



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1718-87

File ID: R-1718-87

Type: Resolution

Status: Consent Item

Version: 1

Reference: Item 25

In Control: City Council

Department: Finance Department

Cost:

File Created: 01/16/2018

File Name: UNP TIF Over-Allocaton Transfer

Final Action:

Title: RESOLUTION R-1718-87: A JOINT RESOLUTION OF THE CITY COUNCIL AND TRUSTEES OF THE NORMAN TAX INCREMENT FINANCE AUTHORITY APPROPRIATING \$5,576,750 FROM THE UNIVERSITY TAX INCREMENT TAX INCREMENT FUND BALANCE WITH \$4,275,508 TO BE RECORDED TO THE GENERAL FUND BALANCE AND \$1,301,242 TO THE CAPITAL FUND BALANCE.

Notes: ACTION NEEDED: Acting as the City Council and the Norman Tax Increment Finance Authority, motion to adopt or reject Resolution R-1718-87.

ACTION TAKEN: _____

Agenda Date: 02/13/2018

Agenda Number: 25

Attachments: Arledge & Assoc AUP Report, R-1718-87

Project Manager: Clint Mercer, Chief Accountant

Entered by: clint.mercer@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-1718-87

Body

BACKGROUND: On May 23rd, 2006, Norman City Council passed Ordinance O-0506-66 establishing a special tax increment district within an area west of the Max Westheimer Airport, known as the Tax Increment Financing District Number 2, or the University North Park Tax Increment Finance District (UNP TIF). This Ordinance also adopted a "Project Plan." In addition, City Council adopted Resolution R-0607-69 which outlined operating procedures and practices to be followed to apportion sales taxes as well as property taxes to the UNP TIF Fund. A new fund within the City's general accounting system was established to record the transactions of this new UNP TIF Fund.

DISCUSSION: During the month of September 2017, staff identified an issue regarding how dedicated sales taxes were being handled in the monthly UNP TIF sales tax apportionment calculation. Specifically, after dedicated sales taxes collected by merchants citywide for the Public Safety Sales Tax (PSST) and NORMAN FORWARD Sales Tax (NFST) were remitted by the Oklahoma Tax Commission to the City and recorded to their separate accounting funds, the dedicated (PSST and NFST) sales taxes collected by merchants within the University North Park development were not being removed from the total calculated for apportionment to the UNP

TIF Fund. As such, an “over-apportionment” of sales tax had been recorded to the UNP TIF Fund, at the expense of the City’s General Fund and Capital Improvement Projects Fund during the tenure of the dedicated PSST and NFST.

Staff discussed this situation with the City’s current external auditor, BKD LLP; the investor in the 2013 Norman Tax Increment Finance Authority Sales Tax Note; the Trustee for the 2013 NTIFA Notes; and the City’s Finance Committee. On November 9th, 2017, the Finance Committee directed staff to have an independent accounting firm perform certain agreed-upon procedures to determine if an over-apportionment condition was indeed present within the UNP TIF Fund and, if so, the exact amount. The Finance Committee also recommended that any over-apportionment of sales tax be transferred from the UNP TIF Fund to the General Fund and Capital Fund, as appropriate.

Staff sent out Request for Qualifications Number 1718-32 on November 21st, 2017. Two responses were received, namely Arledge & Associates, P.C. (Arledge) and RSM LLP. Arledge was selected to perform the agreed-upon procedures engagement.

Per Arledge’s report dated February 5, 2018 (see attached), the over-apportionment amount is \$5,576,750, divided as \$4,275,508 which should be allocated to the General Fund and \$1,301,242 which should be allocated to the Capital Fund.

Once the transfers to the General Fund and Capital Fund are completed, Council may take future budgetary appropriation actions to allocated the funds for expenditure, if Council so desires.

RECOMMENDATION: Staff recommends an appropriation of UNP TIF Fund Balance in the amount of \$5,576,750 with \$4,275,508 to be transferred to the General Fund and \$1,301,242 to be transferred to the Capital Fund. The general ledger accounts are as follows:

Decrease:

University North Park TIF Fund Balance (057-0000-253.20-00) - \$5,576,750

Increase:

Transfer out (057-3090-415.80-10) to the General Fund Balance (010-0000-253-20-00) - \$4,275,580

Transfer out (057-3090-415.80-50) to the Capital Fund Balance (050-0000-253.20-00) - \$1,301,242

Transfer In (010-0000-391.19-57) from the UNP TIF Fund (057-0000-253.20-00) - \$4,275,580

Transfer In (050-0000-391.19-57) from the UNP TIF Fund (057-0000-253.20-00) - \$1,301,242