



## CITY OF NORMAN, OK STAFF REPORT

**MEETING DATE:** 10/24/2023

**REQUESTER:** Kimberly Coffman, Budget Manager

**PRESENTER:** Anthony Francisco, Director of Finance

**ITEM TITLE:** CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF RESOLUTION R-2324-72: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, THE NORMAN MUNICIPAL AUTHORITY, AND THE NORMAN UTILITIES AUTHORITY APPROPRIATING \$336,705 FROM THE GENERAL FUND BALANCE, \$16,815 FROM THE ROOM TAX FUND BALANCE, \$674 FROM THE SEIZURE FUND BALANCE, \$617,004 FROM THE PUBLIC TRANSPORTATION FUND BALANCE, \$236,910 FROM THE WESTWOOD FUND BALANCE, \$1,120 FROM THE SEWER MAINTENANCE FUND BALANCE, \$3,976,222 FROM THE RISK MANAGEMENT FUND BALANCE, AND \$3,345,882 FROM THE CAPITAL FUND BALANCE, TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2023.

### **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 (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) 2023, eight funds lacked the needed funds within existing appropriations to cover expenses made during the year, for varying reasons. These include the General Fund, the Room Tax Fund, the Seizures & Restitution Fund, the Public Transportation Fund, the Westwood Fund, the Sewer Maintenance Fund, the Risk Management Fund, and the Capital Fund. Adequate fund balance exists in these funds to cover the recommended appropriations.

In the General Fund, an additional \$336,705 needs to be appropriated from fund balance to cover higher than anticipated transfers to the Public Transportation Fund and the Risk Management Fund.

In the Room Tax Fund, an additional \$16,815 needs to be appropriated from fund balance to cover higher than anticipated cost allocation management expenses.

In the Seizures & Restitution Fund, an additional \$674 needs to be appropriated from fund balance to cover bank

service fees.

In the Public Transportation Fund, an additional \$617,004 needs to be appropriated from fund balance to cover reimbursement transfers to the General Fund.

In the Westwood Fund, an additional \$236,910 needs to be appropriated from fund balance to cover higher than anticipated salary and bank service fee expenditures.

In the Sewer Maintenance Fund, an additional \$1,120 needs to be appropriated from fund balance to cover higher than anticipated salary and benefit costs.

In the Risk Management Fund, an additional \$3,976,222 needs to be appropriated from fund balance to cover higher than anticipated health claim payments.

In the Capital Fund, an additional \$3,345,882 needs to be appropriated from fund balance to cover a transfer to the Special Revenue Fund to re-class a prior year entry, and higher than anticipated debt service issuance costs.

### **RECOMMENDATION:**

Staff recommends the following appropriations and transfers be approved:

**\$336,705 from General Fund Balance** (account number 10-29000) to Transfers Out - Public Transit (account number 10930194-48027).

**\$16,815 from Room Tax Fund Balance** (account number 23-29000) to Cost Allocation Management (account number 23330340-44901).

**\$674 from Seizures & Restitution Fund Balance** (account number 25-29000) to Miscellaneous Services – Bank Service Fees (account number 25660138-44750).

**\$617,004 from Public Transportation Fund Balance** (account number 27-29000) to Interfund Transfer – To General Fund (account number 27930194-48010).

**\$236,910 from Westwood Fund Balance** (account number 29-29000) to Salaries - Temporary (account number 29970133-42003).

**\$1,120 from Sewer Maintenance Fund Balance** (account number 321-29000) to Other Benefits-Medical Insurance (account number 32155253-42210).

**\$3,976,222 from Risk Management Fund Balance** (account number 43-29000) to Self Insurance – Health Claim Payments (account number 43330105-44420).

**\$3,345,882 from Capital Fund Balance** (account number 50-29000) to Interfund Transfer – To Special Revenue Fund (account number 50930194-48022).