



City of Norman, OK

Municipal Building Council
Chambers
201 West Gray Street
Norman, OK 73069

Text File

File Number: R-1213-60

Agenda Date: 10/23/2012

Version: 1

Status: Consent Item

In Control:

File Type: Resolution

Title

RESOLUTION NO. R-1213-60: A RESOLUTION OF COUNCIL OF THE CITY OF NORMAN, OKLAHOMA APPROPRIATING \$688,351 FROM THE SPECIAL GRANTS FUND BALANCE; \$69 FROM THE ROOM TAX FUND BALANCE; \$7,377 FROM THE WESTWOOD FUND BALANCE; \$177,741 FROM THE RISK MANAGEMENT FUND BALANCE; \$462,630 FROM THE CAPITAL FUND BALANCE; \$526,171 FROM DEBT SERVICE FUND BALANCE; \$49,651 FROM GENERAL OBLIGATION FUND BALANCE; \$315,982 FROM THE HALL PARK DEBT SERVICE FUND BALANCE; AND \$5,754 FROM THE SEWER SALES TAX FUND BALANCE TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2012.

ACTION NEEDED: Motion to adopt or reject Resolution No. R-1213-60.

ACTION TAKEN: _____

Body

BACKGROUND: At the end of each fiscal year, 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 any negative balances. 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 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. 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) 2012 we have found several funds are lacking the needed funds within existing appropriations to cover expenses made during the year, for varying reasons. These include the Special Grants Fund, Room Tax Fund, Westwood Fund, Risk Management Fund, Capital Fund, Debt Service Fund, GO Bond Fund, Hall Park Debt Service Fund and the Sewer Sales Tax Fund.

In the Special Grants Fund an additional \$688,351 needs to be appropriated due to the reimbursement of federal grant funds for the Compressed Natural Gas (CNG) Facility. When the original grant was approved, \$750,000 was appropriated from the Capital Fund to cover payments until grant funds were received from the Department of Commerce. The grant funds were received into the Special Grants Fund and need to be appropriated to the Capital Fund to reimburse the payment made.

In the Room Tax Fund, an additional \$69 is needed to cover a slightly higher-than-expected payment for debt service on the outstanding loan for improvements to the Westwood Golf Course (the parks capital improvement portion of the Room Tax pays debt service for the golf course improvements). A total appropriation of \$69 is requested in the Room Tax Fund, to be transferred to the Westwood Fund debt service payment account.

The Westwood Fund needs an additional appropriation of \$7,377. The FYE 2012 budget did not include merit or cost of living increases in the Salaries and Benefits category of expenses. Employees in that fund are represented by the American Federation of State County and Municipal Employees (AFSCME). At the conclusion of collective bargaining with AFSCME, merit increases and cost of living increases were granted to those employees paid from the Westwood Fund.

The Risk Management Fund is an internal service fund that accounts for the resources used to provide for the self-insurance of Worker's Compensation and Unemployment Insurance and to pay premiums on "stop-loss" insurance coverage for employee health and property loss. The Risk Management Fund is in need of an additional appropriation of \$177,741 primarily due to Worker's Compensation cost increases. As discussed with Council on September 25th, weekly wage compensation costs, medical costs, and expenses of investigating employee claims were higher than expected in FYE 2012. Worker compensation weekly payments have also increased due to the average wage increase of employees during FYE 2012. Over time, these additional costs will be paid from higher "premium" payments made from various departmental allocations for employee benefits.

The Capital Fund is in need of an appropriation of fund balance to cover a negative balance of \$462,630. The most prominent overruns in the Capital Fund includes: \$111,339 to cover the issuance costs of the bond debt for projects, although included in the total project costs, was not budgeted in the specific account; and \$280,073 in transfers to the General Fund, the majority of which is for the portion of Street and Drainage Maintenance personnel reimbursements to the General Fund for work performed on capital improvement projects.

The over-budget condition in the General Debt Service Fund primarily relates to an Interfund transfer to the Risk Management Fund to cover the difference between what was budgeted and what was actually paid for worker's compensation costs. A total appropriation of \$526,171 is requested in the General Debt Service Fund.

The General Obligation Bond Fund needs an appropriation of \$49,651 for an Interfund transfer to the General Debt Service Fund. This difference is between what was budgeted and what was actually received in taxes.

The Hall Park Debt Service Fund was established to pay debt service costs associated with the Hall Park Assessment District. The fund needs an appropriation to cover a negative balance of \$315,982 which was created when the Hall Park debt was paid off early.

The Sewer Sales Tax Fund is in need of an appropriation of fund balance to cover a negative balance of \$5,754. This allocation shortage is due to an increase in inter-fund transfers to the Water Reclamation Fund for the close out of the Sludge Handling Facility project.

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

\$688,351 from Special Grants Fund Balance (account number 022-0000-253.20-00) to Capital Fund Interfund Transfer (account number 022-3094-491.80-50)

\$69 from Room Tax Fund Balance (account number 023-0000-253.20-00) to Westwood Interfund Transfers (account number 023-3042-451.80-29)

\$7,377 from Westwood Fund Balance (account number 029-0000-253.20-00) to Westwood Salaries (029-7032-451.20-03)

\$177,741 from Risk Management Fund Balance (account number 043-0000-253.20-00) to Workers Compensation Orders/Settlements (account number 043-3002-415.21-31)

A total of \$462,630 from Capital Fund Balance (account number 050-0000-253.20-00) to the following accounts: \$111,339 to Debt Service Issuance Costs (account 050-3099-470.72-03); \$71,218 to Full-Time Salaries (account number 050-5011-429.21-10) and \$280,073 to Transfer to General Fund (account number 050-5090-491.80-10)

\$526,171 from General Debt Service Fund Balance (account number 060-0000-253.20-00) to Transfer to Risk Management Fund (account number 060-3050-491.80-43)

\$49,651 from General Obligation Bond Fund Balance (account number 064-0000-253.20-00) to Transfer to Debt Service Fund (account number 064-3054-491.80-60)

A total of \$315,982 from Hall Park Debt Service Fund Balance (account number 074-0000-253.00-00) to Transfer to General Fund (account number 074-3094-491.80-10)

\$5,754 from Sewer Sales Tax Fund Balance (account number 323-0000-253.00-00) to Transfer to Water Reclamation Fund (account number 323-5542-491.80-32)