



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 02/22/2022

REQUESTER: Anthony Francisco

PRESENTER: Anthony Francisco, Director of Finance

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2122-96: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN APPROPRIATING \$183,039 FROM THE GENERAL FUND BALANCE TO BE DEPOSITED INTO THE NET REVENUE STABILIZATION FUND (RAINY DAY FUND).

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).

DISCUSSION:

Upon the adoption of the fiscal year 2021-2022 budget, the City had met its minimum reserve requirements. As required by the City Code, the Council, at its Finance Committee mid-year budget review meeting on January 20, 2022 received information on the actual, audited financial status of the Net Revenue Stabilization Fund, as of June 30, 2021. This updated information indicated that the Rainy Day Fund exceeded its projected Minimum required fund balance as of June 30, 2021, but was short of its projected Target fund balance. The Committee 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 \$183,039.

RECOMMENDATION:

Staff recommends that the Council Finance Committee's recommendation to appropriate \$183,039 of General Fund balance (account 10-29201) for transfer to the Net Revenue Stabilization Fund (account 11-29000) be approved.