



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: R-1718-55**

**File ID:** R-1718-55      **Type:** Resolution      **Status:** Consent Item

**Version:** 1      **Reference:** Item 21      **In Control:** City Council

**Department:** Finance Department      **Cost:**      **File Created:** 10/31/2017

**File Name:** Budget Close Out Year End Accounting Entries      **Final Action:**

**Title:** RESOLUTION R-1718-55: A RESOLUTION OF CITY COUNCIL OF THE CITY OF NORMAN, OKLAHOMA APPROPRIATING \$531 FROM THE GENERAL FUND; \$161,432 FROM THE PUBLIC SAFETY SALES TAX FUND BALANCE; \$3,533,767 FROM THE COMMUNITY DEVELOPMENT BLOCK GRANT FUND BALANCE; \$99,176 FROM THE SPECIAL REVENUE FUND BALANCE; \$48,237 FROM THE ROOM TAX FUND BALANCE; \$414,558 FROM THE NORMAN FORWARD SALES TAX FUND BALANCE; \$427,463 FROM THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE FUND BALANCE; \$225,420 FROM THE DEBT SERVICE FUND BALANCE; AND \$49,820 FROM THE SEWER LINE MAINTENANCE FUND BALANCE TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2017.

**Notes:** ACTION NEEDED: Motion to adopt or reject Resolution R-1718-55.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 11/14/2017

**Agenda Number:** 21

**Attachments:** R-1718-55

**Project Manager:** Anthony Francisco, Finance Director

**Entered by:** suzanne.krohmer@normanok.gov

**Effective Date:**

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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### Text of Legislative File R-1718-55

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 ("capital outlay"). 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) 2017 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, Special Revenue 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 General Fund, \$531 needs to be appropriated from fund balance and transferred to the Art in Public Places Fund Balance to cover a prior year encumbrance.

In the Public Safety Sales Tax (PSST) Fund an additional \$161,432 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 2017.

In the CDBG Fund, \$3,533,767 needs to be appropriated/transferred from the Community Development Block Grant - Disaster Recovery Grant (CDBG-DR) revenue account 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 Special Revenue Fund, \$99,176 needs to be appropriated from fund balance to reimburse the Capital Fund for up-fronting the FEMA Saferoom program.

In the Room Tax Fund, an additional \$48,237 needs to be appropriated to the Westwood Fund Inter-fund Transfer account, to cover Westwood debt service costs (from the 2002 golf course bond) that were higher than budgeted.

In the Norman Forward Sales Tax Fund, a \$414,558 appropriation is needed from fund balance to cover debt issuance costs related to the Norman Forward Sales Tax revenue note.

An appropriation out of the University North Park Tax Increment Finance District Fund (UNP TIF) balance needs to be made in the amount of \$295,154 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 Centre 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 and Trust Company (the "Lender"). The funds were placed on security deposit with Republic Bank and 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 and Trust Company (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 Centre with the land purchase for the UNP Advanced Manufacturing Center, and 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 Bank and 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.

On April 25, 2017, the Council/Norman Tax Increment Finance Authority approved Resolution 1617-108, which authorized and directed the expenditure of accumulated UNP TIF Economic Development funds to pay off the principal balance of the NEDC financing for infrastructure improvements at the UNP Advanced Manufacturing Center and UNP Corporate Centre.

During FYE17, interest payments were made from the UNP TIF funds on deposit with Republic Bank and Trust Company; these interest payment expenses were higher than 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.

Additionally, \$132,309 needs to be appropriated from fund balance to cover higher than expected Management Cost Allocation Charges. In summary, a total of \$427,463 from UNP TIF Fund balance is needed to cover expenses.

The over-budget condition in the General Debt Service Fund primarily relates to an under-budget amount of interest and unbudgeted transfers to the University North Park TIF Fund (property tax apportionments are recorded in the General Debt Service Fund and then transferred to the UNP TIF Fund). A total appropriation of \$225,420 is requested in the General Debt Service Fund.

An appropriation of \$49,820 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:

**\$531 from General Fund Balance** (account number 010-0000-253.20-00) to Art in Public Places Fund balance (account number 028-0000-253.20-00).

**\$161,432 from Public Safety Sales Tax Fund Balance** (account number 015-0000-253.20-00) with \$158,161 to be allocated to Police Patrol Full-Time Salary (account number 015-6122-421.20-01); and \$3,271 to Fire Suppression Fleet Fuel (account number 015-6543-422.38-01).

**\$3,533,767 from CDBG-DR Grant Revenue** (account number 021-0000-331.12-77) to Capital Project Fund Inter-fund Transfer (account 021-3090-491.80-50), for deposit to the Capital Fund balance (account number 050-0000-253.20-00).

**\$99,176 from Special Revenue Fund Balance** (account number 022-0000-253.20-00) to Inter-Fund Transfer to Capital Fund (account number 022-3094-491.80-50) for deposit to the Capital Fund Balance (account number 050-0000-253.20-00)

**\$48,237 from Room Tax Fund Balance** (account number 023-0000-253.20-00) to Inter-Fund Transfer to Westwood Fund (account number 023-3042-451.80-29).

**\$414,558 from Norman Forward Sales Tax Fund Balance** (account number 051-0000-253.20-00) to Issuance Costs (account number 051-3099-470.72-03).

**\$427,463 from University North Park Tax Increment Finance District Fund Balance** (account number 057-0000-253.20-00) with \$132,309 going to Management Cost Allocation Charges (account number 057-3090-415.49-01) and the remaining \$295,154 going to Interest - Revenue Bonds (account number 057-3050-470.71-02).

**\$225,420 from General Debt Service Fund Balance** (account number 060-0000-253.20-00) with \$195,802 to be

allocated to Interest - GO Bonds (account number 060-3050-470.71-01) and the remaining \$29,618 to be allocated to UNP TIF Inter-fund Transfer (account number 060-3050-491.80-57).

**\$49,820 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).