



CITY OF NORMAN, OK
CITY COUNCIL FINANCE COMMITTEE MEETING
Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069
Thursday, September 19, 2024 at 4:00 PM

MINUTES

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met in Regular Session in the Executive Conference Room at the Norman Municipal Building, on the 19th day of September, 2024, at 4:00 PM, and notice of the agenda of the meeting was posted at the Norman Municipal Building at 201 West Gray and on the City website at least 24 hours prior to the beginning of the meeting.

CALL TO ORDER

PRESENT

Mayor Larry Heikkila
Councilmember Ward 3 Bree Montoya
Councilmember Ward 6 Josh Hinkle
Councilmember Ward 4 Helen Grant

Absent
None.

Others

Councilmember Ward 7 Stephen Holman
Councilmember Ward 5 Michael Nash
Anthony Francisco, Director of Finance
Clint Mercer, Chief Accountant
Chris Mattingly, Director of Utilities
Dannielle Risenhoover, Admin. Tech IV
Kim Coffman, Budget Manager
Scott Sturtz, City Engineer
Shaakira Calnick, Internal Auditor
Joel Haaser, Forvis Mazars Partner
Kirsty Morrison, Forvis Mazars Auditor

Mayor Heikkila called the meeting to order at approximately 4:00 PM.

AGENDA ITEMS

1. INTRODUCTION OF FORVIS, LLC, AUDITORS FOR THE CITY OF NORMAN.

City of Norman Chief Accountant Clint Mercer introduced Joel Haaser and Kirsty Morrison who are part of the team conducting the City's FY24 Annual Comprehensive Financial Report (ACFR) Audit and Single Audit. Haaser stated that the name of their company has changed from Forvis, LLC to Forvis Mazars, LLP as they now provide global services. He presented the Pre-audit Report to the Committee, outlining Forvis Mazars' auditing scope of work and responsibilities. Their responsibilities include but aren't limited to: assessing the risk of management's override

of controls, improper revenue recognition, and review of accrued liabilities. Forvis Mazars has already started their auditing process and expect it to conclude toward the end of November. They will issue their financial statements to the Committee in December. "One of the common questions that we get is 'How do you address fraud in financial statements?'" Haaser said. "Fraud in financial statements is our biggest focus. We are required to design our audits to detect any material misstatements." Haaser also stated that, this year, "There are not any significant *new* accounting standards to adopt." Forvis Mazars has what Haaser calls "machine learning technology" that reads contracts and deciphers key items that should be audited. This is the only artificial intelligence (AI) system that their company currently uses.

2. DISCUSSION REGARDING THE FYE 2024 BUDGET CLOSEOUT.

Anthony Francisco led the discussion. He presented the Committee with a Fund Summary Report that showed a comparison of the City's estimated expenditures and revenues from when the Fiscal Year 2024 (FY24) budget was adopted versus the actual, FY24 close-out amounts for expenditures and revenues. "All things taken together, our ending fund balance is about \$5 million better off than we thought it would be," Francisco said.

There are approximately \$5.3 million in encumbrances waiting to be paid out. The General Fund surplus is approximately \$9.7 million. Francisco stated, "It is at Council's discretion when that money is appropriated."

Councilmember Holman asked, "With the (Central) library situation, if we had to cover the upfront cost to get it reopened, hoping to get reimbursed, what would be the appropriate account (to draw from)?" Francisco stated, that the money could come from the Rainy Day Fund, but "A more appropriate account would be the Capital Fund; you may change around or delay some projects that are in the Capital Fund now to identify some way to pay for that. If we have an unexpected, major expense, you have to have drawn down the General Fund balance below 1% for the Rainy Day Fund to be a source that you can tap off of."

3. DISCUSSION REGARDING THE FYE 2026 BUDGET CALENDAR.

Anthony Francisco presented the Fiscal Year 2026 Budget Calendar. The calendar met the Committee's approval as no changes were requested. The Fiscal Year 2026 Budget Retreat is scheduled for March 4, 2025.

4. DISCUSSION REGARDING MONTHLY REVENUE AND EXPENDITURE REPORTS.

Anthony Francisco gave the report. He stated that City of Norman's Sales Tax collection is 1.45% below the year-to-date sales tax from one year ago. Francisco believes that the University of Oklahoma's move to the Southeastern Conference (SEC) will bring an increase to the City's Hotel-Motel Tax revenues. Councilmember Holman asked for a three-year comparison of these revenues which will be provided at the next meeting.

ADJOURNMENT

Mayor Heikkila adjourned the meeting at approximately 5:00 PM.

ATTEST:

City Clerk

Mayor