS Review

Version: 1

Reference: Item 29

In Control: City Council

Department: Finance Department

Cost:

File Created: 10/31/2016

File Name: FYE 2016 Year End Entries

Final Action:

Title: RESOLUTION R-1617-50: A RESOLUTION OF CITY COUNCIL OF THE CITY OF NORMAN, OKLAHOMA APPROPRIATING \$109,269 FROM THE PUBLIC SAFETY SALES TAX FUND BALANCE; \$416,949 FROM THE COMMUNITY DEVELOPMENT BLOCK GRANT FUND BALANCE; \$4,156 FROM THE ROOM TAX FUND BALANCE; \$6,042,826 FROM THE NORMAN FORWARD SALES TAX FUND BALANCE; \$238,874 FROM THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE FUND BALANCE; \$404,822 FROM THE DEBT SERVICE FUND BALANCE; AND \$12,358 FROM THE SEWER LINE MAINTENANCE FUND BALANCE TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2016.

Notes: ACTION NEEDED: Acting as the City Council, Norman Utilities Authority, and Norman Tax Increment Finance Authority, motion to adopt or reject Resolution R-1617-50.

ACTION TAKEN: _____

Agenda Date: 11/08/2016

Agenda Number: 29

Attachments: Text File Close Out, R-1617-50

Project Manager: Suzanne Krohmer, Municipal Accountant

Entered by: suzanne.krohmer@normanok.gov

Effective Date:

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File R-1617-50

Body

BACKGROUND: At the end of each fiscal year (June 30th), the Finance Department posts all year-end accounting entries. In order to help with this process, some division's categories of expenses require a transfer to cover negative balances in line-item accounts. Oklahoma statutes require that each fund be balanced at the object category of expenditures, which include: salaries and benefits; materials and supplies; services and maintenance; and capital equipment. City of Norman policy requires the City Manager's approval for transfers within a City fund, or of funds between departments; from salary and benefit category accounts; and transfers from operating accounts to capital equipment accounts. The City Manager has already approved needed year-end transfers under his authority on recommendation from Finance Department staff (see attached memorandum). In some cases, however, some expenses cannot be covered from available allocations within the same fund and require an appropriation of fund balance. Oklahoma Statutes require that all appropriations of fund balance be approved by the City Council (governing body).

DISCUSSION: At fiscal year-end (FYE) 2016 several funds lacked the needed funds within existing appropriations to cover expenses made during the year, for varying reasons. These include the Public Safety Sales Tax Fund, Community Development Block Grant (CDBG) Fund, Room Tax Fund, Norman Forward Sales Tax Fund, University North Park Tax Increment Finance District Fund; Debt Service Fund, and the Sewer Maintenance Fund. Adequate fund balance exists in each fund to cover the recommended appropriations.

In the Public Safety Sales Tax (PSST) Fund an additional \$109,269 needs to be appropriated due to an unbudgeted salary and benefit increase resulting from union contract settlements which could not be absorbed within existing allocations during FYE 2016.

In the CDBG Fund, an additional \$416,949 needs to be appropriated due to receiving the CDBG Disaster Relief Program 2013 funds, which need to be reimbursed to the Capital Fund for up-fronting the expenses.

In the Room Tax Fund, an additional \$4,156 needs to be appropriated to room tax administration cost allocation charges, based on the higher-than-budget Room Tax revenues (cost allocation charges to the Room Tax Fund are based on a percentage of actual revenues received).

In the Norman Forward Sales Tax Fund, a \$5,582,696 appropriation is needed to cover an Inter-fund transfer to the Capital Fund to pay back (transfer to) the Capital Fund for up-fronting project expenses, related mainly to property purchases and architectural design of the new Norman Public Library branches. An additional appropriation of \$460,130 is needed to cover debt issuance costs related to the Norman Forward Sales Tax revenue note. A total appropriation of \$6,042,826 is requested from the Norman Forward Sales Tax Fund

An appropriation out of the University North Park Tax Increment Finance District Fund (UNP TIF) balance needs to be made in the amount of \$238,874 related to debt service payments made by the Norman Tax Increment Finance Authority on behalf of the Norman Economic Development Coalition (NEDC) for NEDC's land purchases in the University North Park development. On September 21, 2010 the Norman Tax Increment Finance Authority (NTIFA) and City Council approved Resolution R-1011-39 concurring in NEDC's purchase of the thirty (30) acres contained in the plat for University North Park Corporate Center Section 1, and providing accumulated UNP TIF Economic Development revenues that had accumulated between July 1, 2010 and June 30, 2011 as security for a loan from Republic Bank (the "Lender"). The funds were placed on security deposit with Republic Trust Company of Norman.

In October 2012, Council approved Resolution R-1213-64 concurring in NEDC's purchase of an additional thirty (30) acres contained in the plat for University North Park Corporate Center Section 2. NEDC closed on the second land purchase on December 5, 2013, which actually included 31.67 acres, all at the reduced price of \$1.25 per square foot. NTIFA also provided accumulated UNP TIF Economic Development revenues that had accumulated between July 1, 2011 and December 21, 2012 as further security for a loan from Republic Bank (the "Lender"). The Lender also agreed to combine the loan for the first thirty acres with the loan for the second thirty acres while reducing the interest rate by one percentage point.

In December 2013, the NTIFA/Council approved Resolution R-1314-78 in concurrence with the NEDC pursuing a financing structure that combined the financing for the purchase of the land for the UNP Corporate Center with the land purchase for the UNP Advanced Manufacturing Center, and the provided financing for infrastructure improvements (streets, water lines, sewer lines, drainage facilities, etc.) for the land that NEDC purchased in UNP. The Lender for the NEDC financings had requested that the revenues previously pledged by the Authority in Resolutions R-1011-39 and R-1213-64 also be made available as security for the financing of the infrastructure improvements. These accumulated UNP TIF Economic Development revenues have been on deposit with Republic Trust Company and have been used to pay accruing interest costs for the combined land acquisition and infrastructure loans since 2010. NEDC has agreed to reimburse the UNP TIF Economic Development revenues used for this purpose at such time as sufficient land sales have occurred to generate revenue for such reimbursements. No reimbursements have been made to date.

During FYE16, interest payments were made from these funds on deposit with the Lender; these interest payment expenses were not budgeted. In order to properly document these interest payments made by the City's TIF Fund on behalf of NEDC, it is necessary to appropriate the same from the UNP TIF Fund Balance to

the appropriate interest expenditure account.

The over-budget condition in the General Debt Service Fund primarily relates to an under-budget amount of interest. The General Obligation 2016A refunding (re-financing of existing bonds) that closed in June, 2016 had issuance costs and interest costs that were not budgeted, but completed in FYE 16. A total appropriation of \$404,822 is requested in the General Debt Service Fund.

An appropriation of \$12,358 is needed in the Sewer Maintenance Fund related to audit adjustments.

STAFF RECOMMENDATION: Staff recommends the following appropriations from each fund balance and transfers be approved:

\$109,269 from Public Safety Sales Tax Fund Balance (account number 015-0000-253.20-00) with \$71,704 to be allocated to Police Patrol Payroll Accrual (account number 015-6122-421.29-97); and \$37,565 to Fire Suppression Payroll Accrual (account number 015-6543-422.29-97).

\$416,949 from CDBG Fund Balance (account number 021-0000-253.20-00) to Capital Project Fund Inter-fund Transfer (account 021-3090-491.80-50), for deposit to the Capital Fund balance (account 050-0000-253.20-00).

\$4,156 from Room Tax Fund Balance (account number 023-0000-253.20-00), with \$4,149 to Management Cost Allocation Charges for Room Tax Administration (account 023-3040-415.49-01); \$6 to Inter-Fund Transfer to Westwood Fund (account 023-3042-451.80-29); and \$1 to Visitor's Bureau (account 023-3043-465.47-74).

\$6,042,826 from Norman Forward Sales Tax Fund Balance (account number 051-0000-253.20-00) with \$2,698 to Charges-Revenue Bonds (account 051-3050-470.72-02); \$5,582,696 to Inter-Fund Transfer to Capital Fund (account 051-3094-491.80-50); and \$457,432 to Issuance Costs (account 051-3099-470.72-03).

\$238,874 from University North Park Tax Increment Finance District Fund Balance (account number 057-0000-253.20-00) to Interest - Revenue Bonds (account 057-3050-470.71-02).

\$404,822 from General Debt Service Fund Balance (account number 060-0000-253.20-00) to be allocated to Interest - GO Bonds (account number 060-3050-470.71-01).

\$12,358 from Sewer Line Maintenance Fund Balance (account number 321-0000-253.00-00) to be allocated to Bad Debt Expense (account number 321-3099-415.90-05).