



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 02/14/2023

**REQUESTER:** Anthony Francisco, Finance Director

**PRESENTER:** Anthony Francisco, Finance Director

**ITEM TITLE:** CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2223-97: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, APPROPRIATING \$265,777 FROM THE GENERAL FUND BALANCE TO FUND THE NET REVENUE STABILIZATION FUND (RAINY DAY FUND) AT ITS PROJECTED TARGETED LEVEL.

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### **BACKGROUND:**

Pursuant to the amended Norman City Code, Section 8-103-104 (et. seq.), the City Council has established reserve policies to ensure the operations of the City of Norman's General Fund in times of extraordinary expenses or revenue shortfalls; address emergency expenditure requirements; and/or to address major, unforeseen capital facility needs. Under this requirement, the City must have, at minimum, the following reserves:

- An Operating General Fund Balance of three percent (3%) of budgeted expenditures; plus
- An Emergency Reserve Appropriation in the General Fund of at least one percent (1%) of budgeted expenditures; plus
- An additional Fund Balance in a separate Net Revenue Stabilization ("Rainy Day") Fund of four percent (4%) of budgeted expenditures.

Taken together, these minimum reserves are required to be at least eight percent (8%) of General Fund expenses. The policy further sets a TARGETED "Rainy Day" Fund balance of 5% of General Fund expenditures (bringing targeted reserves to a total of 9% of General Fund expenses). These mandated reserve levels are a "moving target", as they reflect projected or actual General Fund expenditure levels at varying points in time.

### **DISCUSSION:**

Upon the adoption of the fiscal year 2022-2023 budget, the City had met its minimum General Fund reserve requirements. As required by the City Code, the Council, at its Finance Committee mid-year budget review meeting on January 19, 2023 received information on the actual, audited financial status of the Net Revenue Stabilization Fund, as of June 30, 2022. This updated information indicated that the Rainy Day Fund exceeded its projected Minimum required fund balance as of June 30, 2022, but was short of its projected Target fund balance. The Finance

Committee, attended by a quorum of the City Council, recommended that a deposit be made from the General Fund to the Rainy Day Fund to maintain the Net Revenue Stabilization Fund at its projected Target fund balance. The projected amount of the required deposit is \$265,777.

**RECOMMENDATION:**

Staff recommends that the Council Finance Committee's recommendation to appropriate \$265,777 of General Fund balance (account 10-29200) for transfer to the Net Revenue Stabilization Fund (account 11-29200) be approved.