



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 10/26/2021

**REQUESTER:** Kimberly Coffman, Budget Manager

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

**ITEM TITLE:** CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2122-41: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, AND THE NORMAN UTILITIES AUTHORITY APPROPRIATING \$2,500,000 FROM THE WATER RECLAMATION FUND BALANCE, \$117,000 FROM THE CAPITAL FUND BALANCE, AND TRANSFERRING \$50,000 FROM GENERAL FUND INTERFUND TRANSFERS TO THE PUBLIC TRANSPORTATION FUND, TO CLOSE OUT YEAR END ACCOUNTING ENTRIES FOR FYE 2021.

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### **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 the end of fiscal year 2020-2021 (as of June 30, 2021; FYE 2021), three funds lacked the needed funds within existing appropriations to cover expenses made during the year, for varying reasons. These include the Water Reclamation Fund, the Public Transportation Fund, and the Capital Fund. Adequate fund balance exists in the Water Reclamation Fund, the Capital Fund, and the General Fund to cover the recommended appropriations/Interfund transfers.

In the Public Transportation Fund, an additional \$50,000 needs to be transferred from the

General Fund to cover higher than anticipated fleet parts purchases.

In the Water Reclamation Fund, an additional \$2,500,000 needs to be appropriated to cover depreciation expenses resulting from audit adjustments (increased valuation of the Water Reclamation Facility).

In the Capital Fund, an additional \$117,000 needs to be appropriated to cover issuance costs related to the 2021 Street Maintenance General Obligation bond issue.

**RECOMMENDATION:**

Staff recommends the following appropriations and transfers be approved:

**\$50,000 from General Fund Interfund Transfers to the Public Transportation Fund** (account number 10930194-48027) to Public Transportation Fund Interfund Transfers from the General Fund (account number 279-372910), allocated to Internal Services – Fleet Parts (account number 27550276-43802).

**\$2,500,000 from Water Reclamation Fund Balance** (account number 32-29000) to Audit Adjustments - Depreciation (account number 32930199-49001).

**\$117,000 from Capital Fund Balance** (account number 50-29000) to Debt Service – Issuance Costs (account number 50930149-47203).