



## Legislation Details (With Text)

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<b>Title:</b>	RESOLUTION R-1819-30: A RESOLUTION OF COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, APPROPRIATING \$40,152 FROM THE GENERAL FUND BALANCE; \$303,573 FROM THE PUBLIC SAFETY SALES TAX FUND BALANCE; \$100,000 FROM THE SPECIAL REVENUE FUND BALANCE; \$106,904 FROM THE ROOM TAX FUND BALANCE; \$532,028 FROM THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE FUND BALANCE; \$35,000 FROM THE WESTWOOD PARK FUND BALANCE; \$1,023,649 FROM THE RISK MANAGEMENT FUND BALANCE; AND \$27,340 FROM THE SEWER LINE MAINTENANCE FUND BALANCE TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2018.				

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RESOLUTION R-1819-30: A RESOLUTION OF COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, APPROPRIATING \$40,152 FROM THE GENERAL FUND BALANCE; \$303,573 FROM THE PUBLIC SAFETY SALES TAX FUND BALANCE; \$100,000 FROM THE SPECIAL REVENUE FUND BALANCE; \$106,904 FROM THE ROOM TAX FUND BALANCE; \$532,028 FROM THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE FUND BALANCE; \$35,000 FROM THE WESTWOOD PARK FUND BALANCE; \$1,023,649 FROM THE RISK MANAGEMENT FUND BALANCE; AND \$27,340 FROM THE SEWER LINE MAINTENANCE FUND BALANCE TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2018.

**BACKGROUND:** At the end of each fiscal year (June 30<sup>th</sup>), 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. 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) 2018 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, Special Revenue Fund, Room Tax Fund, Westwood Park Fund, University North Park Tax Increment Finance District Fund; Risk Management Fund, and the Sewer Maintenance Fund. Adequate fund balance exists in each of these funds to cover the recommended appropriations.

In the General Fund, an additional \$40,152 needs to be appropriated to the Westwood Fund Inter-fund Transfer account to cover higher than expected sales tax expenses in FYE 18, associated with the grand opening of the new aquatic center.

In the Public Safety Sales Tax (PSST) Fund, an additional \$303,573 needs to be appropriated to cover the cost of an unbudgeted salary and benefit increase resulting from unforeseen overtime needs during FYE 2018.

In the Special Revenue Fund, \$100,000 needs to be appropriated from fund balance to reimburse the Capital Fund for up-fronting the ACOG Grant Funds for improvements to the Compressed Natural Gas Fueling Facility at the City Service Center ("North Base").

In the Room Tax Fund, an additional \$103,792 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, and an additional \$3,112 needs to be appropriated to cover higher than anticipated Management Cost Allocation charges.

In the Westwood Park Fund, an additional \$35,000 needs to be appropriated to cover higher than expected sales tax expenses and chemicals associated with the opening of the expanded Westwood Family Aquatic Center.

In the Risk Management Fund, an additional \$1,023,649 needs to be appropriated to cover higher than anticipated health claim payments during FYE 2018. The City's health insurance reserve is at a level that is much lower than recommended for self-insured employer health plans.

Appropriations out of the University North Park Tax Increment Finance District Fund (UNP TIF) balance need to be made in the following amounts: \$166,095 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 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 FYE 18, 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, \$62,500 needs to be appropriated from the UNP TIF Fund balance to cover higher than expected Management Cost Allocation Charges and \$303,433 needs to be appropriated from UNP TIF Fund balance to the General Fund Inter-fund Transfer account to cover the cost of all Outside Legal Expenses incurred by the General Fund for UNP TIF-related matters in FYE 2018. In the August 16, 2018 Finance Committee meeting, it was suggested by Committee members that UNP TIF related legal fees incurred in FYE2018 be covered with accumulated UNP TIF revenues. This approach is similar to what Council approved for outside legal expenses that were associated with the Center City TIF District that was approved by Council in December of 2017. To implement the suggestion of the Finance Committee, this appropriation item from accumulated UNP TIF revenues (Fund 57) in the amount of \$303,433 covers UNP TIF related outside legal fees and associated costs incurred in FYE 2018. In summary, a total of \$532,028 from UNP TIF Fund balance is needed to cover UNP TIF related expenses.

Finally, in the Sewer Maintenance Fund, an appropriation of \$27,340 is needed, related to audit adjustments, unanticipated overtime needs, and higher than anticipated sublet fleet repair costs in FYE 18.

**STAFF RECOMMENDATION:** Staff recommends the following appropriations from each fund balance and transfers be approved, as discussed in detail above:

**\$40,152 from General Fund Balance** (account number 010-0000-253.20-00) to Inter-fund transfer to Westwood Park Fund (account number 010-3094-491.80-29).

**\$303,573 from Public Safety Sales Tax Fund Balance** (account number 015-0000-253.20-00) with \$226,500 to be allocated to Police Patrol Overtime (account number 015-6122-421.21-10); and \$77,073 to Fire Suppression Overtime (account number 015-6543-422.21-10).

**\$100,000 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)

**\$106,904 from Room Tax Fund Balance** (account number 023-0000-253.20-00) with \$103,792 to Inter-Fund Transfer to Westwood Fund (account number 023-3042-451.80-29) and \$3,112 to Management Cost Allocation Charges (account

number 023-3040-415.49-01).

**\$35,000 from Westwood Park Fund Balance** (account number 029-0000-253.20-00) with \$18,627 to Golf Course Sales Tax (account 029-7032-451.47-08) and \$16,373 to Swimming Pool Operating Chemicals (account 029-7033-451.31-08).

**\$1,023,649 from Risk Management Fund Balance** (account number 043-0000-253.20-00) to Health Claim Payments (043-3005-415.44-20).

**\$532,028 from University North Park Tax Increment Finance District Fund Balance** (account number 057-0000-253.20-00) with \$62,500 going to Management Cost Allocation Charges (account number 057-3090-415.49-01), \$166,095 going to Interest - Revenue Bonds (account number 057-3050-470.71-02), and the remaining \$303,433 going to Inter-fund Transfer to General Fund (account 057-3094-491.80-10).

**\$27,340 from Sewer Line Maintenance Fund Balance** (account number 321-0000-253.00-00) with \$20,873 to be allocated to Bad Debt Expense (account number 321-3099-415.90-05), \$3,599 to be allocated to Utility Inspection Overtime (account 321-5553-432.21-10), and \$2,868 to be allocated to Utility Inspection Sublet Fleet Repair (account 321-5553-432.48-03).