

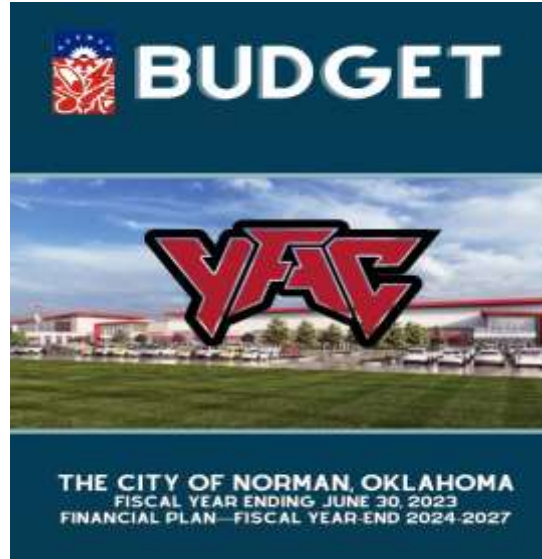
# CITY OF NORMAN

## Fiscal Year 2022-2023 Budget

April 19, 2022

Anthony Francisco, Finance Director

Kim Coffman, Budget Manager






# THE BUDGET IS:

- A POLICY DOCUMENT
- A FINANCIAL PLAN
- AN OPERATIONS GUIDE
- A PUBLIC COMMUNICATION DEVICE
- The City Manager's Proposed Budget is similar to the Executive Budget (prepared by the President to the Congress, or the Governor to the Legislature), and is now being presented to the Council (legislative body) in a series of study sessions.




# Fiscal Year 2022-2023 Summarized Budget Calendar

- Council Finance Committee Budget Discussions
  - Council Capital Budget Study Session (11/16/2021)
  - Council Capital Budget Study Session (2/15/2022)
  - Finance Committee Mid-Year Budget Review (2/17/2022)
  - **Council Budget Study Session – General & Special Revenue Funds (4/19/2022)**
  - Public Budget Hearing (4/26/2022)
  - Council Budget Study Session – Capital Funds (5/3/2022)
  - Council Budget Study Session – Enterprise Funds (5/17/2022)
  - Public Budget Hearing (5/24/2022)
  - Council Budget Study Session – Optional Follow-Up (6/7/2022)
  - Council Considers Budget For Adoption (6/14/2022)
  - Beginning of Fiscal Year 2022-2023 (7/1/2021)
- 

# FORMAT of Budget Documents



## Summary --> Detail

- City Manager's Letter (Pages i-xxi)
  - Community Profile Section (Pages 1-9)
    - Demographic/Socioeconomic Information
    - Benchmark Comparisons
    - Ward Map
  - Overview/Statistical Section (Pages 10-33)
  - Financial Policies (Pages 34-53)
  - Financial Summaries (Pages 54-117)
  - Fund/Department Detail (Pages 118-453)
    - Mission Statements, Organization Charts, Goals/Objectives, CIP Summaries, Outstanding Debt
  - Appendices (Pages 454-467)
    - Glossary, Index
- 

FUNDING SOURCES FOR EACH DEPARTMENT						
Divisions	Governmental Funds				Proprietary Funds	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund
City Clerk	GF					
City Council	GF					
City Manager	GF					
Finance	GF					
Fire	GF					
Human Resources	GF					
Information Technology	GF					
Legal	GF					
Municipal Court	GF					
Parks & Recreation	GF					
Planning & Development	GF					
Police & Emergency Communications	GF					
Public Works	GF					
Non-Departmental	GF					
Net Revenue Stabilization (Rainy Day)	GF					
CLEET		SR				
Community Development		SR				
Fire - Public Safety Sales Tax		SR				
Police - Public Safety Sales Tax		SR				
Room Tax		SR				
Seizures & Restitution		SR				
Special Grants		SR				
Art in Public Places		SR				
Westwood Park		SR				
Public Transportation		SR				
Sanitation					EN	
Water Reclamation					EN	
Sewer Maintenance					EN	
New Development Excise					EN	
Water					EN	
Risk Management						IS
Capital Projects				CA		
Norman Forward Sales Tax				CA		
Park Land & Development				CA		
University North Park TIF District				CA		
Center City TIF District				CA		
Arterial Roads Recoupment				CA		
General Debt Service			DS			
General Obligation Bond			DS			





# FINANCIAL POLICIES

- With adoption of the budget, Council re-adopts its financial policies
- With the adoption of the budget, Council appropriates the projected revenues and allocated expenditures
- Balanced Budget Requirement (Positive Fund Balance)
- Five-Year Forecasts
- Operating, Capital, Debt Reserve Policies
- ***Levelized Utility Rates (5-Year)***
- Utility/Room Tax Transfers to General Fund
- Compliance With Oklahoma Municipal Budget Act

# Levelized Utility Rates Policy

**“Utility rates should be set at a level to meet the average net income requirement over a five-year period without the need for interim adjustments, and to meet all reserve requirements at the end of the five-year period.”**

# Net Revenue Stabilization Fund

## (Reserve Policies)

- Adopted by Ordinance O-1011-58; Amended By Ordinance O-1819-10
- **Minimum** 3% General Fund Operational Reserve in General Fund
- **Mandated** 1% General Fund Emergency Reserve Budget Allocation in General Fund
- **Minimum** 4% “Rainy Day Fund” Reserve
- **Targeted** 5% “Rainy Day Fund” Reserve
- **Maximum** 6% “Rainy Day Fund” Reserve
- TOTAL Reserve Levels 8% - 10% of General Fund Expenditures
- Council cannot appropriate Rainy Day Fund Balance unless:
  - Projected General Fund Balance Falls below 1%
  - Federally or State-declared disaster in Cleveland County, after emergency reserve is spent
  - One-time major repair/replacement is required
- Rainy Day Fund is projected to be above Minimum and Targeted Levels





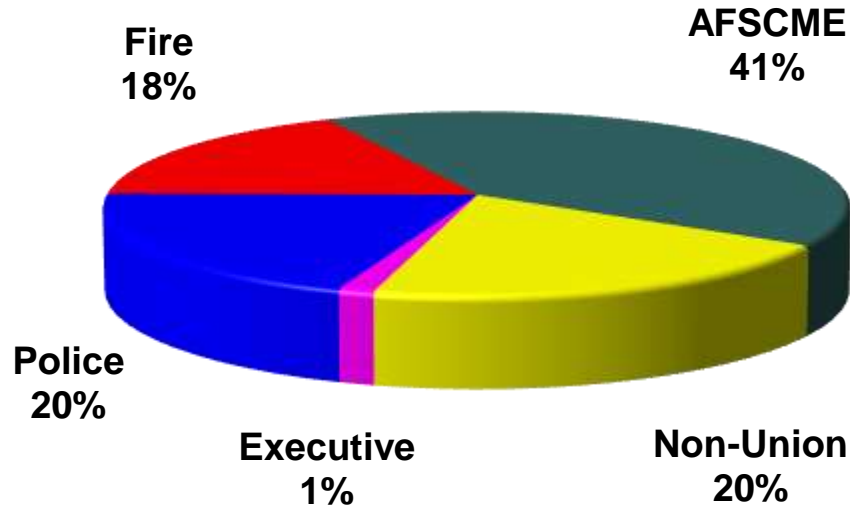
# **FISCAL YEAR 2022-2023 BUDGET AND FIVE-YEAR PROJECTIONS**

**OVERRIDING THEME:  
*SALES TAX UNCERTAINTY***

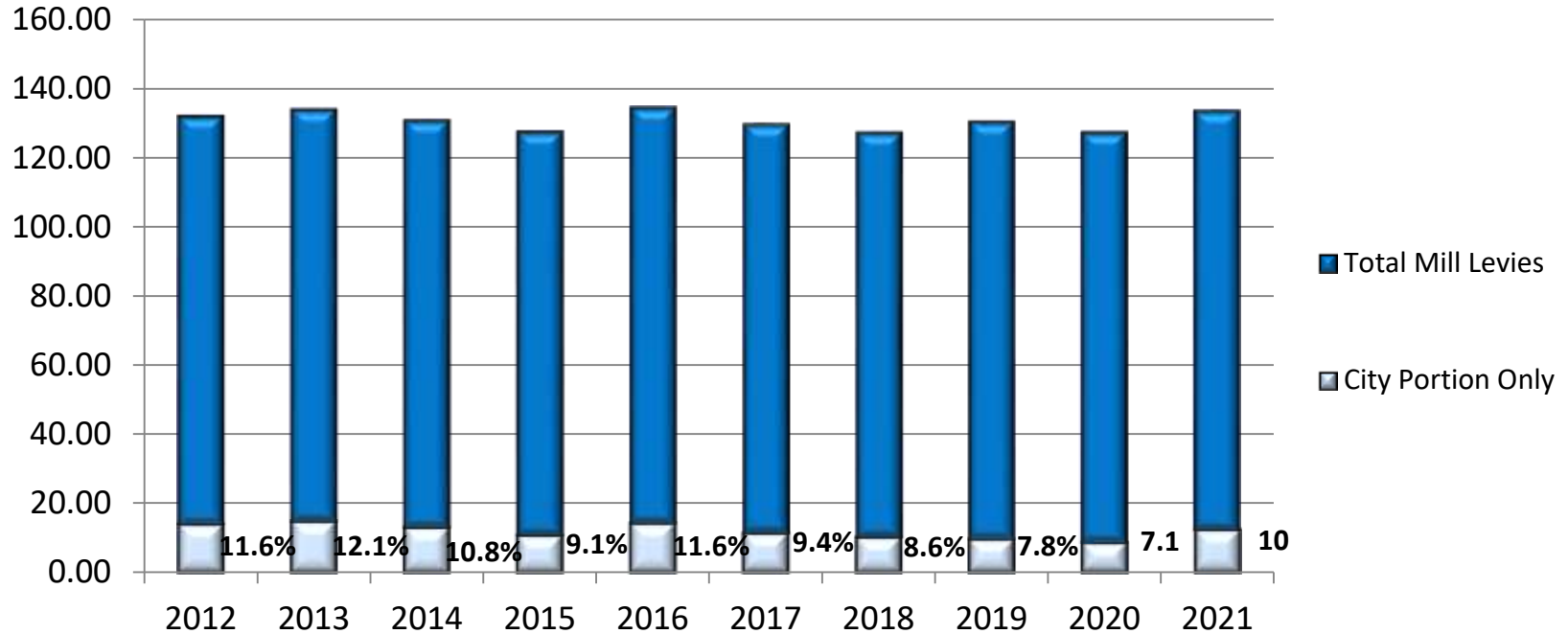
# **BUDGETED POSITIONS BY UNION**

**FYE 2023**

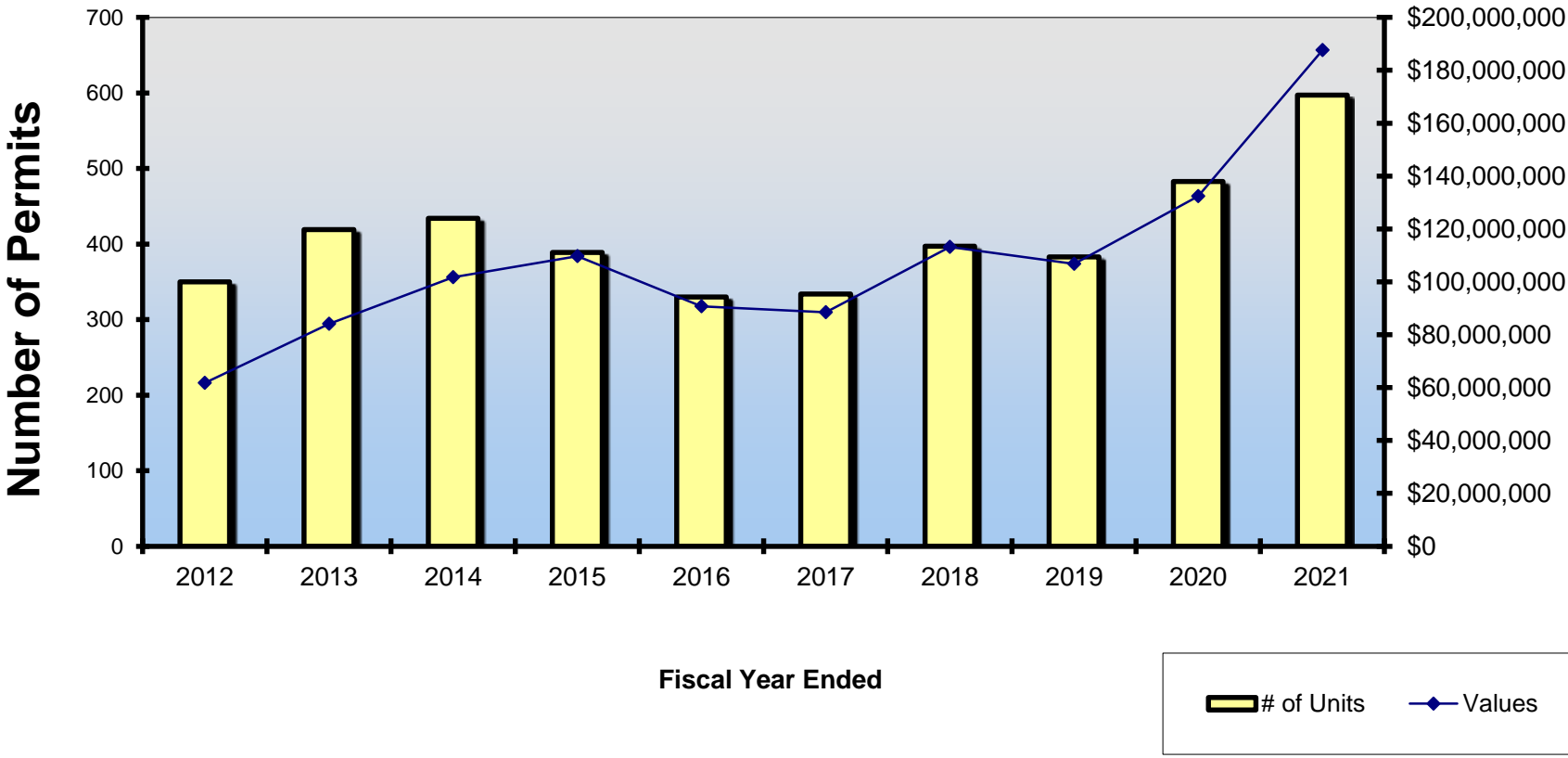
**904 Total Positions**



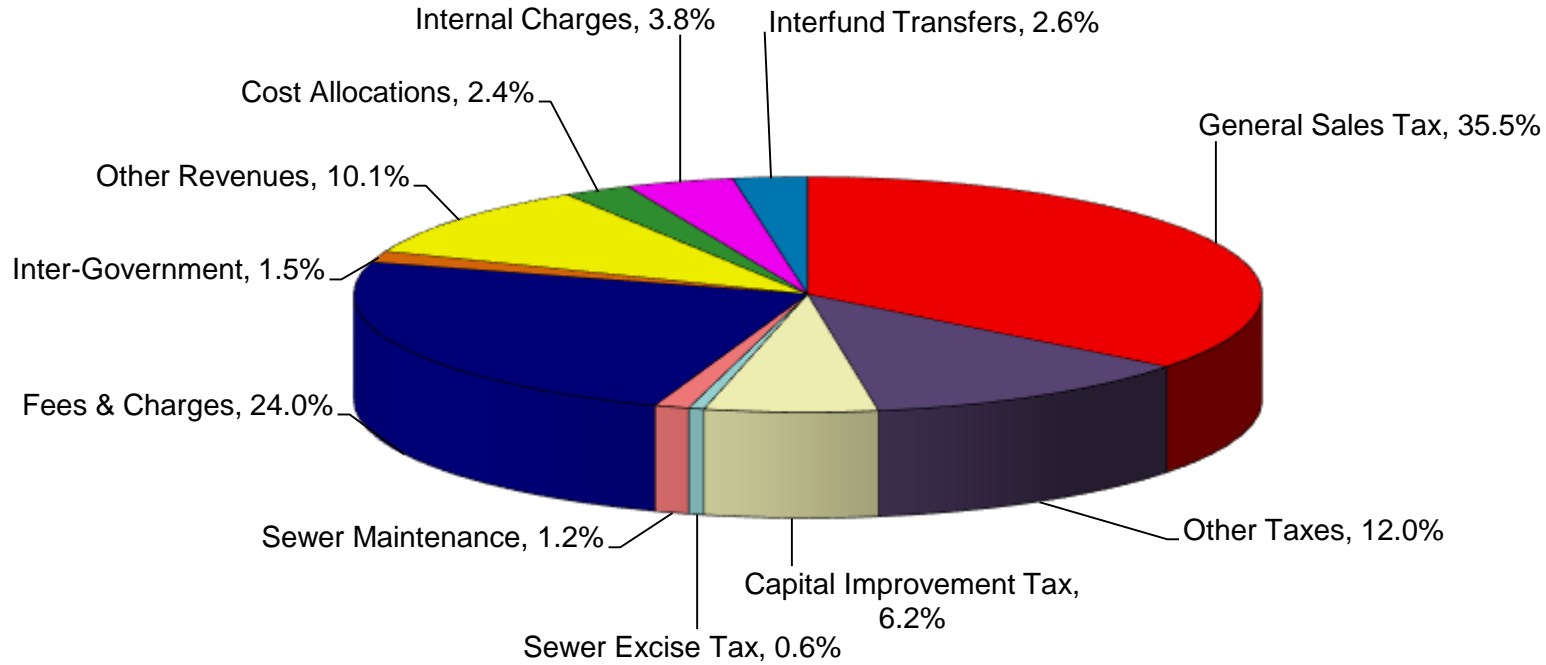
# CITY PORTION OF TOTAL PROPERTY TAX MILL LEVIES



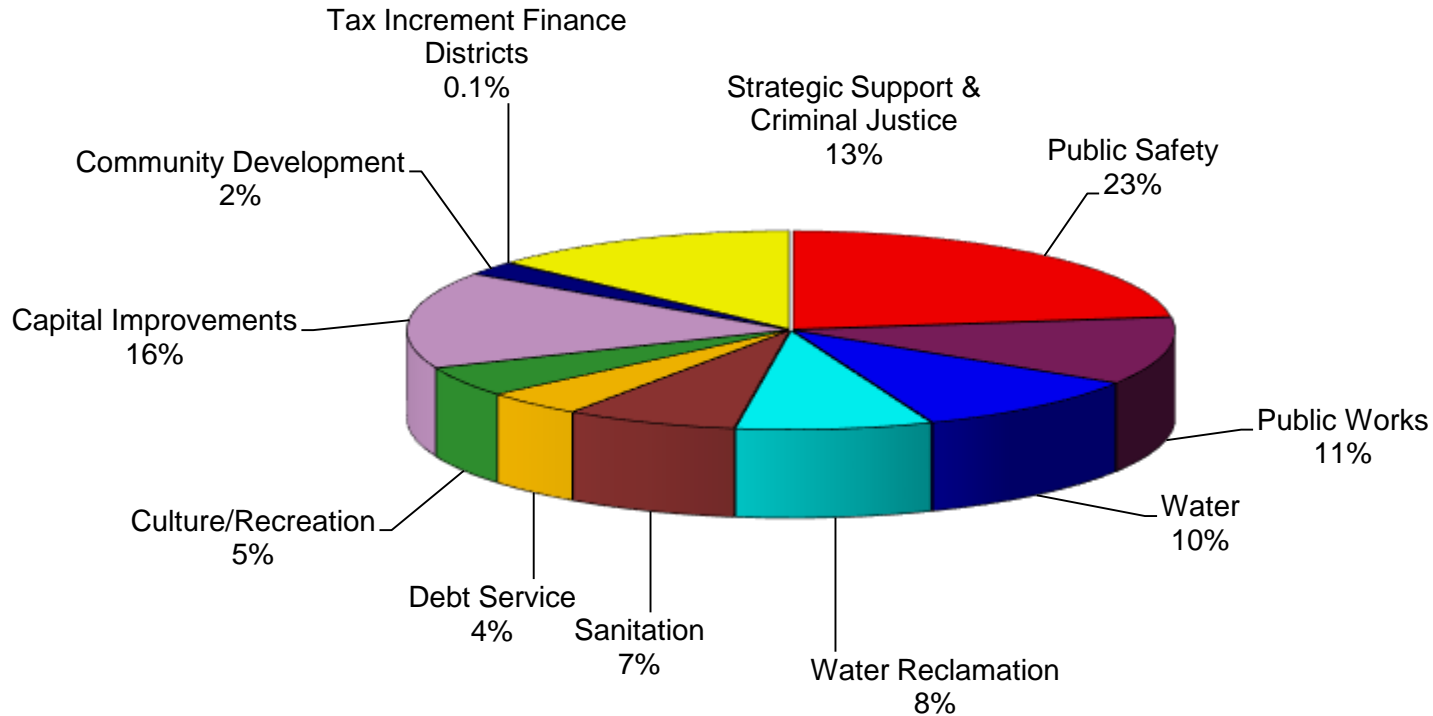
# SINGLE FAMILY CONSTRUCTION



**FYE 2023 ALL FUNDS PROJECTED TOTAL REVENUES**  
**\$251,829,357**

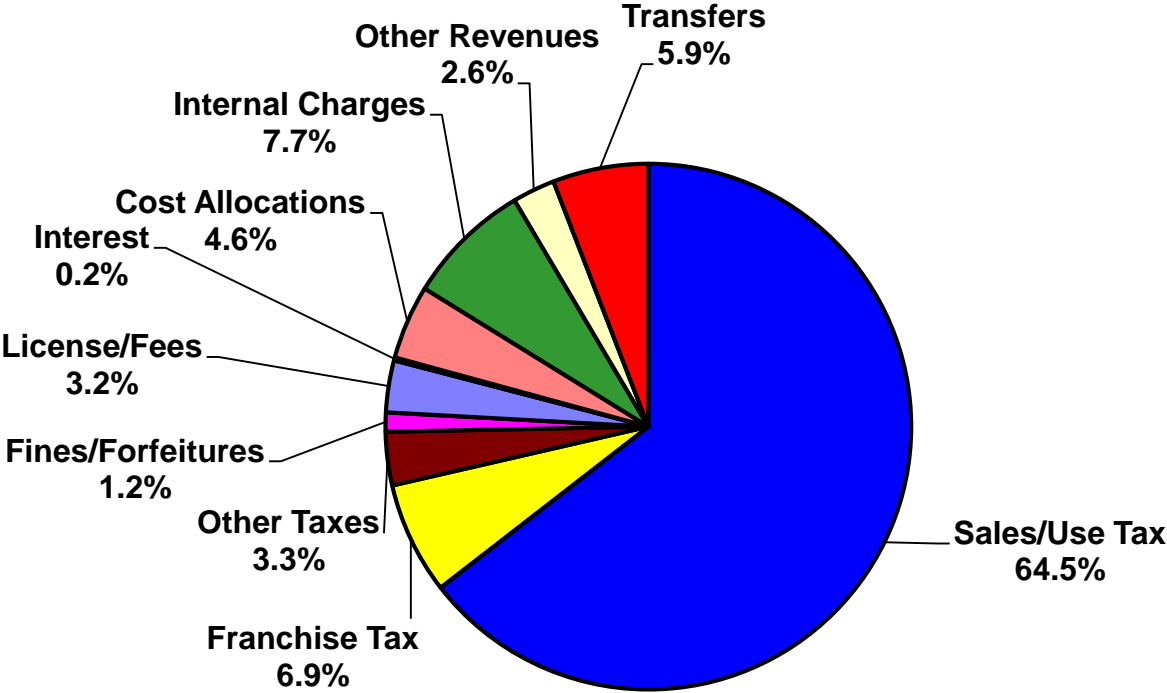


**FYE 2023 ALL FUNDS PROJECTED TOTAL EXPENDITURES**  
**\$245,281,720**



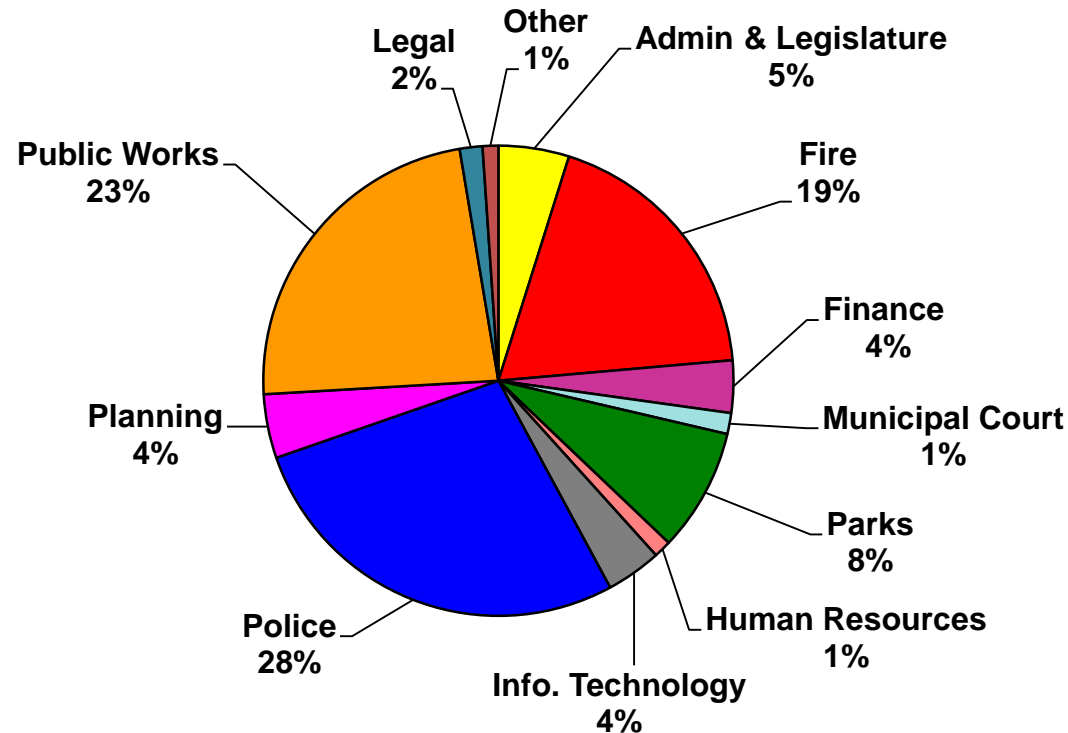
# **FYE 2023 GENERAL FUND REVENUES BY SOURCE**

**\$100,769,620**



# **FYE 2023 GENERAL FUND EXPENDITURES BY DEPARTMENT**

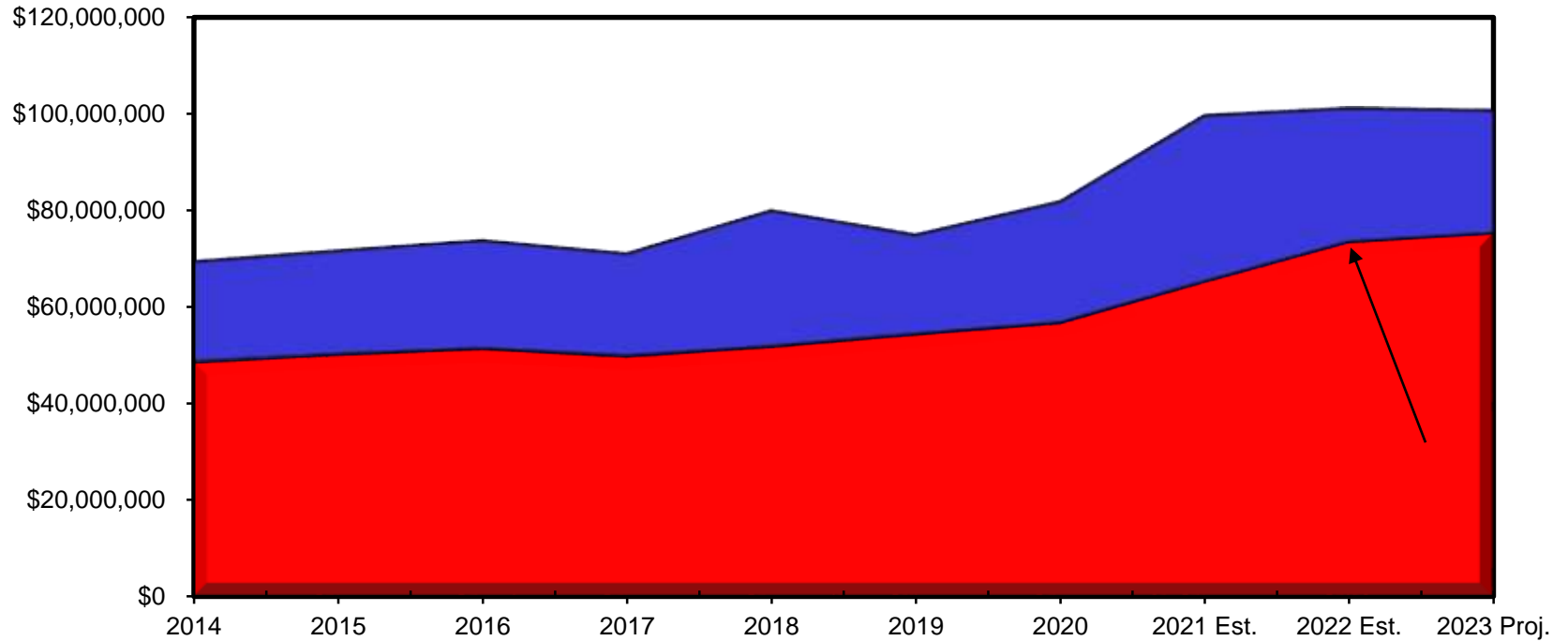
**\$90,008,118**





# GENERAL FUND REVENUES

## 10 Year Comparison



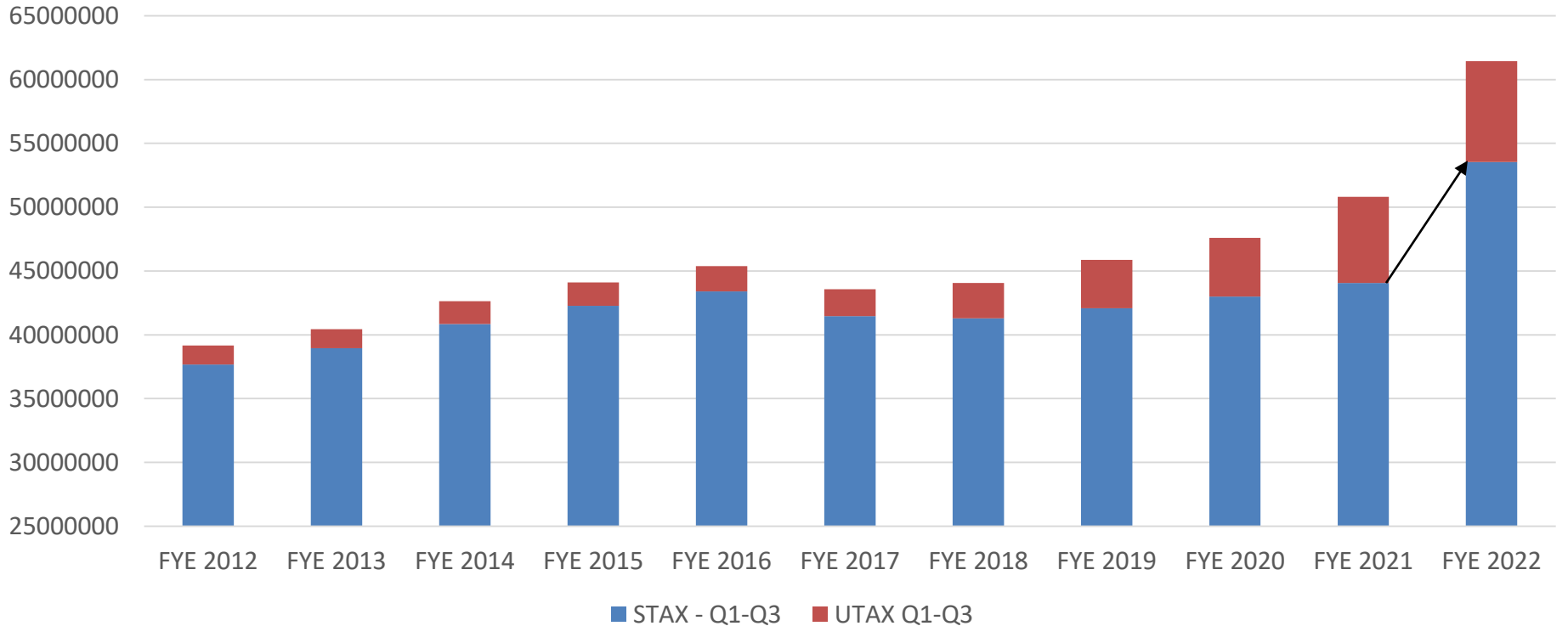
Fiscal Year Ended

■ Tax Revenue

■ Other Revenue

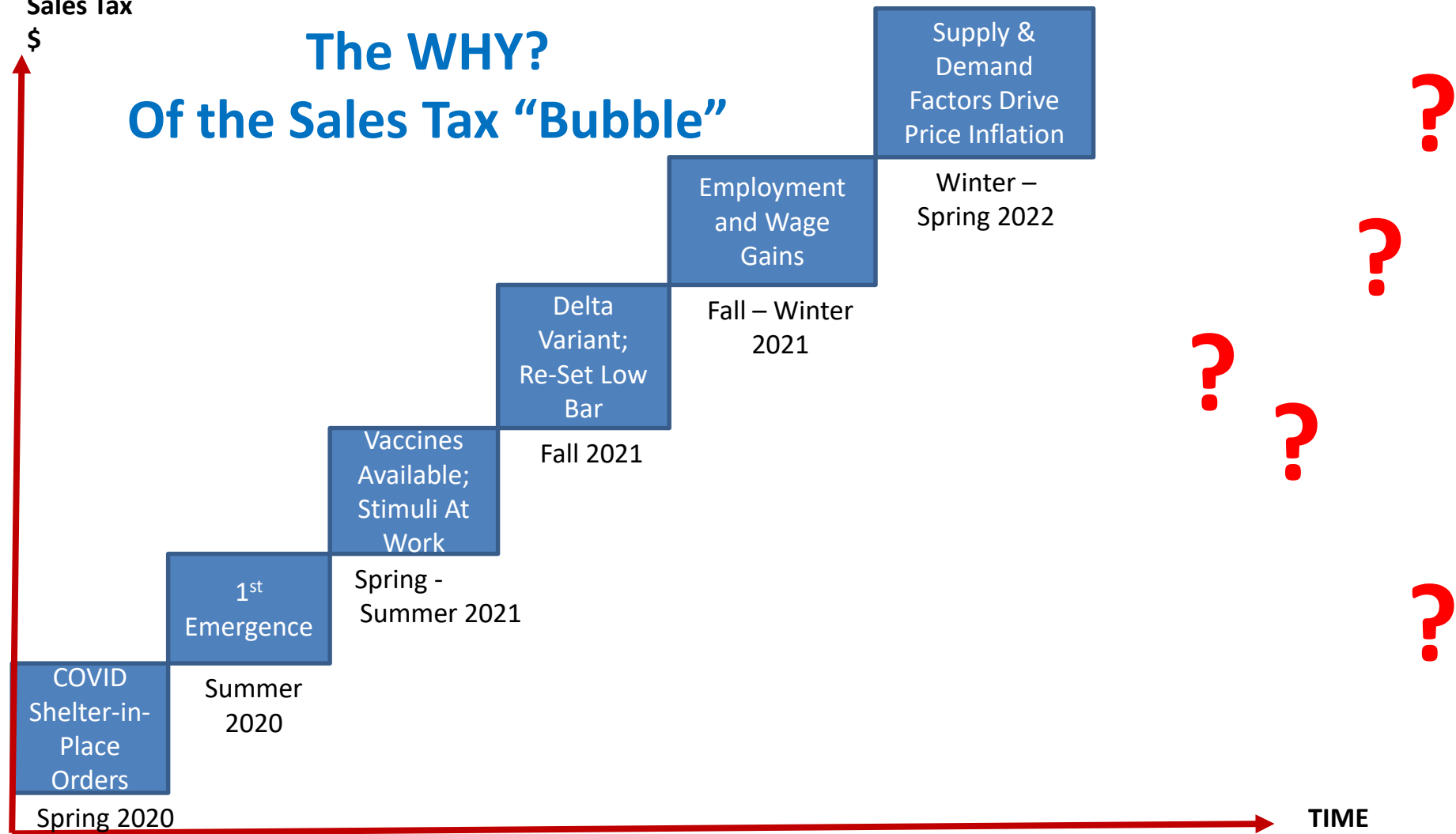
# Sales and Use Tax Revenue (Fiscal Quarters 1 – 3), 10 Year History

In Dollars



Sales Tax  
\$

# The WHY? Of the Sales Tax “Bubble”



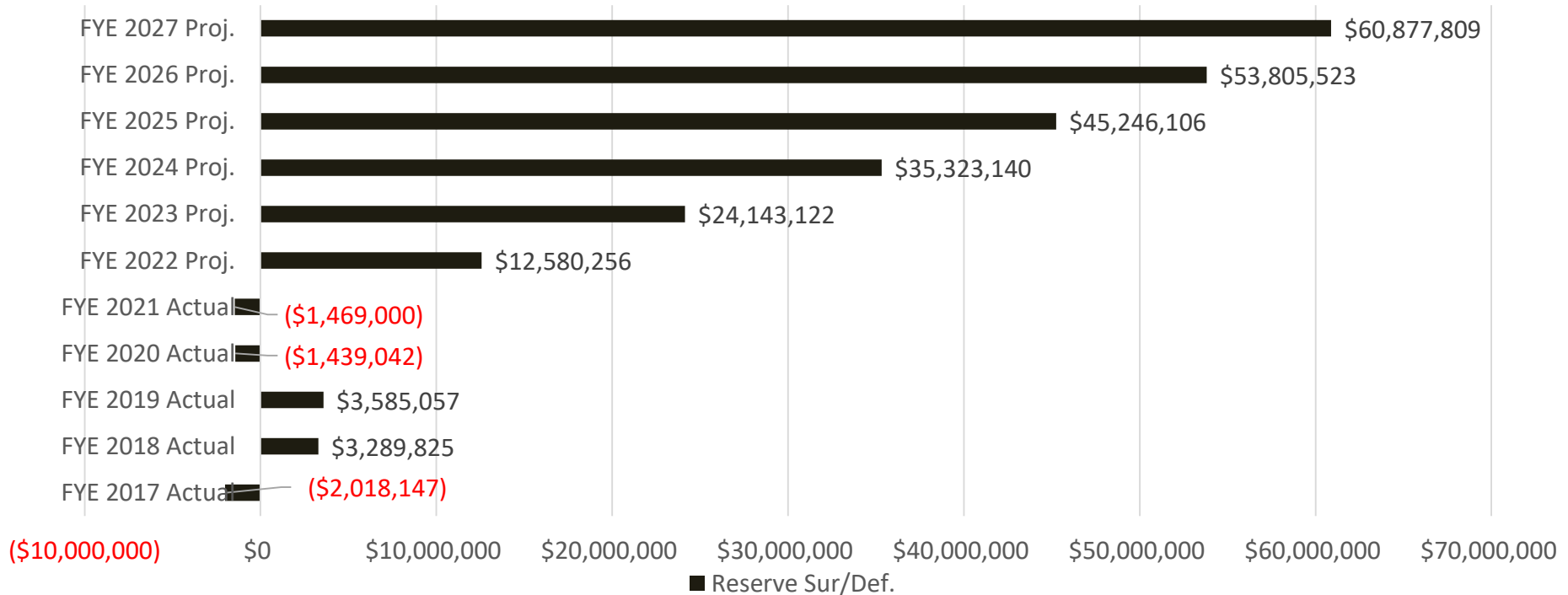
# WHAT IF The “Bubble” Bursts?



# General Fund Reserve Surplus/[Deficit]

## FYE 2017 – FYE 2027; Current Projections

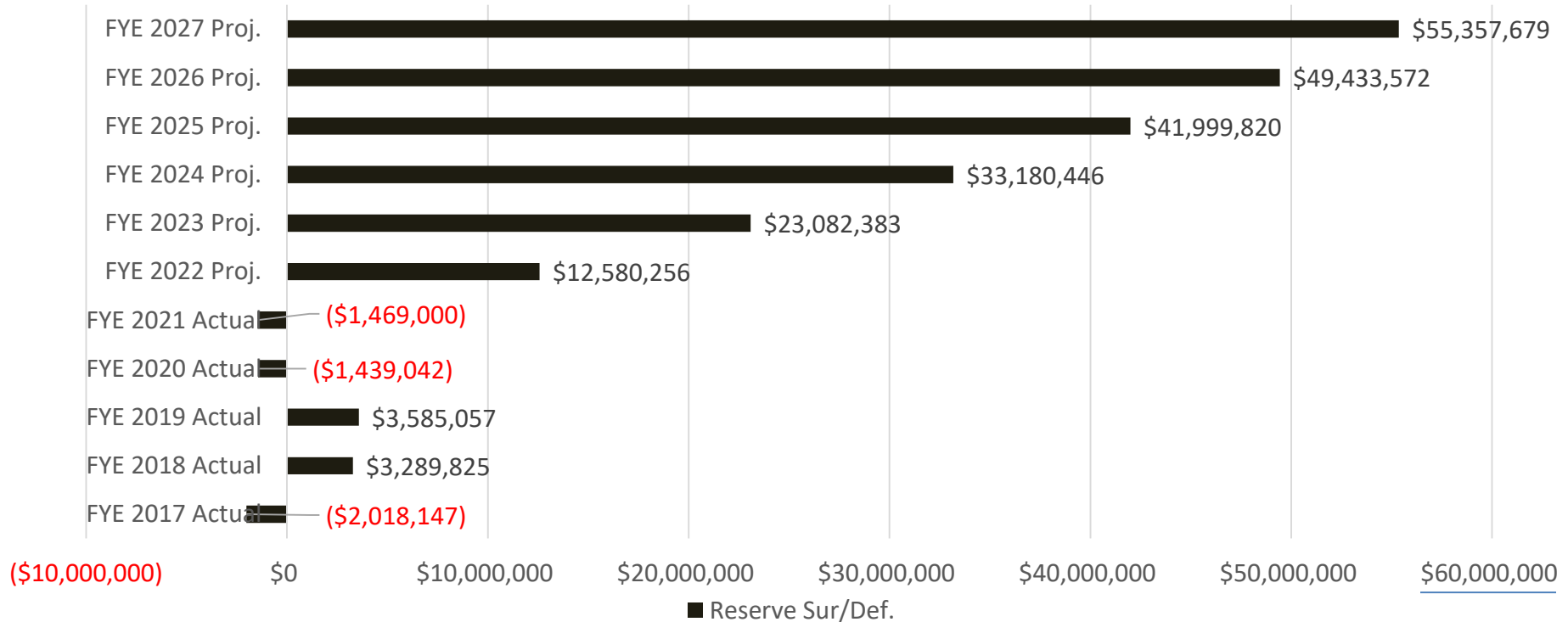
Reserve Sur/Def.



# General Fund Reserve Surplus/[Deficit]

## FYE 2017 – FYE 2027; 0% Growth Projection for FYE 2023

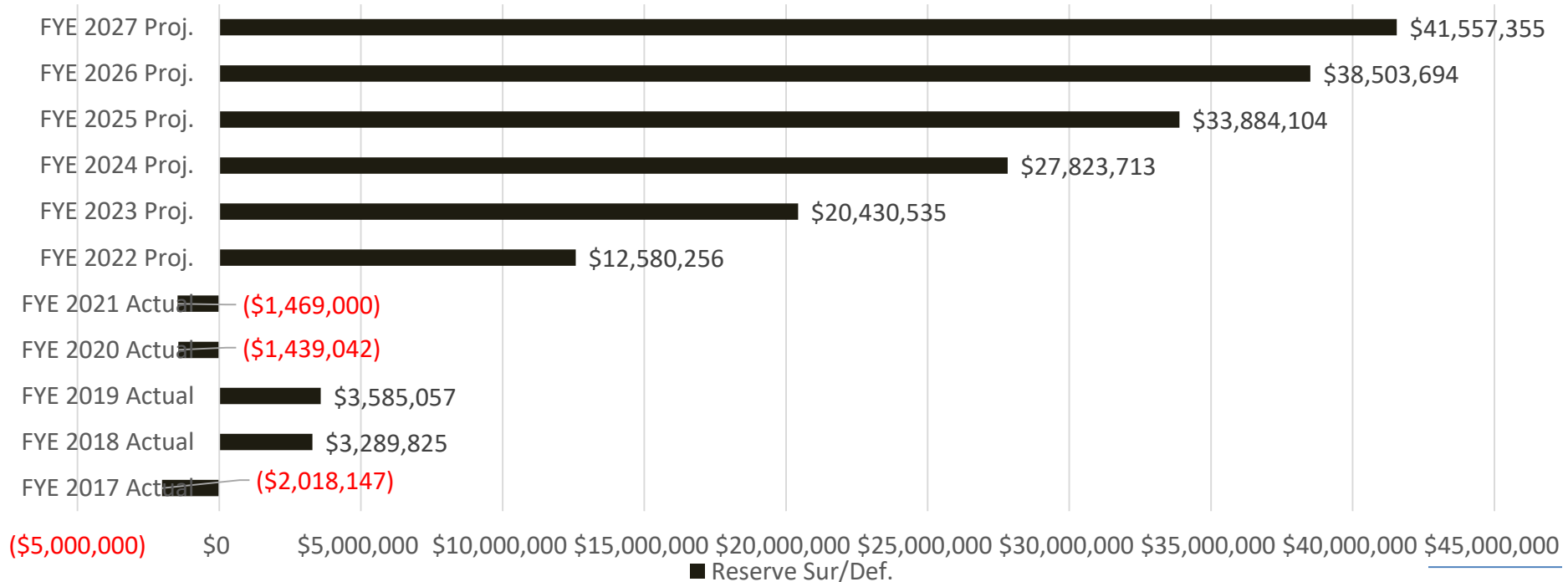
Reserve Sur/Def.



# General Fund Reserve Surplus/[Deficit]

## FYE 2017 – FYE 2027; -5% Decline Projection for FYE 2023

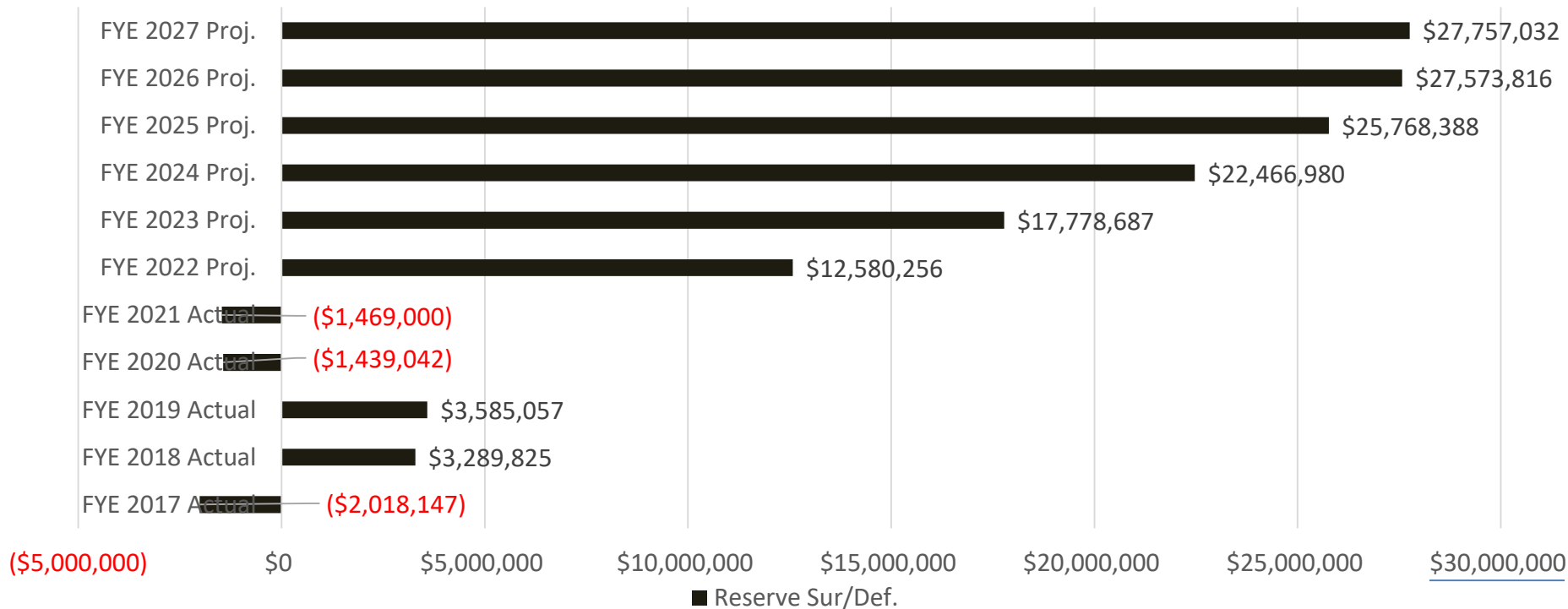
Reserve Sur/Def.



# General Fund Reserve Surplus/[Deficit]

## FYE 2017–FYE 2027; -10% Decline Projection for FYE 2023

Reserve Sur/Def.

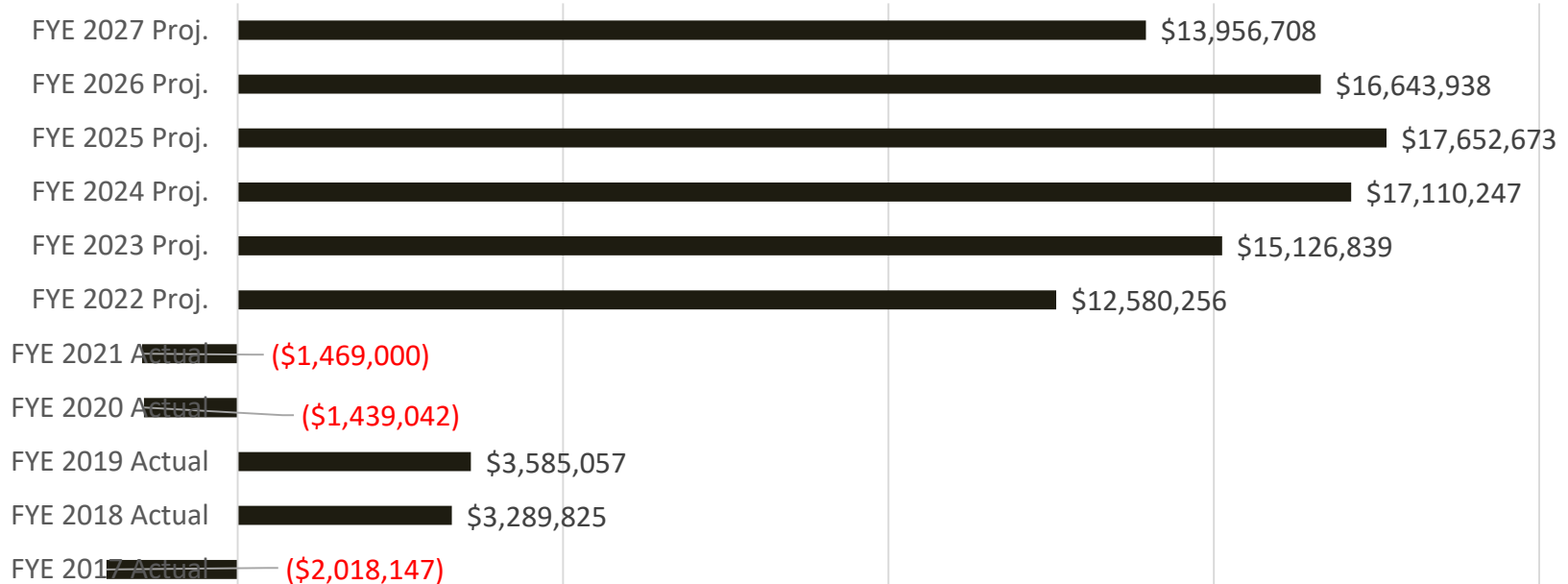




# General Fund Reserve Surplus/[Deficit]

## FYE 2017–FYE 2027; -15% Decline Projection for FYE 2023

Reserve Sur/Def.



(\$5,000,000)

\$0

\$5,000,000

\$10,000,000

\$15,000,000

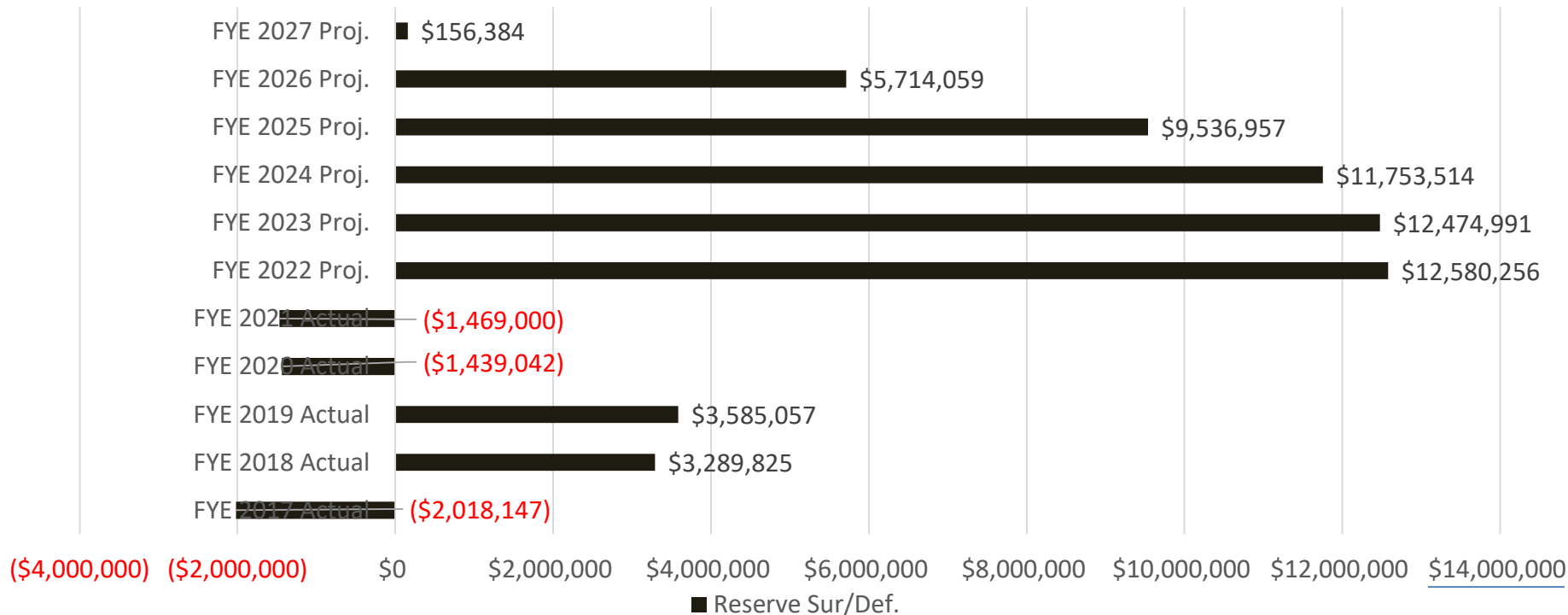
\$20,000,000

■ Reserve Sur/Def.

# General Fund Reserve Surplus/[Deficit]


## FYE 2017–FYE 2027; -20% Decline Projection for FYE 2023

Reserve Sur/Def.





# Major General Fund Revenue Assumptions

- Sales tax growth projection of 2% from projected fiscal year 2021-2022 levels;
  - Use Tax projected to grow at 4%; Franchise Fee and Other Tax Revenue projected to grow by 3% from projected FYE 2022 levels;
  - Fine and Forfeiture revenue projected to grow by 3% from FYE 2022 levels;
  - License and Permit revenue projected to grow by 1% from FYE 2022 levels;
  - Transfers from Water and Water Reclamation Utilities of 5% of their revenue (based on private utility payments for taxes and use of R-O-W)
  - Transfers from Room Tax Fund for administrative services (4%)
  - Cost allocations charges for central services provided to utilities
- 



# Major General Fund Expenditure Assumptions

- Salary and benefit category expenses budgeted for each position in FYE 2023 based on contractual costs, assuming merit and longevity cost increases;
- No cost-of-living adjustment budgeted in FYE 2023;
- Five-year projections made to “determine future viability and to provide a base for remedial policy actions”
- Salary and benefit category costs assume to grow by 5% per year in FYE 2024-2027;
- Expenditures in Services and Maintenance and Supply and Materials assumed to grow by 1% in FYE 2024-2027;
- Expenditures in Internal Services category based on budgeted costs in FYE 2022 and assumed to grow by 2% in FYE 2024 – 2027;
- Employee Turnover Savings of \$800,000 assumed in FYE 2023 & in future years;
- “Subsidies” to Public Transit & Public Safety Sales Tax Funds to have \$0 fund balance in Special Revenue Funds, if required.

# Operating Fund Personnel Changes



## **POSITION CHANGES During FYE 2022:**

- General Fund – Sustainability Coordinator Position Moved to Water Reclamation Fund
- General Fund – Add Municipal Accountant
- General Fund – Add Administrative Technician (Recruiter) to Human Resources Department
- General Fund – Add Administrative Technician to Fire Department
- Public Transit Fund – Contracted Transit Support Positions (2)
- Capital Fund – Add Capital Project Engineer
- CDBG Fund – Deleted Outreach Housing Coordinator

## **POSITION CHANGES PROPOSED in FYE 2023:**

- General Fund – Restore 9 Police Officer Positions
- General Fund – Add PT Recreation Leader at Little Axe Community Center
- General Fund – Add Network Engineer (I.T. Department)
- General Fund – Delete Internal Auditor and Audit Technician



# Unfunded Personnel Needs

- Stormwater Personnel (Street Sweeper, Maintenance Crew)
- PSST Personnel (4 School Resource Officers, 2 Dispatchers)
- Fire Department Expanded Staffing (15 for Station 10)



# Public Safety Sales Tax Fund

- Personnel Additions Behind Schedule (4 SROs; 2 Dispatchers)
- Critical Capital Needs are progressing
- \$9.5MM of ARPA Funds Appropriated to Complete ECOC
- Debt for Radio System & ECOC Paid off in 2027
- 3/8% of PSST to General Fund; 1/8% to Capital Fund when Critical Capital Needs are Completed
- Current Sales/Use Tax Revenue is Projected to Fund Operations without General Fund Subsidy

# CDBG Fund Status

- CDBG Committee Coordinates Separate Budget Process for CDBG and HOME Funds;
- CDBG and HOME Budgets Approved By Council Before Submission to HUD



# Room Tax Fund Status

- Fund Balances For Arts and Tourism Restored to Minimum Levels;
- One-Time Funding Provided from ARPA in FYE 2022 to Arts and Tourism
- FYE 2023 Revenue Projection Based on 2019 Level
- Westwood Golf Course Bonds Paid Off 6/1/2022;  
New NMA Issue For YFAC of \$3,800,000

# Other Special Revenue Funds

- Council on Law Enforcement Education and Training (CLEET)
- Seizures and Restitution (No Budgeted Expenditures)
- Special Grants (Accounting for ARPA Funding)
- Public Transit
- Art in Public Places
- Westwood Park
  - No Assumed Golf Course Subsidy

# Intergovernmental Funding Opportunities

- **CARES Act** (Reimbursed +/- \$14,300,000)
  - Transit Maintenance Facility (\$5MM)
  - Senior Wellness Center (\$4.8MM)
  - Small Business Assistance (\$3MM)
  - Room Tax (Visit Norman/Norman Arts Council; \$800K)
  - General Fund/Rainy Day Fund (\$550K)
  - COVID Vaccinations (\$200K)
- **American Rescue Plan** (\$22,500,000)
  - Emergency Operations/Communications Center\* (\$9.5MM)
  - COVID Vaccination Incentives\* (\$500K)
    - \* Appropriated By Council
  - Affordable Housing (\$4.5MM)
  - Non-Profit Support (\$2MM)
  - Stormwater Capital Projects (\$3MM)
  - 718 N. Porter Remediation (\$1.8MM?)
  - Entrepreneurship Facilities (\$1MM)
  - CEO Program (\$100K)
  - State ARPA Appropriations (\$225MM Applied For)
- **American Jobs Plan**
  - Public Infrastructure (Amount TBD)

# Major Operational Budget Issue

*Will current sales tax  
trends be sustainable?*



# Upcoming Council/Public Budget Meetings



- 4/26/2022 – Public Budget Hearing
  - 5/3/2022 – Capital Fund Budgets
  - 5/17/2022 – Enterprise Fund Budgets
  - 5/24/2022 – Public Budget Hearing
  - 6/7/2022 – Optional Budget Study Session
  - 6/14/2022 – Council Considers Budget for Adoption
  - 7/1/2022 – Beginning of Fiscal Year 2022-2023
- 

# QUESTIONS/DISCUSSION

[Anthony.Francisco@normanok.gov](mailto:Anthony.Francisco@normanok.gov)

[Kimberly.Coffman@normanok.gov](mailto:Kimberly.Coffman@normanok.gov)

