

FINANCE COMMITTEE MINUTES
August 13, 2015

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:00 p.m. in the Municipal Building Study Session Room on the 13th day of August, 2015, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT: Members Castleberry, Lang, and Chair Rosenthal

ABSENT: Member Heiple

OTHERS PRESENT: Steve Lewis, City Manager
Suzanne Krohmer, Budget Manager
Clint Mercer, CPA, Chief Accountant
Joel Haaser, CPA, BKD/ Manager, Tulsa Office
Rozemarijin Tarhule-Lips, CPA, CPE, BKD/Manager, Oklahoma
City Office

Item 1, being

SUBMISSION OF THE PRE-AUDIT REPORT FROM BKD, L.C.C.

Clint Mercer introduced Joel Haaser and Rozemarijin Tarhule-Lips with BKD, LLC, external auditors. Joel reported the firm came in October to start the field work for the audit of FYE 15 funds. There are three main significant risks to identify this year, pretty standard from three years prior: (1) risk of management override of controls; improper revenue recognition; and estimates of accrued liabilities which includes legal costs and self-insurance programs. GASB 68 regarding pension systems will have to be shown as liabilities this year. The two components of liabilities are fire with an approximate \$40 million negative liability and police pensions with a positive \$2 million asset. Member Castleberry asked if there is an offset and Haaser said no. Steve Lewis said really it's a liability of the State of Oklahoma. Haaser said yes, the insurance take-back funds. Sixty percent is paid by State and forty percent is paid by employer/employee. State Auditor has been working to establish a plan whereby instead of the City paying pension, trying to have City pay directly to State. Mayor asked if fire pension is biggest liability and Haaser said no, Teacher's Retirement is the largest, second is Fire Pension. Member Lang wanted to know who or what agency oversees GASB and Haaser said it is an independent Board; private companies use FASB for financial audits. Steve Lewis said GASB is a regulatory body and the City has to follow GASB rules. Member Lang said in the past few years, pensions has financially ruined other cities nationwide. Haaser asked how will it affect fund balance and Haaser said it would not affect General Fund. New statements became effective with "sister" OPEB (Other Past Employment Benefits). Liability currently on books but amortized over 20 years. We will have to book in 3 years (FYE 2018) and right now would be \$8.2 million. Mayor asked what GASB standard and Haaser said GASB 75.

Steve Lewis asked about delivery schedule for FYE 15 audit. Haaser said unaudited copy will be ready for the Council to review at the November 12, 2015 meeting and final copy will be issued after Thanksgiving for approval in early December.

Items submitted for the record:

1. City of Norman, Oklahoma, Pre-Audit Report to the Finance Committee and City Council dated August 13, 2015, prepared by BKD CPAs & Advisors

Item 2, being

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS AS OF JUNE 30, 2015 AND JULY 31, 2015

Suzanne Krohmer reviewed June 30, 2015 reports. Reviewed budget, collections and expenditures for each fund. City Manager had encouraged staff not to have a lot of “year-end” spending. Bottom line is City in the “black” for the 2nd year. Member Castleberry asked if the City utility bills could show graph of prior year’s usage similar to other utility company billing and possibly usage of water by tier. Member Lang asked about storm water utility costs and how to know what they are.

Items submitted for the record:

1. Summary of Major Funds-General; Capital; Westwood; Water; Water Reclamation; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Reports for June and July 2015.

Item 3, being:

SUBMISSION OF THE REPORT ON OPEN POSITIONS

No discussion.

Items submitted for the record:

1. Position Vacancy Report, dated August 4, 2015

Item 4, being:

MISCELLANEOUS COMMENTS

Mayor asked Steve Lewis what's ahead for the Finance Committee to discuss. He said the fleet facility and fleet replacement will be discussed at the upcoming Budget Retreat. The fleet issues to be considered is a new fleet facility in the future and a fleet replacement schedule.

Member Castleberry asked about the sidewalk projects being behind schedule. Steve Lewis said a lot of the reason is due to lack of personnel. Renewal of streets replacement projects will resume in the summer of 2016. Large transportation project was begun in 2012. Member Castleberry asked about the CNG station and how is it doing. Steve Lewis said it was very busy and far exceeded expectations for the amount of sales.

Member Castleberry asked about mowing and in particular, preparation for game days mainly on Main Street, Lindsey, Highway 9, and I-35. Aesthetics are important for people coming to the games. Steve Lewis said City is still taking care of bridge over Main Street even though the State has not turned the job over to a private contractor and Highway 9 looks fine. Semi-truck took out about 10 feet curb at White & Asp at Campus Corner and the area needs to be restriped. We're working on replacing the curb.

Member Castleberry said Berry Road has been torn up with the bobcats and we need the contractors to replace the skin on the road due to wear of streets from equipment working. Steve Lewis said he would pass that information on.

Steve Lewis said the maintenance of City facilities with new roofs and we are now showing savings in utility bills and maintenance costs.

The meeting adjourned at 5:45 p.m.