



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**THE CITY OF NORMAN, OKLAHOMA**

**FISCAL YEAR ENDING JUNE 30, 2011**





ON THE COVER – “Oklahoma Sooner Football” – on autumn Saturdays, Norman, Oklahoma and Gaylord Family/Owen Memorial Stadium becomes the center of activity in the state of Oklahoma and one of the liveliest places in amateur sports. The Oklahoma Sooners are the most successful college football program of the modern era (the 65 years since World War II) and sport many of the most recognized traditions in sports. Pictured on the cover is OU’s official mascot, the Sooner Schooner® driven and administered by the OU RUF/NEX, the oldest university-based spirit organization in the country. The Schooner symbolizes a historic Conestoga wagon, pulled by Shetland ponies, representing a vehicle that may have transported families into the former Indian Territory, including Norman, which was opened for settlement in the first “Oklahoma Land Run” in 1889. Also pictured is The Pride of Oklahoma marching band, and some of the more than 85,000 fans who have sold out Owen Stadium for more than 80 consecutive games over 13 years.

ABOVE and On Divider Pages – The Norman campus of the University of Oklahoma is home to “Heisman Park”, a collection of larger-than-life size bronze sculptures of the five Sooner winners of the Heisman Memorial Trophy, awarded annually to “the most outstanding college football player in the country.” (Photographs provided by City of Norman Information Technology Division staff, by permission of the University Of Oklahoma Department Of Athletics)

**The City  
of  
Norman, Oklahoma**



**Comprehensive  
Annual Financial Report  
Fiscal Year Ended  
June 30, 2011**

**Prepared by:  
City of Norman  
Finance Department**

# THE CITY OF NORMAN, OKLAHOMA

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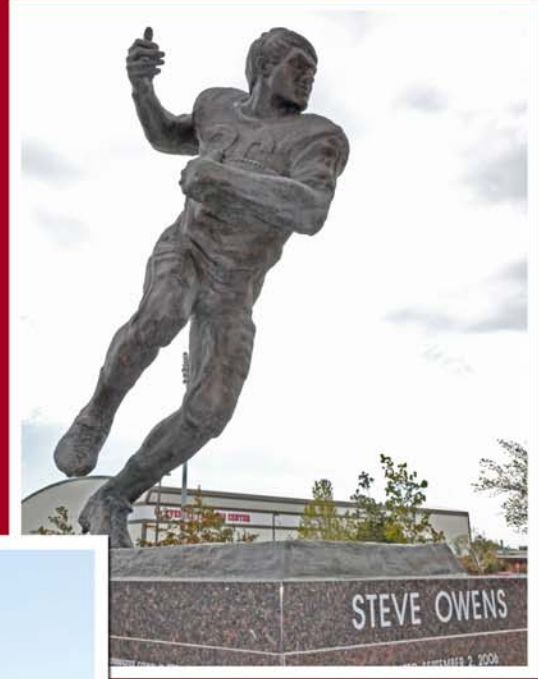
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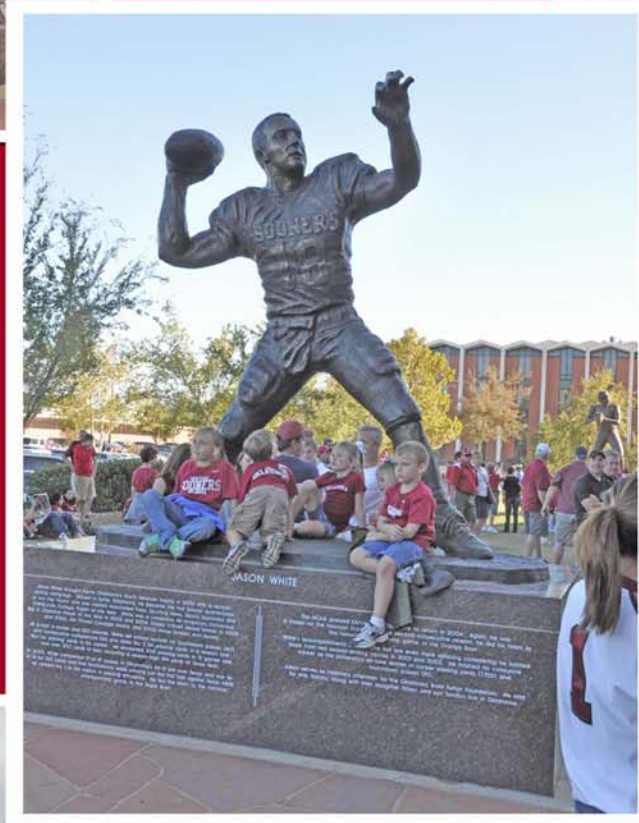
Billy Vessels 1952



Steve Owens 1969



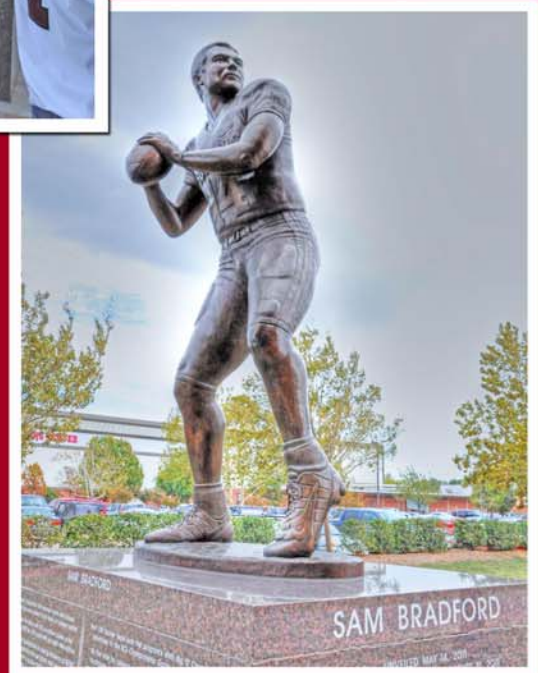
Jason White 2003



Billy Sims 1978



Sam Bradford 2008





# The City of **NORMAN**

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Norman, Oklahoma 73069 • 73070

OFFICE OF THE FINANCE DIRECTOR  
Phone 405-366-5413  
FAX: 405-366-5417

December 9, 2011

Citizens of the City of Norman, Oklahoma  
Honorable Mayor and City Council

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits of providing the control, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cole and Reed, PC has issued an unqualified (“clean”) opinion on the City of Norman (“City”) financial statements for the year ended June 30, 2011. The independent accountants’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

An elected Mayor and eight member Council govern the City of Norman. Daily operations of the City are administered by a City Manager appointed by majority vote of the City Council.

The Basic Financial Statements of the City include all governmental and business-type activities, organizations and functions, including those legally separate organizations for which the City is financially accountable as defined by the Governmental Accounting Standards Board (“GASB”).

The City provides a full range of municipal government services to over 100,000 residents and numerous visitors annually. Municipal services provided include traffic control, municipal courts, water production and distribution, wastewater collection and treatment, solid waste collection and disposal, emergency response services, City code enforcement, crime enforcement and adjudication, construction and maintenance of streets and certain bridges, maintenance of park land, and recreation.



The City does not operate hospitals, schools, or public transportation systems. Special districts and governmental entities with independent authority administer the public hospital, public schools and the university within the City. The City contributes to a public transportation system operated by the University of Oklahoma, which operates throughout Norman.

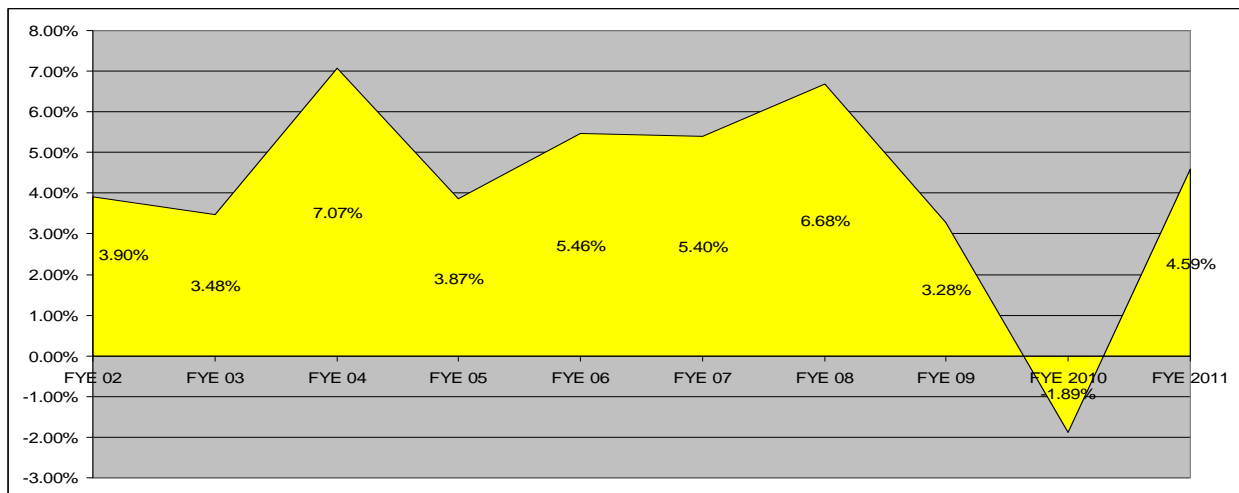
The Council is required to adopt a final budget by no later than ten days before the close of the fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, department and category (e.g., salary and benefits). Department Managers may transfer resources within their department as they see fit. Transfers between departments, however, need special approval from the City Manager. Transfers between funds need Council approval.

**Local Economy; Relevant Financial Policies**

The City of Norman is located in the geographic center of Oklahoma and is within the Oklahoma City metropolitan area. Norman’s quality of life is sought by people of all ages and in all walks of life, and is demonstrated in the population growth over the past ten years. The University of Oklahoma, National Severe Storms Laboratory and National Weather Service, Hitachi Computer Products, U.S. Postal Service Technical Training Center, SYSCO Food Services Corporation, Astellas Pharmaceuticals Corporation, Chickasaw Nation Industries, Office Max Business Services and Johnson Controls/York International Unitary Products Group are some of the leading institutions and businesses located in Norman. In May 2010, the United States Armed Forces Reserve Center was centralized in Norman with the construction of a major new facility.

One of the best indicators of the economic condition of the City is the evaluation of trends in some key factors. Sales and use taxes and franchise fees collectively represent 61% of the City’s total General Fund revenue. Overall, sales tax collections increased 4.59% from FYE 2010 levels. Collections from the City’s franchise fees (charges to private electric, natural gas and cable companies to operate within the City’s rights-of-way) decreased 0.5% from FYE 2010 levels. Sales tax receipts increase in proportion to the level of retail sales and therefore provide a good indication of the economic condition of the community. The FYE 11 increase reflected a return to a more normal rate of growth in sales tax, after the recessionary years of 2009-2010. Trends in City sales tax for the last ten fiscal years are illustrated below:

**10-YEAR SALES TAX HISTORY, IN % CHANGE FROM PRIOR YEAR**



Since sales and use taxes and building permit revenues are a primary source of the City's general governmental revenue and are by nature volatile, and because Norman is subject to volatile weather conditions which can necessitate significant unexpected expenditures during the course of the budget year, the City must budget conservatively and maintain sufficient fund balances to absorb any shortfalls that may occur. As a result of this factor, the City has maintained a six percent (6%) targeted reserve of operating fund balances by policy to account for unexpected expenses and possible shortfalls in revenue. The City's General Fund balance did not meet this target level in the current year. The City has also budgeted an additional two percent of budgeted expenditures for emergency operations.

It is the City's policy that one-time revenues not be used for operating purposes. The drawdown of General Fund balances to meet operating expenditures in recent years has conflicted with that policy. The City also targets a fund balance level in other operating funds of at least eight percent (8%) of budgeted expenditures to protect citizen/customer service delivery from unexpected revenue shortfalls or cost overruns. The City also seeks to set utility rates within utility enterprise funds at a level to meet average net income and reserve requirements over a five-year period without the need for interim adjustments. The City's unique Charter requirement that utility rate increases must be approved by a majority vote of the people of Norman makes this policy more difficult to achieve.

Effective in fiscal year 2011-2012, the City has changed its General Fund balance policies. A new Net Revenue Stabilization Fund (or "Rainy Day Fund") has been established. Under City policy, three percent (3%) of budgeted expenditures will be required by ordinance to be held in fund balance, two percent (2%) will be required by ordinance to be appropriated into a General Fund Emergency Reserve account and at least three percent (3%) and up to four and one-half percent (4.5%) of expenditures will be required by ordinance to be held in Net Revenue Stabilization Fund balance. The enabling legislation for the "Rainy Day" fund establishes restrictions upon the appropriation of fund balance in the new fund.

### **Long-term Financial Planning**

The long-term financial status of the City's major operating funds (General Fund and Special Revenue Funds) is driven in large part by personnel expenses. These operating funds have extremely low employment levels and the City of Norman has a relatively small workforce, in comparison to most comparable cities. The City also provides relatively generous employee benefits, particularly for health insurance and retirement (information on employee benefits is given in the Notes to Financial Statements Section). Much of the City's long-term financial planning efforts in the general governmental service areas relate to controlling the rate of growth in these employee costs.

The financial status of the City's utility enterprise funds are driven in large part by capital expenditures. Major capital improvement programs are under way in the Water and Wastewater Utility operations, financed by ratepayer revenues, a temporary sales tax dedicated to sewer improvements (expired in October, 2006), and development charges. The Council, acting as Trustees of the Norman Utilities Authority, has studied future improvements and expansion that are needed to the Norman Water and Wastewater Treatment Plants. Voter referenda may be required to provide adequate ratepayer funding for these needed improvements.

## Major Initiatives

During fiscal year 2010-2011, the City took several measures to strategically plan for future infrastructural and operating needs. A citizen's committee made its final report and the Council adopted a Stormwater Master Plan to address long-standing storm drainage and water quality concerns. Continued study will be done in advance of voter referenda for the establishment of a Norman Stormwater Utility and potential general obligation bonds to finance storm drainage and water quality needs that have been inadequately funded in the City's General and Capital funds. Discussion was also had of a proposed capital program to improve Norman's streets and transportation systems, leveraging federal Surface Transportation Program matching funds.

On March 1, 2011, the voters of Norman approved a rate increase for the Sanitation Utility. This rate structure will enable the current level of services to be maintained. On November 8, 2011, the voters of Norman approved general obligation bond funding to expand and renovate the Norman Animal Shelter. Approximately \$3 million will be expended during calendar year 2012 to make the improvements to serve Norman's animal welfare and public safety needs.

At the Norman Water Treatment Plant, the first phase of planned improvements was completed in fiscal year 2010-2011. These improvements include the installation of an emergency power generator, replacement of filter media, replacement of an 8 million gallon primary clarifier, and replacement of the Plant's high frequency pumps with more energy-efficient variable frequency pumps. The new variable frequency drive pumps were partially funded from American Recovery and Reinvestment Act grants through the U.S. Department of Energy. Future phases of planned and necessary improvements to the Water Treatment Plant will improve treatment standards to improve the quality of Norman's drinking water and expand the treatment capacity of the plant.

At the Norman Wastewater Plant, major improvements have been completed to the facility's sludge handling processes, partially funded by federal grants. The facility has reached a level at which the treatment capacity must be expanded and treatment standards improved to meet federal and state regulations. Sewage treatment capacity expansion and effluent quality improvements have been planned since the adoption of the Norman Wastewater Master Plan in 2001. It is anticipated that voter referenda will be proposed in 2012 to proceed with the construction of these planned improvements.

## Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a *Certificate of Achievement* for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



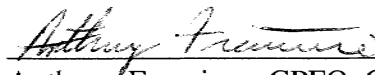
Preparation of a CAFR is a complex task and one that requires considerable expertise and experience. More important, the ongoing maintenance and reporting of the City's financial condition at the level to which Norman has been accustomed requires professionalism and dedication far beyond what could be expected from a paycheck. The City is fortunate to have a very talented accounting staff willing to undertake these magnanimous efforts year after year. It is our pleasure to express sincere thanks to the accounting staff of the City, while Chief Accountant Clint Mercer, CPA and Municipal Accountant Debbie Whitaker deserve particular recognition for their efforts in preparing representative financial statements. We would also like to thank Cole and Reed, PC, independent auditors of the City, for their guidance and technical assistance.

Finally, we would like to express our gratitude and appreciation to the members of the Norman City Council and the Council's Finance and Audit Committee for your policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems, and to provide adequate staffing levels to ensure them, establishes an environment influencing all other decisions that are made. We are proud to convey the City Council's commitment to excellence to our citizens and all readers of the FYE 2011 CAFR.

Respectfully submitted,



Steven Lewis  
City Manager



Anthony Francisco, CPFO, CTP, CPFA  
Director of Finance/City Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norman  
Oklahoma

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



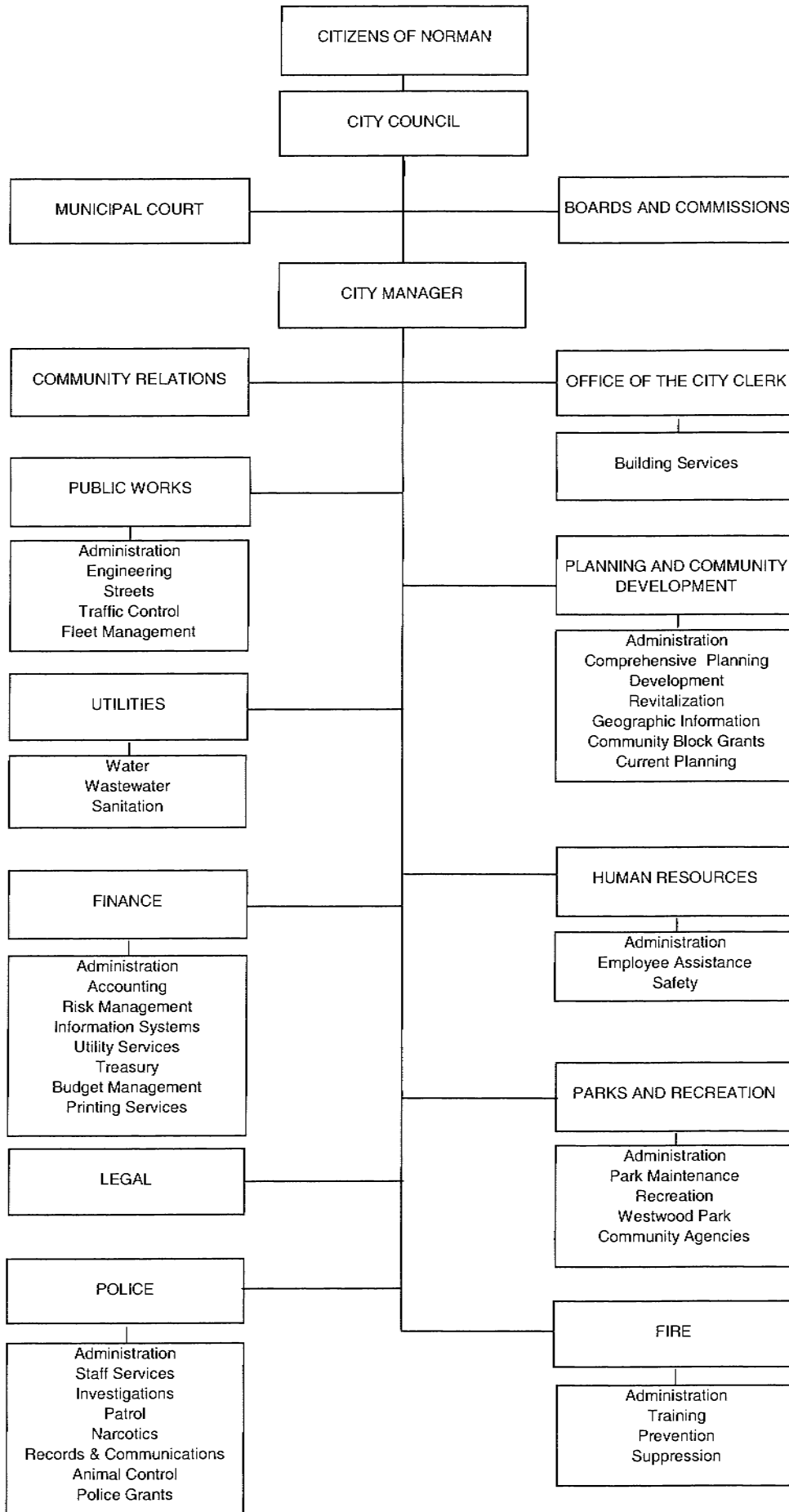
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# ORGANIZATIONAL CHART





## **CITY OFFICIALS**

**MAYOR**  
Cindy Rosenthal

<b>Ward 1</b>	Roger Gallagher	<b>Ward 5</b>	Dave Spaulding
<b>Ward 2</b>	Tom Kovach	<b>Ward 6</b>	Jim Griffith
<b>Ward 3</b>	Hal Ezzell	<b>Ward 7</b>	Linda Lockett
<b>Ward 4</b>	Carol Dillingham	<b>Ward 8</b>	Dan Quinn

**City Manager** Steve Lewis

## **ACCOUNTING & RESEARCH STAFF**

**Anthony Francisco, CPFO, CTP, CPFA**  
Finance Director

**Clint Mercer, CPA**  
Chief Accountant

**Debbie Whitaker**  
Municipal Accountant III

**Mindy Aynes**  
Municipal Accountant I

**Mary Anne Kirkland**  
Administrative Technician IV

**Lisa Woods**  
Municipal Accountant I

**Carrie Clark**  
Municipal Accountant I

This document was prepared by the City of Norman Finance Department  
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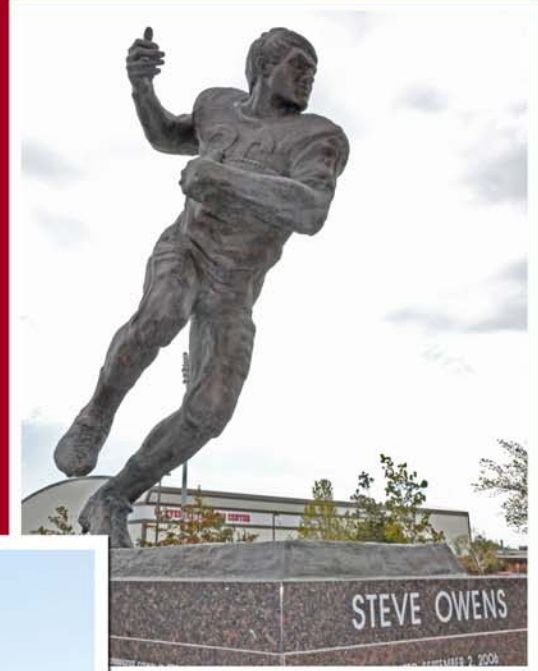
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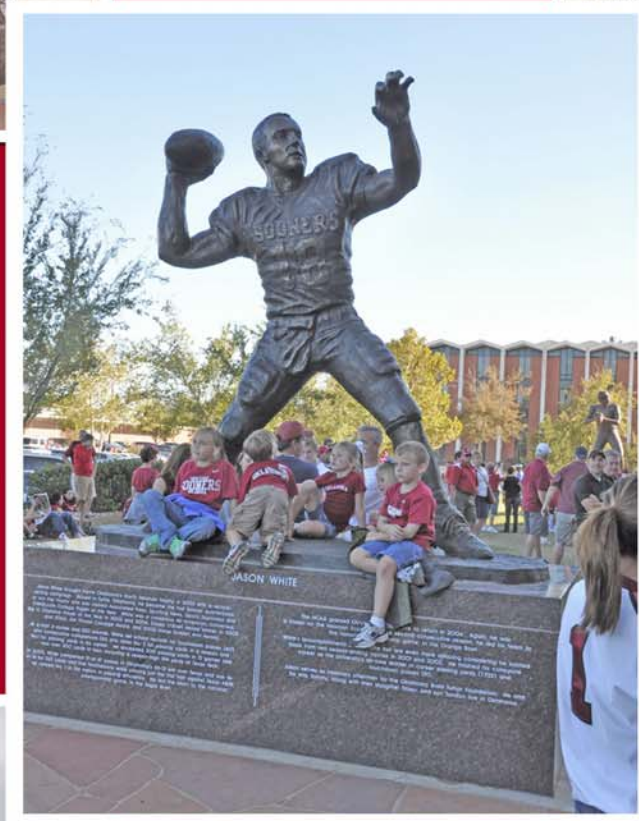
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Steve Owens 1969



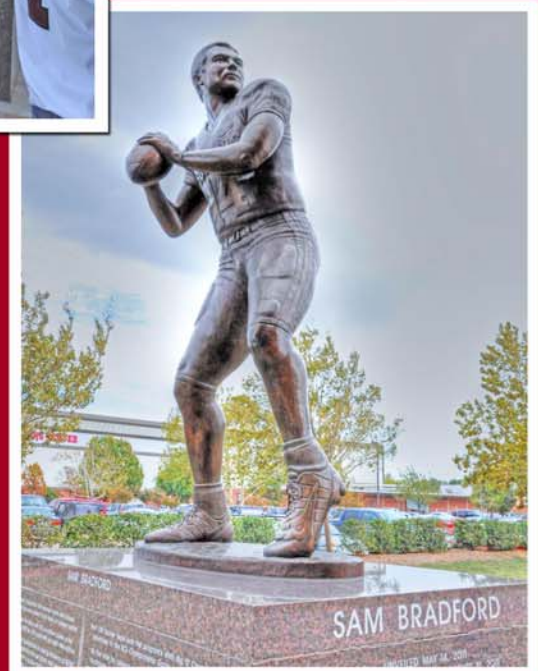
Jason White 2003



Billy Sims 1978



Sam Bradford 2008



Independent Auditors' Report

Honorable Mayor and City Council  
The City of Norman, Oklahoma  
Norman, Oklahoma

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma (the "City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As reflected in the balance sheet of the governmental funds and in the notes to the financial statements, the City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011.



In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated December 9, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, general fund budgetary comparison schedule and schedule of funding progress for employee retirement system, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norman's basic financial statements. The accompanying other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

The accompanying Introductory and Statistical sections, as listed in the table of contents, have not been subjected to the procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
December 9, 2011



## Management's Discussion and Analysis

As management of the City of Norman (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$442,488,825 (net assets). Of this amount, \$20,676,948 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$47,277,943.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$63,048,013, a increase of \$8,375,714 in comparison with the prior year. Approximately 79% or \$49,726,855 was nonspendable, restricted, committed or assigned for specific purposes. Approximately 21% or \$13,321,158 was unreserved and undesignated at fiscal year end.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,321,158 or 19 percent of total general fund expenditures.
- The City's total debt increased by \$11,225,493 during the current fiscal year. The City issued \$6,250,000 in general obligation bonds and drew down \$1,308,641 in tax increment notes payable and \$10,288,630 in utility system notes payable. The remaining decrease was due to normal payments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A brief description of the basic financial statements follows.

***Government-wide financial statements*** - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, planning, city controller, parks and recreation, public works, public service and public safety. The business-type activities of the

City include the Norman Municipal Authority (the “NMA”) and the Norman Utilities Authority (the “NUA”). The NMA operates Westwood Park and the City’s sanitation services. Westwood Park includes golf, tennis and swimming facilities. The NUA operates the City’s water and wastewater services.

The government-wide financial statements can be found on pages 14-15 of this report.

***Fund financial statements*** - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. A brief description of these funds follows.

***Governmental funds*** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

***Proprietary funds*** – The City maintains enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for NMA and NUA activities, which are both presented as major proprietary funds. The components of these funds are presented in additional detail in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

***Fiduciary funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the

resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

*Notes to the financial statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-59 of this report.

*Other information* – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the general fund. Required supplementary information can be found on pages 60-68 of this report. Also, this report presents certain other supplementary information such as combining financial information for non-major governmental funds, budgetary comparison schedules for non-major governmental funds and combining financial statements for enterprise funds and fiduciary funds. Other supplementary information can be found on pages 69-92 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$442,488,825 at the close of the most recent fiscal year.

### Net Assets As of June 30

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 72,218,434	\$ 64,887,442	\$ 62,670,056	\$ 64,526,778	\$ 134,888,490	\$ 129,414,220
Capital assets	235,191,426	198,412,802	182,890,444	166,559,543	418,081,870	364,972,345
Total assets	307,409,860	263,300,244	245,560,500	231,086,321	552,970,360	494,386,565
Long-term liabilities	47,678,053	41,061,511	43,733,772	37,171,058	91,411,825	78,232,569
Other liabilities	13,218,256	13,850,255	7,251,454	7,092,859	20,469,710	20,943,114
Total liabilities	60,896,309	54,911,766	50,985,226	44,263,917	111,881,535	99,175,683
Net assets:						
Invested in capital assets, net of related debt	206,982,527	175,482,607	149,829,383	146,472,150	356,811,910	321,954,757
Restricted	42,431,883	33,165,081	22,568,084	23,202,532	64,999,967	56,367,613
Unrestricted	(2,900,859)	(259,210)	22,177,807	17,147,722	19,276,948	16,888,512
Total net assets	\$ 246,513,551	\$ 208,388,478	\$ 194,575,274	\$ 186,822,404	\$ 441,088,825	\$ 395,210,882

By far the largest portion of the City's net assets (81 percent) reflect its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



An additional portion of the City's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,676,948) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

There was an increase of \$7.75 million in the net assets reported in connection with the City's business-type activities. This increase was due to several factors. See below for more information.

The governmental net assets increased by \$39.5 million during the current fiscal year. This increase was due to several factors. See below for more information.

### Change in Net Assets For the Year Ended June 30

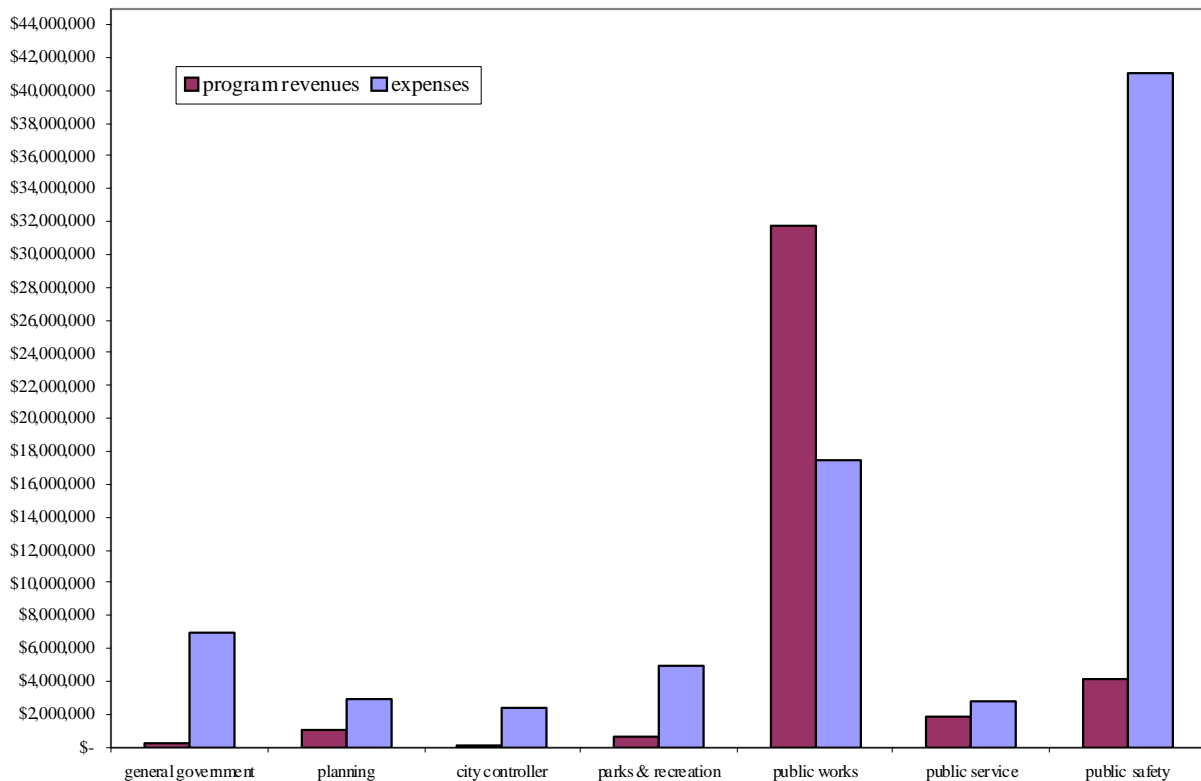
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Program Revenues:</b>						
Charges for services	\$ 4,920,651	\$ 4,727,892	\$ 38,225,943	\$ 36,375,927	\$ 43,146,594	\$ 41,103,819
Operating grants & contributions	6,771,145	8,143,742	-	-	6,771,145	8,143,742
Capital grants & contributions	30,934,491	2,513,839	4,474,408	7,215,720	35,408,899	9,729,559
<b>General revenues:</b>						
Sales and excise taxes	56,146,152	53,601,698	1,038,715	1,562,722	57,184,867	55,164,420
Franchise taxes	6,228,264	6,262,225	-	-	6,228,264	6,262,225
Property taxes	7,684,537	6,111,415	-	-	7,684,537	6,111,415
State use taxes	2,187,289	2,179,503	-	-	2,187,289	2,179,503
Other taxes	2,131,517	2,009,492	-	-	2,131,517	2,009,492
Investment earnings	396,095	490,604	355,657	440,118	751,752	930,722
Miscellaneous	962,203	838,558	187,358	(205,141)	1,149,561	633,417
<b>Total revenues</b>	<b>118,362,344</b>	<b>86,878,968</b>	<b>44,282,081</b>	<b>45,389,346</b>	<b>162,644,425</b>	<b>132,268,314</b>
<b>Expenses:</b>						
General government	6,904,076	5,830,137	-	-	6,904,076	5,830,137
Planning	2,944,363	3,345,225	-	-	2,944,363	3,345,225
City controller	2,299,619	3,487,837	-	-	2,299,619	3,487,837
Parks and recreation	4,951,495	5,909,298	-	-	4,951,495	5,909,298
Public works	17,384,501	17,665,244	-	-	17,384,501	17,665,244
Public service	2,777,749	2,964,057	-	-	2,777,749	2,964,057
Public safety	41,050,651	41,750,244	-	-	41,050,651	41,750,244
Interest on long-term debt	1,306,589	1,175,941	-	-	1,306,589	1,175,941
Westwood park	-	-	1,475,445	1,485,522	1,475,445	1,485,522
Water	-	-	10,479,592	10,307,362	10,479,592	10,307,362
Wastewater	-	-	12,736,928	10,794,791	12,736,928	10,794,791
Sanitation	-	-	11,055,474	10,802,282	11,055,474	10,802,282
<b>Total expenses</b>	<b>79,619,043</b>	<b>82,127,983</b>	<b>35,747,439</b>	<b>33,389,957</b>	<b>115,366,482</b>	<b>115,517,940</b>
Change in net assets before transfers	38,743,301	4,750,985	8,534,642	11,999,389	47,277,943	16,750,374
Transfers	781,772	89,216	(781,772)	(89,216)	-	-
<b>Change in net assets</b>	<b>39,525,073</b>	<b>4,840,201</b>	<b>7,752,870</b>	<b>11,910,173</b>	<b>47,277,943</b>	<b>16,750,374</b>
Net assets, beginning	208,388,478	203,548,277	186,822,404	174,912,231	395,210,882	378,460,508
<b>Net assets, ending</b>	<b>\$ 247,913,551</b>	<b>\$ 208,388,478</b>	<b>\$ 194,575,274</b>	<b>\$ 186,822,404</b>	<b>\$ 442,488,825</b>	<b>\$ 395,210,882</b>

*Governmental activities* – Governmental activities increased the City’s net assets by \$39.5 million. In the prior year, governmental activities increased the City’s net assets by \$4.8 million. Key elements of this change are as follows:

- Sales tax revenue within the governmental activities (the City’s primary fund source) increased by \$2,544,454 or 4.75% over the prior fiscal year. This increase was due to the overall improvement within the economy as a whole.
- Capital grants and contribution revenues increased by \$28,371,647 or 1,128% from the prior fiscal year. Developers dedicate roadways and right-of-way to the City when they develop additions. In addition, the City works with the Oklahoma Department of Transportation (ODOT) on joint road infrastructure projects that become City property when completed. This increase is due to those factors.
- Property tax revenue increased by \$1,573,122 or 25.7%. This increase was due to an increase in the levy assessed to pay general obligation bond payments due in the current fiscal year.
- General government activities increased by \$1,073,939 or 18.4% over the prior fiscal year. Most of this increase was due to maintenance projects (\$1,134,566) to various municipal buildings including roofs, mechanical and lighting.
- City controller activities decreased \$1,188,218 or 34.1% under the prior fiscal year due to the purchase of computer related equipment (\$613,315) that was capitalized in the current year including several servers and software licenses.

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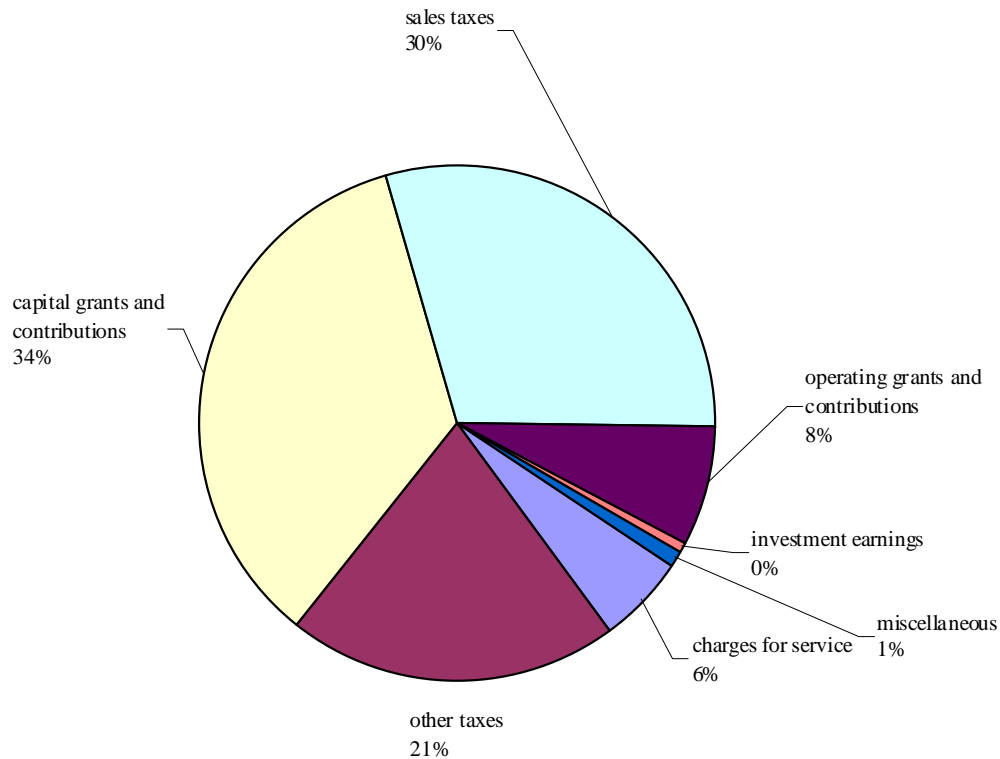
### Expenses and Program Revenues – Governmental Activities



Although governmental expenses exceed program revenue, most governmental activities are financed through taxes and other revenue sources.

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### Revenues by Source - Governmental Activities



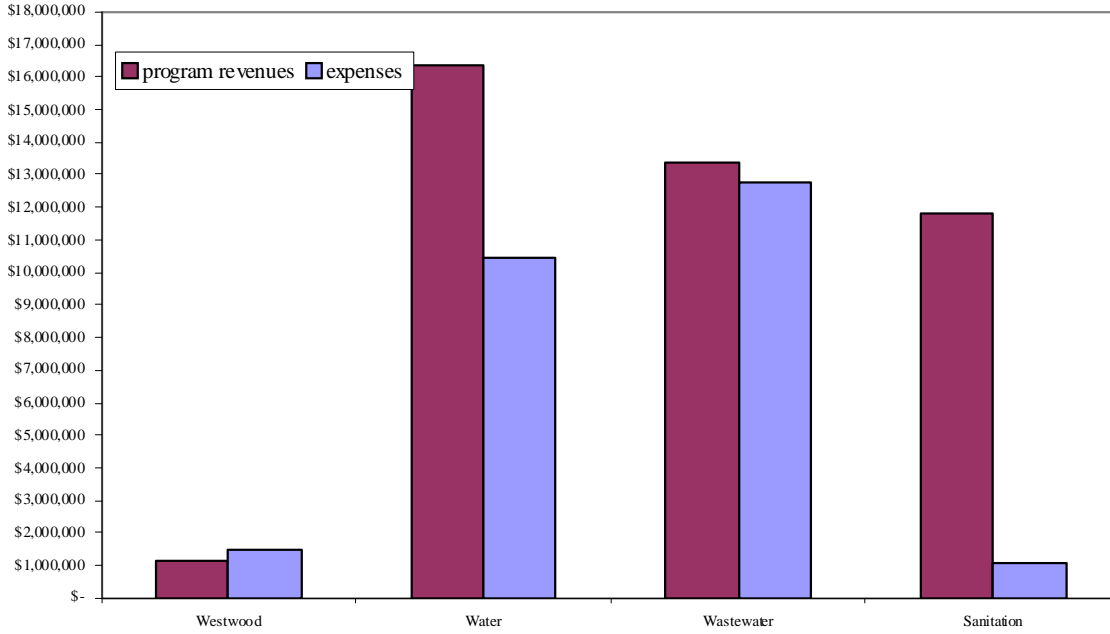
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*Business-type activities* – Business-type activities increased the City’s net assets by \$7.75 million. In the prior year, business-type activities increased the City’s net assets by \$11.9 million. Key elements of this change are as follows:

- Capital grants and contribution revenue decreased \$2,741,312 or 38% over the previous fiscal year. This decrease was due to grants in the amount of \$3,280,746 for water and sewer system improvements via the Oklahoma Water Resources Board in the prior year compared to \$719,254 in the current year. In addition, capital contributions from developers in the form of water and sewer pipe decreased \$179,820.
- Tax revenue decreased \$524,007, or 33% over the previous fiscal year. This tax represents an excise tax on development to fund wastewater improvements. The decrease is due to a decrease in such development.

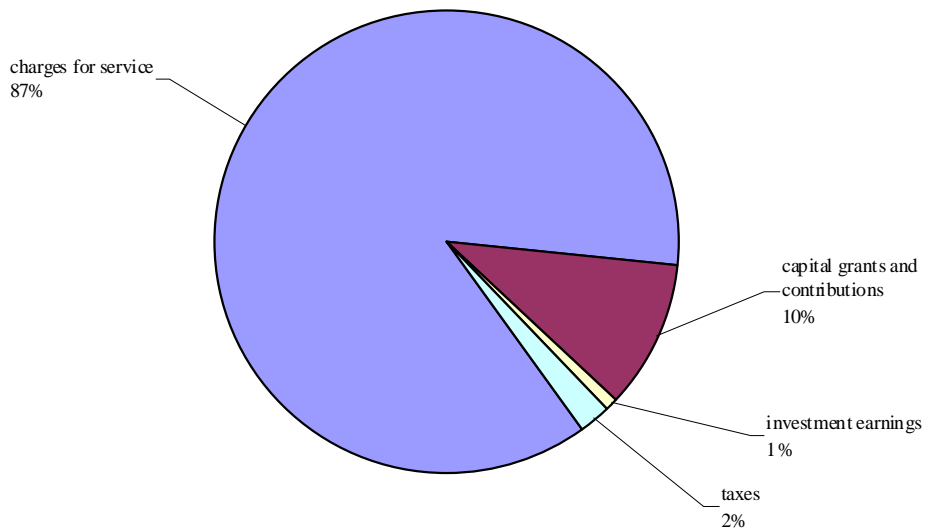
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## Expenses and Program Revenues – Business-type Activities




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## Revenues by Source – Business-type Activities



## **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds* – The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$63,048,013, an increase of \$8,375,714 from the prior year. Approximately 21 percent of this total amount (\$13,321,158) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,321,158 while total fund balance reached \$13,669,804. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the City's General Fund increased by \$317,428 during the current fiscal year compared to an increase of \$1,226,807 in the previous year. Key factors in the current year increase are as follows:

- Sales tax revenues increased \$949,777 or 2.84%. This increase was directly related to the increase in the overall local economy.
- City controller expenditures increased \$353,213 or 6.25%. Most of this increase was due to worker's compensation expenditures.

The Debt Service Fund has a total fund balance of \$3,668,619, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year was \$1,156,035 due to increased property tax revenue to fund principal and interest payments on general obligation bond issues and judgments awarded against the City as they come due.

The Capital Projects Fund has a total fund balance of \$33,872,695. The net increase in fund balance during the current year was \$5,446,590. This increase was due to receipt of \$6,250,00 in general obligation bond proceeds and \$1,308,641 in tax increment notes payable proceeds. In addition, \$3,000,000 was transferred into the Capital Projects Fund from the Public Safety Sales Tax Fund to construct a new fire station on the east-side of town.

*Proprietary funds* – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the NMA and NUA funds were a negative (\$383,497) and a positive \$22,561,304, respectively. The total growth in net assets for these funds was \$751,489 and \$7,001,381, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.



## **General Fund Budgetary Highlights**

During the year there was a \$2,423,901 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$896,457 in increases to the general government budget as a cost containment strategy. During the fiscal year funds were transferred into the City Manager's cost center from various within the City so that those funds would not be spent.
- \$606,492 in increases to the city controller budget primarily within Information Services for increases related to computer hardware items that were budgeted and encumbered in the prior year. Encumbrances are rolled from fiscal year to fiscal year until liquidated.
- \$368,666 in increases to the city controller budget for expenses associated with on-the-job injuries and worker's compensation claims.

On June 28, 2011, the City adopted ordinance O-1011-58 changing the City's reserve policy. The ordinance establishes that the General Fund will have an unappropriated reserve of at least three percent (3%) of annually budgeted expenditures, in addition to an appropriated emergency reserve of two percent (2%) of annually budgeted expenditures. In addition, the ordinance establishes the Net Revenue Stabilization Fund (i.e., "Rainy Day Fund") which has a targeted balance of not less than three percent (3%) but not more than six percent (6%) of annually budgeted General Fund expenditures.

The net difference between the General Fund amended budget and actual amounts received/expended can be briefly summarized as follows:

- General Fund revenues fell short of expectations by \$155,535.
  - Sales taxes were above expectations by \$971,140 due to an increase in the local economy.
  - Franchise taxes fell short of expectations by \$591,122 due to a lag in the recovery in that sector of business.
- General Fund expenditures and encumbrances were below expectations by \$6,211,888.
  - City Manager expenditures were \$911,001 below expectations. This was due to the movement of budgeted funds from other departments/cost centers to the City Manager's cost center in order to save those funds as a response to slow recovering sales tax collections.
  - Street Maintenance expenditures were \$1,762,400 below expectations. This was due to the various storm debris cleanup costs that were unspent in the current year.
  - City Council expenditures were \$1,095,185 below expectation due to lack of expense of all the 2% reserve.
- Net General Fund transfers were \$248,785 more than expected. Transfers in from the Debt Service Fund were \$851,496 more than expected and the amounts were transferred to cover the payment of judgments and settlements.

The City closed the year with a fund balance that was higher than what was budgeted by \$4,024,192.

## **Capital Asset and Debt Administration**

*Capital assets* – The City's gross investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$417,820,713 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 14% (a 18.5% increase for governmental activities and a 9.6% increase for business-type activities).

**Capital Assets**  
**As of June 30**

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 52,996,757	\$ 49,289,990	\$ 8,651,937	\$ 8,501,800	\$ 61,648,694	\$ 57,791,790
Buildings and improvements	43,081,902	39,755,911	147,042,098	143,224,195	190,124,000	182,980,106
Machinery and equipment	35,011,264	32,776,296	83,474,264	81,764,665	118,485,528	114,540,961
Infrastructure	404,417,096	363,047,502	-	-	404,417,096	363,047,502
Construction in progress	36,170,503	42,753,880	58,294,880	41,822,801	94,465,383	84,576,681
Less: Accumulated depreciation	(336,486,096)	(329,210,777)	(114,572,735)	(108,753,918)	(451,058,831)	(437,964,695)
Total	\$ 235,191,426	\$ 198,412,802	\$ 182,890,444	\$ 166,559,543	\$ 418,081,870	\$ 364,972,345

Major capital asset events during the current fiscal year included the following:

- The Lift “D” Force Main project was completed at a cost of \$533,132.
- Various roadway projects were completed in conjunction with ODOT at a cost of \$8,505,186. The donated portion funded by ODOT amounted to \$24,794,793.
- Certain road bond projects were completed at a cost of \$4,700,014 consisting of rural road projects, urban asphalt pavement projects and urban concrete pavement projects.
- A variety of street and roadway construction projects were underway; governmental construction in progress as of the end of the current fiscal year had reached \$36,170,503.
- A variety of water and sewer projects were underway; NUA construction in progress as of the end of the current fiscal year was \$58,033,723.

Additional information on the City’s capital assets can be found in note 4 on pages 37-38 of this report.

*Long-term debt* – At the end of the current fiscal year, the City had total bonded debt outstanding of \$55,214,250. Of this amount, \$28,495,000 comprises debt backed by the full faith and credit of the government and \$239,250 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City’s bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) of \$26,480,000. The City also had notes payable outstanding of \$25,877,664 at the end of the current fiscal year and was secured by capital assets and specified revenue sources.

**Outstanding Debt  
As of June 30**

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 28,495,000	\$ 25,915,000	\$ -	\$ -	\$ 28,495,000	\$ 25,915,000
Special assessment debt with governmental commitment	239,250	319,000	-	-	239,250	319,000
Revenue bonds	-	-	26,480,000	28,335,000	26,480,000	28,335,000
Notes payable	5,789,454	4,480,813	20,088,210	10,816,608	25,877,664	15,297,421
<b>Total</b>	<b>\$ 34,523,704</b>	<b>\$ 30,714,813</b>	<b>\$ 46,568,210</b>	<b>\$ 39,151,608</b>	<b>\$ 81,091,914</b>	<b>\$ 69,866,421</b>

The City’s total debt increased by \$11,225,493 (16 percent) during the current fiscal year. The key factors of this change were issuance of \$6,250,000 in general obligation bonds payable, issuance of \$10,288,630 in utilities system notes payable, issuance of \$1,308,641 in tax increment notes payable and normally scheduled payments.

The City maintained an “AA” rating from Moody’s for those general obligation debt issues that are rated by the service. The NUA maintained an “A” rating from Moody’s for those debt issues that are rated by the service.

Additional information on the City’s long-term debt can be found in note 4 on pages 46-53 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the Oklahoma City metropolitan area which includes Norman is currently 5.0 percent, which is a decrease of .3 percent from a year ago. This compares favorably to the state’s average unemployment rate of 5.4 percent and favorably to the national average rate of 9.2 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City’s major source of revenue is sales tax revenue. Sales tax revenue increased 4.75% over the prior year total.

All of these factors were considered in preparing the City’s budget for the 2012 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 201 West Gray, Building C, Norman, Oklahoma, 73069.

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF NET ASSETS JUNE 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,035,708	\$ 2,290,612	\$ 7,326,320
Restricted cash and cash equivalents	13,843,045	17,785,637	31,628,682
Investments	30,977,241	19,222,354	50,199,595
Restricted investments	8,137,018	-	8,137,018
Receivables:			
Taxes	11,062,955	-	11,062,955
Accounts, net of allowance for estimated uncollectible Business-Type accounts of \$110,673	944,438	2,777,720	3,722,158
Interest	210,349	182,614	392,963
Other receivables	21,000	-	21,000
Due from Federal Government	174,496	-	174,496
Internal balances	611,906	(611,906)	-
Inventory	334,339	-	334,339
Total current assets	<u>71,352,495</u>	<u>41,647,031</u>	<u>112,999,526</u>
Non-current assets:			
Restricted cash and cash equivalents	-	837,705	837,705
Restricted investments	129,000	19,595,704	19,724,704
Other receivables	65,909	-	65,909
Unamortized bond issue costs	671,030	589,616	1,260,646
Capital assets not subject to depreciation	89,167,260	66,786,898	155,954,158
Capital assets, net	<u>146,024,166</u>	<u>116,103,546</u>	<u>262,127,712</u>
Total non-current assets	<u>236,057,365</u>	<u>203,913,469</u>	<u>439,970,834</u>
Total assets	<u>307,409,860</u>	<u>245,560,500</u>	<u>552,970,360</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	1,605,107	1,636,037	3,241,144
Payroll payable	1,866,325	396,013	2,262,338
Accrued interest payable	135,711	230,844	366,555
Guaranty deposits	3,936,210	1,431,562	5,367,772
Current portion of long-term debt	5,674,903	3,556,998	9,231,901
Total current liabilities	<u>13,218,256</u>	<u>7,251,454</u>	<u>20,469,710</u>
Non-current liabilities:			
Long-term debt and other liabilities	<u>46,278,053</u>	<u>43,733,772</u>	<u>90,011,825</u>
Total non-current liabilities	<u>46,278,053</u>	<u>43,733,772</u>	<u>90,011,825</u>
Total liabilities	<u>59,496,309</u>	<u>50,985,226</u>	<u>110,481,535</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	206,982,527	149,829,383	356,811,910
Restricted for:			
Debt service	3,668,619	5,285,294	8,953,913
Capital improvements	27,314,196	17,282,790	44,596,986
Public safety	9,166,705	-	9,166,705
Public parks and recreation	1,504,130	-	1,504,130
Public service	314,043	-	314,043
Public works	464,190	-	464,190
Unrestricted	<u>(1,500,859)</u>	<u>22,177,807</u>	<u>20,676,948</u>
Total net assets	<u>\$ 247,913,551</u>	<u>\$ 194,575,274</u>	<u>\$ 442,488,825</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2011

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Business-Type Activities	Total
					Governmental Activities	Business-Type Activities		
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 6,904,076	\$ 186,094	\$ -	\$ -	\$ (6,717,982)	\$ -	\$ -	\$ (6,717,982)
Planning	2,944,363	1,009,561	-	-	(1,934,802)	-	-	(1,934,802)
City controller	2,299,619	66,093	-	-	(2,233,526)	-	-	(2,233,526)
Parks and recreation	4,951,495	592,238	4,477	-	(4,354,780)	-	-	(4,354,780)
Public works	17,384,501	-	839,850	30,934,491	14,389,840	-	-	14,389,840
Public service	2,777,749	-	1,808,261	-	(969,488)	-	-	(969,488)
Public safety	41,050,651	3,066,665	4,118,557	-	(33,865,429)	-	-	(33,865,429)
Interest on long-term debt	1,306,589	-	-	-	(1,306,589)	-	-	(1,306,589)
Total governmental activities	79,619,043	4,920,651	6,771,145	30,934,491	(36,992,756)	-	-	(36,992,756)
<b>Business-type activities:</b>								
Westwood Park	1,475,445	1,143,973	-	-	-	(331,472)	-	(331,472)
Water	10,479,592	14,185,492	-	2,191,842	-	5,897,742	-	5,897,742
Wastewater	12,736,928	11,075,566	-	2,282,566	-	621,204	-	621,204
Sanitation	11,055,474	11,820,912	-	-	-	765,438	-	765,438
Total business-type activities	35,747,439	38,225,943	-	4,474,408	-	6,952,912	-	6,952,912
Total primary government	\$ 115,366,482	\$ 43,146,594	\$ 6,771,145	\$ 35,408,899	(36,992,756)	6,952,912	-	(30,039,844)
<b>General revenues:</b>								
Taxes (unrestricted unless otherwise noted):								
Sales taxes					34,367,068			34,367,068
Sales taxes - restricted					21,779,084			21,779,084
Excise taxes - restricted					-	1,038,715		1,038,715
Franchise taxes					6,228,264			6,228,264
Property taxes - restricted					7,684,537			7,684,537
State use taxes					1,874,829			1,874,829
State use taxes - restricted					312,460			312,460
Hotel/Motel taxes					1,068,000			1,068,000
Alcoholic beverage taxes					247,014			247,014
Cigarette taxes					816,503			816,503
Investment earnings					396,095	355,657		751,752
Miscellaneous					962,203	187,358		1,149,561
Transfers					781,772	(781,772)		-
Total general revenues and transfers					76,517,829	799,958		77,317,787
Change in net assets					39,525,073	7,752,870		47,277,943
Net assets - beginning					208,388,478	186,822,404		395,210,882
Net assets - ending					247,913,551	194,575,274		442,488,825

See notes to financial statements.



# THE CITY OF NORMAN, OKLAHOMA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2011

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,298,687	\$ -	\$ -	\$ 2,690,311	\$ 1,046,710	\$ 5,035,708
Investments	6,682,427	-	3,341,363	18,030,908	2,922,543	30,977,241
Receivables:						
Taxes	7,179,945	1,410,566	41,695	2,307,216	123,533	11,062,955
Accounts	686,812	-	-	29,190	4,294	720,296
Interest	31,279	28,301	52,689	84,399	13,681	210,349
Special assessment	-	-	86,909	-	-	86,909
Due from Federal Government	-	-	-	-	174,496	174,496
Due from other funds	695,732	37,232	1,733	187,319	29,129	951,145
Inventory	334,339	-	-	-	-	334,339
Restricted Assets:						
Cash and cash equivalents	1,026,832	685,882	100,435	12,029,896	-	13,843,045
Investments	2,090,915	6,046,103	129,000	-	-	8,266,018
Total assets	<u>\$ 20,026,968</u>	<u>\$ 8,208,084</u>	<u>\$ 3,753,824</u>	<u>\$ 35,359,239</u>	<u>\$ 4,314,386</u>	<u>\$ 71,662,501</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	\$ 735,661	\$ 8,127	\$ -	\$ 663,638	\$ 197,681	\$ 1,605,107
Payroll payable	1,721,386	125,798	-	4,442	14,699	1,866,325
Due to other funds	-	-	-	-	339,270	339,270
Deferred revenue	-	-	85,205	-	-	85,205
Interest payable	-	-	-	-	-	-
Liability for incurred claims	782,371	-	-	-	-	782,371
Guaranty deposits	3,117,746	-	-	818,464	-	3,936,210
Total liabilities	<u>6,357,164</u>	<u>133,925</u>	<u>85,205</u>	<u>1,486,544</u>	<u>551,650</u>	<u>8,614,488</u>
<b>FUND BALANCES</b>						
Nonspendable	334,339	-	-	-	-	334,339
Restricted	14,307	8,074,159	3,668,619	33,629,001	3,419,267	48,805,353
Committed	-	-	-	-	-	-
Assigned	-	-	-	243,694	343,469	587,163
Unassigned	13,321,158	-	-	-	-	13,321,158
Total fund balances	<u>13,669,804</u>	<u>8,074,159</u>	<u>3,668,619</u>	<u>33,872,695</u>	<u>3,762,736</u>	<u>63,048,013</u>
Total liabilities and fund balances	<u>\$ 20,026,968</u>	<u>\$ 8,208,084</u>	<u>\$ 3,753,824</u>	<u>\$ 35,359,239</u>	<u>\$ 4,314,386</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	235,191,426
Bond issue costs are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.	895,203
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	85,205
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(51,306,296)</u>
Net assets of governmental activities	<u>\$ 247,913,551</u>
See notes to financial statements.	

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 42,470,161	\$ 8,333,206	\$ 7,139,196	\$ 14,303,679	\$ 1,068,000	\$ 73,314,242
Licenses and permits	1,085,867	-	-	-	-	1,085,867
Intergovernmental revenues	5,892,479	-	-	1,031,937	2,684,035	9,608,451
Charges for services	11,719,364	-	-	-	55,419	11,774,783
Fines and forfeits	2,489,792	-	-	-	-	2,489,792
Investment earnings	23,405	85,583	50,724	198,714	30,578	389,004
Special assessment revenue	-	-	37,733	-	-	37,733
Other	806,856	-	855	71,998	125,999	1,005,708
Total revenues	<u>64,487,924</u>	<u>8,418,789</u>	<u>7,228,508</u>	<u>15,606,328</u>	<u>3,964,031</u>	<u>99,705,580</u>
Expenditures:						
Current:						
General government	6,767,560	-	-	1,268,718	-	8,036,278
Planning	3,112,162	-	-	-	-	3,112,162
City controller	5,998,592	-	-	9,971	-	6,008,563
Parks and recreation	4,307,502	-	-	409,846	43,041	4,760,389
Public works	13,511,185	-	-	2,341,137	9,978	15,862,300
Public service	-	-	-	-	2,771,550	2,771,550
Public safety	34,257,611	3,194,791	-	62,460	481,441	37,996,303
Capital outlay	1,586,720	1,404,998	-	12,416,899	741,392	16,150,009
Debt service:						
Principal retirement	-	-	3,749,750	-	-	3,749,750
Interest and fiscal charges	-	-	971,227	251,748	-	1,222,975
Total expenditures	<u>69,541,332</u>	<u>4,599,789</u>	<u>4,720,977</u>	<u>16,760,779</u>	<u>4,047,402</u>	<u>99,670,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,053,408)</u>	<u>3,819,000</u>	<u>2,507,531</u>	<u>(1,154,451)</u>	<u>(83,371)</u>	<u>35,301</u>
Other financing sources (uses):						
Transfers in	5,570,229	-	-	3,025,400	968,396	9,564,025
Transfers out	(199,393)	(2,990,400)	(1,351,496)	(3,983,000)	(257,964)	(8,782,253)
Issuance of debt	-	-	-	7,558,641	-	7,558,641
Net other financing sources (uses)	<u>5,370,836</u>	<u>(2,990,400)</u>	<u>(1,351,496)</u>	<u>6,601,041</u>	<u>710,432</u>	<u>8,340,413</u>
Net change in fund balances	<u>317,428</u>	<u>828,600</u>	<u>1,156,035</u>	<u>5,446,590</u>	<u>627,061</u>	<u>8,375,714</u>
Fund balances, July 1, 2010	20,518,646	-	2,512,584	28,426,105	3,214,964	54,672,299
Residual equity transfer	(7,166,270)	7,245,559	-	-	(79,289)	-
Revised fund balance, July 1, 2010	<u>13,352,376</u>	<u>7,245,559</u>	<u>2,512,584</u>	<u>28,426,105</u>	<u>3,135,675</u>	<u>54,672,299</u>
Fund balances, June 30, 2011	<u>\$ 13,669,804</u>	<u>\$ 8,074,159</u>	<u>\$ 3,668,619</u>	<u>\$ 33,872,695</u>	<u>\$ 3,762,736</u>	<u>\$ 63,048,013</u>

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 8,375,714
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,018,108
Contributed capital assets (land, buildings and infrastructure) and other miscellaneous capital asset transactions recorded in government-wide financial statements but not recorded in fund level financial statements	29,760,516
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(652,441)
Debt service principal retirement expensed in fund level financial statements but treated as reduction in outstanding debt in government-wide financial statements	3,749,750
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds	(2,311,162)
The issuance of long-term debt provides current financial resources to governmental funds	(7,558,641)
Decrease in liability for incurred claims and compensated absences expensed in government-wide financial statements	<u>1,143,229</u>
Change in net assets of governmental activities	<u>\$ 39,525,073</u>

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS JUNE 30, 2011

	Norman Municipal Authority	Norman Utilities Authority	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 82,460	\$ 2,208,152	\$ 2,290,612
Restricted cash and cash equivalents	3,625,338	14,160,299	17,785,637
Investments	406,717	18,815,637	19,222,354
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	806,383	1,971,337	2,777,720
Interest	3,764	178,850	182,614
Due from Federal Government	-	219,145	219,145
Total current assets	<u>4,924,662</u>	<u>37,553,420</u>	<u>42,478,082</u>
Noncurrent assets:			
Restricted cash and cash equivalents	348,992	488,713	837,705
Restricted investments	214,689	19,381,015	19,595,704
Unamortized bond issue costs	72,755	516,861	589,616
Capital assets, net	<u>16,757,262</u>	<u>166,133,182</u>	<u>182,890,444</u>
Total noncurrent assets	<u>17,393,698</u>	<u>186,519,771</u>	<u>203,913,469</u>
Total assets	<u>22,318,360</u>	<u>224,073,191</u>	<u>246,391,551</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	326,173	1,309,864	1,636,037
Payroll payable	177,707	218,306	396,013
Due to other funds	831,051	-	831,051
Accrued interest payable	37,254	193,590	230,844
Guaranty deposits	317,310	1,114,252	1,431,562
Revenue bonds payable	110,000	1,800,000	1,910,000
Notes payable	200,000	1,417,483	1,617,483
Compensated absences	11,334	18,181	29,515
Total current liabilities	<u>2,010,829</u>	<u>6,071,676</u>	<u>8,082,505</u>
Noncurrent liabilities:			
Notes payable	3,200,000	15,270,727	18,470,727
Compensated absences	409,310	656,585	1,065,895
Revenue bonds payable, net	<u>1,465,857</u>	<u>22,731,293</u>	<u>24,197,150</u>
Total noncurrent liabilities	<u>5,075,167</u>	<u>38,658,605</u>	<u>43,733,772</u>
Total liabilities	<u>7,085,996</u>	<u>44,730,281</u>	<u>51,816,277</u>
<b>NET ASSETS</b>			
Invested in capital assets, net	15,001,837	134,827,546	149,829,383
Restricted for debt service	614,024	4,671,270	5,285,294
Restricted for capital improvements	-	17,282,790	17,282,790
Unrestricted	<u>(383,497)</u>	<u>22,561,304</u>	<u>22,177,807</u>
Total net assets	<u>\$ 15,232,364</u>	<u>\$ 179,342,910</u>	<u>\$ 194,575,274</u>

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Norman Municipal Authority	Norman Utilities Authority	Total
Operating revenues:			
Golf and pool fees	\$ 1,143,973	\$ -	\$ 1,143,973
Water service, net	-	15,226,778	15,226,778
Wastewater service, net	-	11,075,566	11,075,566
Sanitation services, net	11,513,065	-	11,513,065
Other	308,361	764,995	1,073,356
Total operating revenues	12,965,399	27,067,339	40,032,738
Operating expenses:			
Salaries and benefits	4,497,347	6,351,483	10,848,830
Supplies and materials	1,335,982	1,749,224	3,085,206
Services and maintenance	5,410,039	9,555,261	14,965,300
Depreciation and amortization	1,062,050	5,682,059	6,744,109
Total operating expenses	12,305,418	23,338,027	35,643,445
Operating income	659,981	3,729,312	4,389,293
Nonoperating revenues (expenses):			
Tax revenue	-	1,038,715	1,038,715
Investment earnings	(2,884)	358,541	355,657
Interest and fiscal charges	(204,160)	(1,354,227)	(1,558,387)
Miscellaneous income (expense)	23,980	(189,024)	(165,044)
Net nonoperating revenues (expenses)	(183,064)	(145,995)	(329,059)
Income before capital contributions and transfers	476,917	3,583,317	4,060,234
Capital contributions - donated water and sewer distribution systems	-	3,755,154	3,755,154
Capital contributions - capital grants	-	719,254	719,254
Transfers in	333,363	1,088	334,451
Transfers out	(58,791)	(1,057,432)	(1,116,223)
Net capital contributions and transfers	274,572	3,418,064	3,692,636
Net income	751,489	7,001,381	7,752,870
Net assets - beginning	14,480,875	172,341,529	186,822,404
Net assets - ending	\$ 15,232,364	\$ 179,342,910	\$ 194,575,274

See notes to financial statements

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Norman Municipal Authority	Norman Utilities Authority	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 12,802,774	\$ 26,882,430	\$ 39,685,204
Cash paid to employees for services	(4,441,028)	(6,359,079)	(10,800,107)
Cash paid to suppliers	(6,879,569)	(11,964,269)	(18,843,838)
Other receipts (payments)	(11,043)	135,302	124,259
Net cash provided by operating activities	<u>1,471,134</u>	<u>8,694,384</u>	<u>10,165,518</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in	333,363	1,088	334,451
Transfers out	(58,791)	(1,057,432)	(1,116,223)
Net cash provided by (used for) noncapital financing activities	<u>274,572</u>	<u>(1,056,344)</u>	<u>(781,772)</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from disposal of capital assets	21,341	18,800	40,141
Payments for the acquisition of capital assets	(2,535,170)	(17,022,883)	(19,558,053)
Proceeds from capital contributions	-	795,957	795,957
Proceeds from taxes	-	1,038,715	1,038,715
Principal payments on revenue bonds	(105,000)	(1,750,000)	(1,855,000)
Proceeds from notes payable	-	10,288,630	10,288,630
Principal payments on notes payable	(190,000)	(827,029)	(1,017,029)
Interest and fiscal charges paid	(230,444)	(1,254,018)	(1,484,462)
Net cash provided by (used for) capital and related financing activities	<u>(3,039,273)</u>	<u>(8,711,828)</u>	<u>(11,751,101)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from maturity of investments	1,685,833	29,357,517	31,043,350
Payments for purchases of investments	(378,845)	(35,579,022)	(35,957,867)
Investment earnings received	18,097	567,399	585,496
Net cash used for investing activities	<u>1,325,085</u>	<u>(5,654,106)</u>	<u>(4,329,021)</u>
Net change in cash and cash equivalents	31,518	(6,727,894)	(6,696,376)
Cash and cash equivalents - beginning	<u>4,025,272</u>	<u>23,585,058</u>	<u>27,610,330</u>
Cash and cash equivalents - ending	<u>\$ 4,056,790</u>	<u>\$ 16,857,164</u>	<u>\$ 20,913,954</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 659,981	\$ 3,729,312	\$ 4,389,293
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous revenue (expense)	23,980	(189,024)	(165,044)
Bad debt expense	62,163	160,980	223,143
Depreciation	1,062,050	5,682,059	6,744,109
(Gain) loss on disposal of property, plant and equipment	(21,341)	219,397	198,056
Increase in accounts receivable, net	(244,207)	(358,473)	(602,680)
(Increase) decrease in due from other funds	(13,682)	104,929	91,247
Decrease in accounts payable and accrued liabilities	(133,548)	(659,784)	(793,332)
Increase in payroll payable	37,667	28,551	66,218
Increase in guaranty deposits	19,419	12,584	32,003
Increase (decrease) in compensated absences	18,652	(36,147)	(17,495)
Net cash provided by operating activities	<u>\$ 1,471,134</u>	<u>\$ 8,694,384</u>	<u>\$ 10,165,518</u>
<b>NONCASH ACTIVITIES:</b>			
Donated water and sewer distribution systems	\$ -	\$ 3,755,154	\$ 3,755,154
Change in unrealized (gain) loss on investments	<u>\$ 13,693</u>	<u>\$ (196,400)</u>	<u>\$ (182,707)</u>

See notes to financial statements.



# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS JUNE 30, 2011

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	Pension Trust Fund	Centennial Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 580
Investments		
Mutual funds	54,753,895	-
U.S. Agencies	-	5,157
Interest receivable	-	22
Due from other funds	-	31
Loans to 401(a) Plan participants	<u>3,678,187</u>	<u>-</u>
Total assets	<u>\$ 58,432,082</u>	<u>\$ 5,790</u>
<b>LIABILITIES AND NET ASSETS</b>		
Funds held for others	\$ -	\$ 5,790
Net assets:		
Held in trust for pension benefits	571,953	-
Held in trust for retirement benefits	<u>57,860,129</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 58,432,082</u>	<u>\$ 5,790</u>

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

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	<b>Pension Trust Fund</b>
ADDITIONS:	
Contributions:	
Employer	\$ 2,127,560
Employee	<u>1,663,084</u>
Total contributions	3,790,644
Investment income (loss)	<u>9,760,908</u>
Total additions	<u>13,551,552</u>
DEDUCTIONS:	
Pension benefits paid	2,539,031
Administration costs	<u>32,835</u>
Total deductions	<u>2,571,866</u>
NET INCREASE	10,979,686
Net assets held in trust for pension and retirement benefits, Beginning of year	<u>47,452,396</u>
End of year	<u>\$ 58,432,082</u>

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Norman, Oklahoma (the "City") conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board ("GASB"). Business-type activities and enterprise funds apply Financial Accounting Standards Board ("FASB") and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict statements and GASB pronouncements, in which case GASB prevails. The following represent the more significant accounting and reporting policies and practices of the City:

**Reporting Entity** - The City is a municipal corporation governed by an elected mayor and eight-member council. As required by accounting principles generally accepted in the United States of America (primarily Governmental Accounting Standards Board Statement No. 14, *Reporting Entity*), these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and therefore data from these units are combined with data of the City. Each blended component unit has a June 30 year end.

**Blended Component Units** - The Norman Municipal Authority ("NMA") was established in April 1965. Activities of the NMA include financing and operating the Westwood Park recreational facilities and sanitation services for the City. Prior to fiscal year 2001, NMA encompassed activities of Westwood Park only. The governing body of the NMA is the same as the City's governing body. The City is the sole beneficiary of the NMA and receives all trust properties and resulting revenues upon retirement of all trust indebtedness. The City maintains all accounting records. The NMA is reported as an enterprise fund.

The Norman Utilities Authority ("NUA") was established February 2, 1970. Activities of the NUA include financing and operating the utility systems for the City. The governing body of the NUA is the same as the City's governing body. The City is the sole beneficiary of the NUA and receives all trust properties upon termination. The City maintains all accounting records. The NUA is presented as an enterprise fund.

The Norman Tax Increment Finance Authority ("NTIF") was established July 11, 2006. Activities of the NTIF include financing Tax Increment Financing District #2 – University North Park. The governing body of the NTIF is the same as the City's governing body. The City is the sole beneficiary of the NTIF and receives all trust properties upon termination. The City maintains all accounting records. The NTIF is presented as a governmental fund.

**Basis of presentation** –The City follows Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis – for States and Local Governments" and related pronouncements in the preparation of its financial statements. Additional information regarding the basis of accounting and the differences in presentation are contained in Management's Discussion and Analysis, which preceded the financial statements.

***Government-wide and fund financial statements*** – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement focus, basis of accounting, and financial statement presentation*** – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements with the exception of agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Sales taxes, excise taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

***General Fund*** - The General Fund is the principal fund of the City which accounts for all financial transactions not reported in other funds.

***Public Safety Sales Tax Fund*** – Established to receive revenues from a special half-cent sales tax dedicated to public safety activities. This tax is scheduled to expire September 30, 2015.

*Debt Service Fund* - The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes and interest earned on investments of the Debt Service Fund are used for the payment of principal, interest and commission to fiscal agents on the City's general obligation bonds and judgments.

*Capital Projects Fund* - The Capital Projects Fund is used to account for all major capital improvements which have been financed by designated resources, except those accounted for in proprietary funds. Activities of the NTIF are included in this fund.

The City reports the following non-major governmental funds:

*Special Revenue Funds* - Special Revenue Funds are used to account for the proceeds of government grants or specific revenue sources (other than grants applicable to enterprise fund activities, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has nine special revenue funds including:

- *Norman Room Tax Fund* - Established by City ordinance to receive revenues from the City hotel/motel occupancy tax. Tax receipts are required to be used for promoting and fostering convention and tourism development in the City.
- *Community Development Fund* - Established to account for the City's Community Development Block Grants, Home Ownership Made Easy ("HOME") Grants, Rental Rehabilitation and Emergency Shelter Grants.
- *Special Grants Fund* - Established to account for revenues and expenditures of other miscellaneous grants.
- *Park Land Fund* - Established by City ordinance to receive revenues from developer fees dedicated to the acquisition of park land around the City.
- *Emergency Communications Fund* - Established to receive revenues dedicated to the implementation and maintenance of a 911 emergency phone system.
- *Seizures and Restitutions Fund* - Established to account for the revenue available as a result of property seizures resulting from criminal investigations.
- *Cleet Fund* - Established to account for revenue derived by provision of State law to be utilized for law enforcement education and training.
- *Tax Increment District Fund* - Established to account for tax revenue above a preset threshold generated by capital improvements within a specific section of the community.
- *Art in Public Places Fund* - Established to account for donations made to provide public art displays throughout the City.

The City reports the following major proprietary funds:

*Norman Municipal Authority* - Established to account for the construction and operation of Westwood Park recreational facilities and the City's sanitation services.



*Norman Utilities Authority* - Established to account for the water and wastewater utility systems for the City.

The City reports the following fiduciary funds:

*Pension Trust Funds* - The Pension Trust Funds are used to account for the receipt, investment and distribution of retirement contributions to the Annuity Pool portion of the Employee Retirement System of the City. The Employee Retirement System Annuity Pool is a contributory defined benefit plan. The Pension Trust Funds are also used to account for the receipt, investment and distribution of retirement contributions from the City and employees to the Section 401(a) portion of the Employee Retirement System of the City. The Section 401(a) plan is a defined contribution plan for qualifying City employees.

*Agency Funds* - Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity. The City has one agency fund, the Centennial Fund, which was created to account for assets held for the City's firefighters to develop a yearbook celebrating the centennial anniversary of the City of Norman Firefighters.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Accounting Policies*** – The City's significant accounting policies related to the following financial statement categories are summarized below:

***Assets, Liabilities, and Fund Equity***

- a. *Cash and Cash Equivalents* - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.
- b. *Pooled Cash and Investments* - The City Charter requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has an equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage

determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

Purchases and maturities of the pooled investments, as reported in the fund's statement of cash flows, are allocated to the participating proprietary funds based on their portion of total pooled investments.

- c. *Investments* – Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at June 30, 2011, to be the fair value of its investments.

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

The Pension Trust Fund is invested based on guidelines established by the Board of Trustees.

- d. *Receivables and payables* – In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

- e. *Interfund Receivables and Payables* – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* – Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.
- g. *Capital Assets* – Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are

recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consist of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 – 65 years
Infrastructure	25 – 50 years
Improvements other than buildings & infrastructure	10 – 20 years
Machinery and equipment	3 – 20 years
Vehicles	3 – 7 years

- h. *Inventory* – The City records parts and fuel inventory within the General fund. Parts inventory is recorded using actual cost. Fuel inventory is recorded using average cost.
- i. *Long-term Debt* – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, issuance costs and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- j. *Liability for Incurred Claims* - The liability for incurred claims represents estimated claims (including future claim adjustment expenses) incurred but unpaid for workers compensation, group medical and dental, and unemployment claims as of the fiscal year end. The estimate includes claims reported as of June 30, 2011, as well as an estimated amount representing claims incurred but not reported. The City utilizes the services of an actuary in computation of the incurred but unpaid workers compensation portion of the liability.
- k. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. The General Fund pays all claims and judgments. A liability has been recorded within the government-wide, proprietary and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.
- l. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees’ years of service. Upon retirement, one-half of

accumulated sick leave is converted to vacation time, subject to the above limitation for maximum compensation for unused compensated absences.

A liability has been recorded within the government-wide and proprietary financial statements for accrued vacation and sick leave and certain salary related payments associated with the payment of compensated absences. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

- m. *Fund Equity* – In the government-wide financial statements, equity is classified as net assets and displayed in three components:
1. *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
  2. *Restricted net assets* – Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. The most significant restriction as of June 30, 2011 related to three ordinances benefiting the City’s wastewater system which provide funds that are being held to complete capital projects.
  3. *Unrestricted net assets* – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net assets are available for use, generally it is the City’s policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a) *Nonspendable* – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- b) *Restricted* – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c) *Committed* – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. To commit these funds, formal action is required by the City Council either by resolution or ordinance that identifies the specific circumstances under which the resources may be expended.
- d) *Assigned* – Includes fund balance amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the governing body, another body (such as the Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive balances.

- e) *Unassigned* – Includes the residual balance of the General Fund that has not been assigned to other funds and that has not be restricted, committed, or assigned to specific purposes with the General Fund.

### ***Revenues, Expenditures and Expenses***

- a. *Property Tax Revenue* - Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Tax Assessor’s office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. Such delinquent tax payments have not historically been material. Delinquent tax payments are received throughout the year and are recognized as revenue in the year received, except for those received within 60 days of year end, which are recognized as revenues as of June 30, 2011 in both the government-wide and fund financial statements.
- b. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.
- c. *Charges for Service* – Charges for services consist primarily of charges made by the General Fund for services such as self insurance, motor pool usage, printing, accounting, data processing, facilities usage and other benefits provided to the other funds of the City.
- d. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses and changes in fund net assets.
- e. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City’s funds based on the percentage of each fund’s average month-end pooled cash balance.

***Use of Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Reclassifications*** – Certain amounts in prior-year financial statements have been reclassified to conform with the current-year presentation.

## **2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

***Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets*** – The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term

liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$51,306,296 difference are as follows:

General obligation bonds payable	\$ 28,495,000
Notes payable	5,789,454
Special assessment debt	239,250
Compensated absences	6,465,938
Net OPEB obligation	5,963,314
Accrued interest payable	135,711
Liability for incurred claims (long-term)	<u>4,217,629</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 51,306,296</u>

***Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities*** – The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net *changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$7,018,108 difference are as follows:

Capital outlay	\$ 16,150,009
Public works expense	(956,433)
Depreciation expense	<u>(8,175,468)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 7,018,108</u>

Another element of that reconciliation states that “Contributed capital assets (land, buildings, and infrastructure) and other miscellaneous capital asset transactions recorded in government-wide financial statements but not recorded in fund level financial statements.” The details of this \$29,760,516 difference are as follows:



Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 29,793,807
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	(7,316)
The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	<u>(25,975)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 29,760,516</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$652,441 difference are as follows:

Deferred revenue - special assessment receivable	\$ (38,386)
Storm reimbursement receivable	<u>(614,055)</u>
	<u>\$ (652,441)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.” The details of this \$2,311,162 difference are as follows:

Amortization of bond issue costs	\$ (71,181)
Bond issue costs	49,005
Accrued interest payable	(76,523)
Change in net OPEB obligation	<u>(2,212,463)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,311,162)</u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

***Budgets and Budgetary Accounting*** - The City Manager is required by City Charter and the Oklahoma Municipal Budget Act to prepare and submit an annual budget to the City Council. A budget is prepared and legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. These budgets are prepared on a cash basis for revenues, except for accrued interest receivable and other receivables. For budget purposes, expenditures include amounts paid and encumbered, as well as amounts in accounts payable at the end of the fiscal year. Purchase orders, contracts and other commitments for the expenditure of funds are recorded as encumbrances to reserve a portion of the applicable appropriation.

Budgeted expenditures and encumbrances for the budgeted funds cannot exceed the estimated revenues and fund balance, and it is unlawful for the City to create or authorize creation of a deficit in any of these funds. Budgetary control is exercised by function at the fund level. These functional categories include salaries and benefits; supplies and materials; services and maintenance; debt service; and capital outlay. Amendments must be approved by the City Council. The City Manager is authorized to transfer budgeted appropriations within individual funds, but cannot alter the appropriations on a fund level without City Council approval. Supplemental appropriations within all funds by the City Council during the fiscal year ended June 30, 2011 amounted to \$4,691,074. Unencumbered appropriations lapse at year end while encumbered appropriations are carried over to the ensuing fiscal year until utilized or canceled.

Oklahoma Statutes also require the City Council each year to make an ad valorem tax levy for a sinking fund (Debt Service Fund) which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

#### **4. DETAIL NOTES ON ALL FUNDS**

##### *Deposits and Investments*

*Custodial Credit Risk - Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the City's bank balance of \$22,647,102 was exposed to custodial credit risk. As of June 30, 2011, the City carrying balance of these deposits was \$22,122,870.

*Interest Rate Risk* – As of June 30, 2011, the City had the following investments subject to interest rate risk:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
U.S. Treasury Notes	\$ 24,146,240	1.42
U.S. Treasury Strips	129,000	2.88
Federal Home Loan Bank	15,992,157	1.22
Federal Farm Credit Bank	12,685,530	0.01
Federal Home Loan Mortgage Company	2,141,540	1.90
Federal National Mortgage Association	20,666,403	1.79
Mutual bond funds	24,425,134	2.62
Money market funds	<u>23,934,978</u>	0.04
Total fair value	<u>\$ 124,120,982</u>	
Portfolio weighted average maturity		1.52

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting investment maturities to not more than ten years from the date of purchase.

*Credit Risk* –The City’s investment policy does not cover credit risk. The City’s investments as of June 30, 2011 were rated by Moody’s Investor Service and Standard & Poor’s as follows:

	<b><u>Moody's</u></b>	<b><u>S &amp; P</u></b>
Federal Farm Credit Bank	Unrated	AAA
Federal Home Loan Mortgage Corporation	Unrated	AAA
Fidelity bond mutual funds	Unrated	Unrated
JP Morgan U.S. Treasury Plus Money Market Fund	Unrated	Unrated
Goldman Sachs Financial Square Treasury Obligations Fund	Aaa-mf	AAAm
Fidelity Retire Money Market Fund	Unrated	Unrated

*Concentration of Credit Risk* – The City’s investment policy places no limit on the amount the City may invest in any one issuer. More than 5% of the City’s investments are in Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association and United States Treasury Notes. These investments are 13%, 10%, 17% and 19%, respectively, of the City’s total investments.

*Custodial Credit Risk –Investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City’s policy to maintain investment securities that are insured or registered in the City’s name and held by the City or its agent in the City’s name whenever possible. As of June 30, 2011, the City’s investment were not exposed to custodial credit risk as all of the City’s investments were registered in the name of the City and held by a counterparty.

*Amount Due From Federal Government* - The amount shown in both the government-wide and fund financial statements as due from the Federal government represents \$174,496 of allowable expenditures under various direct and pass through grants for which the City has requested reimbursement.

Transfers - Transfers for the year ended June 30, 2011 consisted of the following:

Transfers	Transfers In						Total Transfers
	General	Public Safety Sales Tax	Nonmajor Governmental	Capital Projects	Debt Service	Enterprise	
Out	Fund	Fund	Funds	Fund	Fund	Funds	Out
General Fund	\$ -	\$ -	\$ 133,406	\$ -	\$ -	\$ 65,987	\$ 199,393
Public Safety							
Sales Tax Fund	-	-	-	2,990,400	-	-	2,990,400
Nonmajor							
Governmental							
Funds	16,000	-	-	35,000	-	206,964	257,964
Debt Service Fund	1,351,496	-	-	-	-	-	1,351,496
Capital Projects							
Fund	3,086,510	-	834,990	-	-	61,500	3,983,000
Enterprise Funds	<u>1,116,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,116,223</u>
Total Transfers In	<u>\$5,570,229</u>	<u>\$ -</u>	<u>\$ 968,396</u>	<u>\$3,025,400</u>	<u>\$ -</u>	<u>\$ 334,451</u>	<u>\$ 9,898,476</u>

Transfers are used for varying reasons including but not limited to moving unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The most significant transfers were initiated by the City for the following reasons:

- The Capital Projects Fund transferred \$3,051,972 to the General Fund to pay for the purchase of vehicles and equipment and fund street maintenance projects.
- The Debt Services Fund transferred \$1,351,496 to the General Fund to pay for judgements awarded against the City and funded via the property tax rolls over a three year period.
- The Public Safety Sales Tax Fund transferred \$2,990,400 to the Capital Fund to pay for the construction of a new fire station.

**Capital Assets** – Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 50,220,504	\$ 2,776,253	\$ -	\$ 52,996,757
Construction in progress	42,753,880	12,985,520	(19,568,897)	36,170,503
Capital assets, being depreciated:				
Buildings	24,859,479	2,791,349	-	27,650,828
Improvements other than buildings	14,966,432	1,204,910	(740,268)	15,431,074
Machinery and equipment	19,250,912	557,516	389,652	20,198,080
Vehicles	13,525,384	1,870,624	(582,824)	14,813,184
Infrastructure	<u>362,046,988</u>	<u>42,370,108</u>	<u>-</u>	<u>404,417,096</u>
Totals at historical cost	<u>527,623,579</u>	<u>64,556,280</u>	<u>(20,502,337)</u>	<u>571,677,522</u>
Less accumulated depreciation				
Buildings	(9,531,494)	(682,988)	-	(10,214,482)
Improvements other than buildings	(9,546,600)	(317,000)	-	(9,863,600)
Machinery and equipment	(14,683,738)	(1,621,948)	474,173	(15,831,513)
Vehicles	(8,950,461)	(884,817)	425,976	(9,409,302)
Infrastructure	<u>(286,498,484)</u>	<u>(4,668,715)</u>	<u>-</u>	<u>(291,167,199)</u>
Total accumulated depreciation	<u>(329,210,777)</u>	<u>(8,175,468)</u>	<u>900,149</u>	<u>(336,486,096)</u>
Governmental activities capital assets, net	<u>\$ 198,412,802</u>	<u>\$ 56,380,812</u>	<u>\$ (19,602,188)</u>	<u>\$ 235,191,426</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,501,800	\$ 150,137	\$ -	\$ 8,651,937
Construction in progress	41,822,801	19,138,812	(2,666,733)	58,294,880
Capital assets, being depreciated:				
Buildings and improvements	143,224,195	4,371,552	(553,649)	147,042,098
Machinery and equipment	<u>81,764,665</u>	<u>2,318,201</u>	<u>(608,602)</u>	<u>83,474,264</u>
Totals at historical cost	<u>275,313,461</u>	<u>25,978,702</u>	<u>(3,828,984)</u>	<u>297,463,179</u>
Less accumulated depreciation				
Buildings and improvements	(77,317,842)	(3,148,890)	450,156	(80,016,576)
Machinery and equipment	<u>(31,436,076)</u>	<u>(3,595,219)</u>	<u>475,136</u>	<u>(34,556,159)</u>
Total accumulated depreciation	<u>(108,753,918)</u>	<u>(6,744,109)</u>	<u>925,292</u>	<u>(114,572,735)</u>
Business-type activities capital assets, net	<u>\$ 166,559,543</u>	<u>\$ 19,234,593</u>	<u>\$ (2,903,692)</u>	<u>\$ 182,890,444</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$332,169
Planning	22,430
City controller	233,580
Parks and recreation	440,295
Public works	5,189,257
Public service	200
Public safety	<u>1,957,537</u>
Total depreciation expense – governmental activities	<u>\$8,175,468</u>

**Business-type activities:**

Westwood park	\$144,871
Utilities authority	5,682,059
Sanitation services	<u>917,179</u>
Total depreciation expense – business-type activities	<u>\$6,744,109</u>

**Pension Plan Obligations** - Each qualified employee participates in one of the three retirement plans in which the City participates. These are The Employee Retirement System of the City of Norman, The Oklahoma Firefighters Pension and Retirement System, and The Oklahoma Police Pension and Retirement System. The City does not maintain the accounting records, hold the investments nor administer the firefighters’ or police retirement funds. The police officers’ and firefighters’ plans are statewide systems administered by the State of Oklahoma. The municipal employees’ plan is managed by a separate board of trustees, and the assets are held in custody and administered by two asset managers.

A summary of significant data for each of the retirement plans follows:

- a. *Employee Retirement System of the City of Norman - Plan Description* - The Employee Retirement System (“ERS”) of the City of Norman is a single-employer public employee retirement system which was established on November 1, 1967 by a City ordinance and amended on January 29, 1985 and July 1, 1991. The ERS was originally established as a defined benefit plan. On July 1, 1991, the City converted that portion of the ERS which related to unretired participants to a money purchase plan under Section 401(a) of the Internal Revenue Code (the “401(a) Plan”). An amount equal to the greater of the participants vested benefits under the ERS or their account balance in the ERS was transferred to a participant account in the 401(a) Plan. The portion of the ERS that relates to retired participants at July 1, 1991 (“the Annuity Pool”) remains in existence to pay benefits to those retired employees receiving benefits at July 1, 1991. The activities of the Annuity Pool and the 401(a) Plan are recorded in separate Pension Trust Funds which are included within the City’s financial statements.

The ERS does not issue a stand-alone financial report.

The ERS is managed by a Board of Trustees, composed of six members, meeting once a month. Members by position include the City Manager, Finance Director and Personnel Director. One additional member is elected by the City Council and the final two members are elected by the American Federation of State, County and Municipal Employees Union membership.



*Basis of Accounting* – The ERS’s financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

*Method Used to Value Investments* – ERS plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

As of June 30, 2010, and for the year ended, the ERS held no securities issued by the City or other related parties.

1. *Annuity Pool* - As of January 1, 2011, the date of the last actuarial study, the Annuity Pool participants included only 13 retirees and other beneficiaries who are entitled retirement benefits including a death benefit equal to a lump sum amount equal to the normal retirement as projected for a ten year period of time.

At January 1, 2011 the Actuarial Accrued Liability for the Annuity Pool was \$861,427 and the market value of assets in the Annuity Pool was \$616,254. The City’s actuary has suggested an annual contribution for a period of ten years commencing July 1, 2011. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) no projected salary increases, and (c) no cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City did not make a contribution to the plan in 2011. The City will make future contributions as needed to make benefit payments should present plan assets be insufficient to do so.

2. *The 401(a) Plan* - The 401(a) Plan is a money purchase defined contribution plan under section 401(a) of the Internal Revenue Code. All non-voluntary contributions have been designated by the City as “picked up contributions” pursuant to Internal Revenue Code section 414(h)(2) and are treated as employer contributions for federal income tax purposes.

The City’s payroll for employees covered by the 401(a) Plan for the year ended June 30, 2011 was \$25,030,118, and total City payroll was \$45,799,387.

Substantially all full-time, non-uniformed employees of the City are required to participate in the 401(a) Plan. At June 30, 2011, there were 509 plan participants. Participants are required to contribute 6.5% of their compensation to the 401(a) Plan each pay period. This contribution is matched by the City at a rate of 8.5% of payroll. Administrative costs are financed through investment earnings. Participants become vested in the City’s contribution as follows:

<b>Years of Service</b>	<b>Vesting Percentage</b>
Less than 2	0%
2	25%
3	50%
4	75%
5	100%

Contributions to the 401(a) Plan for 2011 were \$3,790,644. The contributions expressed in dollars and percent of covered payroll were: City - \$2,127,560, 8.5%, participants - \$1,627,115, 6.5%, and rollover contributions of \$35,969. The contribution requirements are in accordance with the City ordinance. Plan provisions and contribution requirements are established and may be amended by the City Council.

*Trend Information*

<b>401(a) Plan</b>		
<b>Fiscal Year</b>	<b>Required Contribution</b>	<b>Percentage Contributed</b>
2009	3,778,374	100%
2010	3,980,826	100%
2011	3,790,644	100%

*Financial Reports* – Neither the Annuity Pool nor the 401(a) Plan issues stand-alone financial reports and are not included in the report of a public employee retirement system or a report of another entity. Their financial statements are as follows:

**Statement of Net Assets  
June 30, 2011**

<b>Assets</b>	<b>Annuity Pool Fund</b>	<b>401(a) Plan Fund</b>	<b>Total</b>
Investments - mutual funds	\$ 571,953	\$ 54,181,942	\$ 54,753,895
Loans to 401(a) Plan participants	-	3,678,187	3,678,187
Total assets	<u>\$ 571,953</u>	<u>\$ 57,860,129</u>	<u>\$ 58,432,082</u>
<b>Liabilities and Net Assets</b>			
Net assets - Held in trust for pension benefits	\$ 571,953	\$ -	\$ 571,953
Net assets - Held in trust for retirement benefits	-	57,860,129	57,860,129
Total liabilities and net assets	<u>\$ 571,953</u>	<u>\$ 57,860,129</u>	<u>\$ 58,432,082</u>

**Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2011**

	Annuity Pool Fund	401(a) Plan Fund	Total
Additions			
Contributions - employer	\$ -	\$ 2,127,560	\$ 2,127,560
Contributions - employee	-	1,663,084	1,663,084
Investment income	<u>119,392</u>	<u>9,641,516</u>	<u>9,760,908</u>
Total additions	<u>119,392</u>	<u>13,432,160</u>	<u>13,551,552</u>
Deductions:			
Pension benefits paid	125,551	2,413,480	2,539,031
Administration costs	<u>1,771</u>	<u>31,064</u>	<u>32,835</u>
Total deductions	<u>127,322</u>	<u>2,444,544</u>	<u>2,571,866</u>
Net Increase (decrease)	(7,930)	10,987,616	10,979,686
Net assets held in trust for pension and retirement benefits:			
Beginning of year	<u>579,883</u>	<u>46,872,513</u>	<u>47,452,396</u>
End of year	<u>\$ 571,953</u>	<u>\$ 57,860,129</u>	<u>\$ 58,432,082</u>

- b. *Oklahoma Firefighters Pension and Retirement System - Plan Description* - Members of the City's Fire Department are covered by the Oklahoma Firefighters Pension and Retirement System, which is a statewide cost sharing multiple-employer public employee retirement system. All full-time firefighters who are hired before age 45 are eligible to participate in the system. The pension plan provides pension benefits, as well as death and disability benefits. A member may retire after 20 years of service; however, a member who became a participant after January 1, 1981, may retire after reaching age 50 with the attainment of 20 years' service (normal retirement) and is entitled to pension payments for the remainder of his/her life equal to 2.5% of final average salary (most recent 30 months prior to retirement) times years of service. Members who terminate before ten years of service are entitled to a refund of employee contributions without provision for interest earnings, while members who terminate after ten years of service are entitled to 2.5% of final average salary times years of service.

In July 1987, the Oklahoma State Legislature passed House Bill 1473 which amended some statutes relating to the system. This bill changed the normal retirement date to the date a participant completes 20 years of credited service, regardless of age. The bill also provided for a \$4,000 death benefit, in addition to any survivor's pension benefits under the system, to the beneficiaries of all members of the system. The bill also made several other changes which mainly allow the system more flexibility regarding transfers from other state retirement systems and rejoining the system after withdrawal. These changes went into effect July 20, 1987. The Oklahoma State Legislature is required by statute to make such appropriations as necessary to insure that benefit payments are made.

The City's covered payroll for the firefighters' retirement system was \$9,177,077 for the year ended June 30, 2011, while the City's total payroll for all employees was \$45,799,387 during the same time period.

The Oklahoma Firefighters' Pension and Retirement System issues a stand-alone financial report which can be obtained from the Oklahoma State Firefighters' Retirement Board at 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105.

*Contributions Required and Made* - Members of the firefighters' retirement system are required to pay 8% of their base pay to the pension plan until they reach 20 years of service, after which no contributions are required. The City is required to pay 13% of base salary. For the year ended June 30, 2011, the total contribution to the system amounted to \$1,921,925 of which \$1,193,020 was made by the City and \$728,905 was made by the employees. These contributions represent 13% (City) and 7.9% (member) of covered payroll. The difference between the required 8% mentioned above and the actual contribution of 7.9% relates to a deferred retirement option plan available to firefighters. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$2,400,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2011 financial statements.

*Trend Information*

<b>Oklahoma Firefighters' Pension and Retirement System</b>		
<b>Fiscal Year</b>	<b>Required Contribution</b>	<b>Percentage Contributed</b>
2009	1,726,642	100%
2010	1,863,313	100%
2011	1,921,925	100%

*Related Party Investments* - During fiscal year 2011 and as of June 30, 2011, the State Firefighters' Retirement System held no securities issued by the City or other related parties.

- c. *Oklahoma Police Pension and Retirement System - Plan Description* - Members of the City's Police Department are covered by the Oklahoma Police Pension and Retirement System, which is a statewide cost sharing multiple-employer public employee retirement system.

Police officers employed in participating municipalities are required to participate in the system, provided that they meet certain requirements. Police officers are required to pass physical and medical examinations and must be not less than 21 nor more than 45 years of age when accepted for initial membership.

The normal retirement date under the plan is the date upon which the participant completes 20 years of credited service (if the participant became a member of the system prior to January 1, 1981) or has attained age 50 and completed 20 years of credited service (if the participant joined the system on or after January 1, 1981). Participants become vested upon completing ten years of credited service as a contributing participant of the system. No vesting occurs prior to completing ten years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed ten years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date he/she reaches 50 years of age or the date he/she would have had 20 years of credited service had his/her employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the last 30 months of credited service) multiplied by

the years of credited service. The maximum pension allowable for any participant is 75% of the final average salary. All retirement benefits are exempt from state income tax.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by years of service. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After ten years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service, not to exceed 30 years. This disability benefit is also reduced by stated percentages for partial disability based on the percentage impairment.

Survivors' benefits are payable to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is also entitled to a pension benefit. The Oklahoma State Legislature is required by statute to make such appropriations as necessary to insure that benefit payments are made.

The City's covered payroll for the police retirement system was \$9,378,223 for the year ended June 30, 2011, while the City's total payroll for all employees was \$45,799,387 during the same time period.

The Oklahoma Police Pension and Retirement System issues a stand-alone financial report, which can be obtained from the Oklahoma Police Pension and Retirement System at 1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116.

*Contributions Required and Made* - Members of the police retirement system are required to pay 8% of their base pay to the pension plan until they reach 20 years of service, after which no contributions are required. The City is required to pay 13% of base salary. For the year ended June 30, 2011, the total contribution to the system amounted to \$1,957,020, of which \$1,219,169 was made by the City and \$737,851 was made by the employees. These contributions represent 13% (City) and 7.9% (member) of covered payroll. The difference between the required 8% mentioned above and the actual contribution of 7.9% relates to a deferred retirement option plan available to police officers. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$1,100,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2011 financial statements

*Funding Status and Progress*

**Oklahoma Police Pension and Retirement System**

<b>Fiscal Year</b>	<b>Required Contribution</b>	<b>Percentage Contributed</b>
2009	1,682,217	100%
2010	1,903,245	100%
2011	1,957,020	100%

*Related Party Investments* - During fiscal year 2011 and as of June 30, 2011, the Oklahoma Police Pension and Retirement System held no securities issued by the City or other related parties.

***Other Postemployment Benefits***

*Plan Description* – The City provides postemployment healthcare benefits (OPEB) for retired employees and their dependents through the City of Norman Postretirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan issues a separate report that includes required supplementary information and trend information. This report can be obtained from Human Resources at 201 West Gray, Building C, Norman, OK 73069.

*Benefits Provided* – The City provides postretirement healthcare benefits to its retirees. The Plan covers all current retirees who elected postretirement medical coverage through the City and future retired general employees, police officers and firefighters.

All healthcare benefits are provided through the City’s self insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the Plan if the retire from the City with eight years of service and with age and service totaling 70 points. Police officers and firefighters are eligible for benefits under the Plan if the retire from the City with 20 years of service. Coverage for dependants can continue upon the death of the retiree. Spouses of employees who die in active service eligible for benefits can receive coverage.

*Membership* – At July 1, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits	39
Terminated employees entitled to benefits but not yet receiving them	0
Active employees	<u>735</u>
Total	<u>774</u>

*Funding Policy* – The plan participants are responsible for paying the full cost of their medical premium and the City is responsible for the claims and expenses in excess of participant contributions. As of June 30, 2011, no irrevocable trust had been established for the funding of the Plan’s postretirement benefit obligation. The net claims and expenses paid by the City are funded on a pay-as-you-go basis.

*Annual OPEB Costs and Net OPEB Obligation* –The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Obligation (Asset)
June 30, 2009	\$ 2,141,656	\$ 135,989	6.3%	\$ 2,005,667
June 30, 2010	2,223,286	478,102	21.5%	3,750,851
June 30, 2011	2,293,535	81,072	21.5%	5,963,314

The net OPEB obligation (NOO) as of June 30, 2011, was calculated as follows:

Annual required contribution	\$ 2,352,070
Interest on net OPEB obligation	150,034
Adjustment to annual required contribution	(208,569)
Annual OPEB cost	2,293,535
Contributions made	81,072
Increase (decrease) in net OPEB obligation	2,212,463
Net OPEB obligation, beginning of year	<u>3,750,851</u>
 Net OPEB obligation, end of year	 <u>\$ 5,963,314</u>

*Funded Status and Funding Progress* – The funded status of the plan as of July 1, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 23,864,121
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	23,864,121
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	45,799,387
UAAL as a percentage of covered payroll	52%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prespective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.0% discount rate, which is based on the expected long-term investment returns of the City's general fund assets, and an initial annual healthcare cost trend of 8.0% reduced by 0.5% each year to arrive at an ultimate healthcare cost trend rate of 5.0%. Both rates included a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open 30-year period basis.



*Guaranty Deposits* - At June 30, 2011, the guaranty deposit accounts of the City included the following deposit liabilities:

**Governmental activities:**

Oil and gas drilling escrow	\$219,000
Site improvements	3,411,426
Contractor's escrow	106,112
Park improvement	10,529
Court fines and bond deposits	56,826
Others	<u>131,316</u>
Total governmental activities	<u>\$3,935,209</u>

**Business-type activities:**

Utility deposits	<u>\$1,431,562</u>
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The above liabilities and related cash and cash equivalents have been presented as restricted assets in both the government-wide and fund financial statements.

***Long-Term Debt***

- a. *General Obligation Bonds* - General obligation bonds have been approved by the voters and issued by the City for various municipal improvements. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City.

Bonds whose proceeds are dedicated to streets, rights-of-way, and limited access facilities, together with outstanding judgments against the City, are limited in total by State statute to 10 percent of the net assessed valuation of taxable property in the City. At June 30, 2011, the net assessed valuation approximated \$773,094,000. The City had no such bonds outstanding at June 30, 2011. There is no such limit on the issuance of other types of general obligation bonds.

General obligation bonds outstanding as of June 30, 2011 are as follows:

\$4,340,000 1992 General Obligation bonds, due in annual installments of \$90,000 to \$250,000 beginning December 1, 1992 through December 1, 2012 at interest rates from 10% to 0.5% (for various street and alley improvements and new fire station)	\$ 500,000
\$8,370,000 2005A Combined Purpose General Obligation bonds, due in annual installments of \$440,000 to \$450,000 beginning June 1, 2007 though June 1, 2025 at interest rates from 3.5% to 4.5% (for various street improvements and new fire station)	6,170,000
\$7,300,000 2007A Combined Purpose General Obligation bonds, due in annual installments of \$380,000 to \$460,000 beginning June 1, 2009 though June 1, 2027 at interest rates from 3.8% to 4.25% (for various street improvements)	6,160,000
\$2,650,000 2007B General Obligation bonds, due in annual installments of \$660,000 to \$670,000 beginning June 1, 2009 though June 1, 2012 at an interest rate of 4.0% (for citywide pavement reconstruction)	670,000
\$5,210,000 2008A Combined Purpose General Obligation bonds, due in annual installments of \$575,000 to \$610,000 beginning June 1, 2010 though December 1, 2018 at interest rates from 3.375% to 4.25% (for various street improvements)	4,635,000
\$5,475,000 2008B General Obligation bonds, due in annual installments of \$1,365,000 to \$1,380,000 beginning June 1, 2010 though December 1, 2013 at interest rates from 3.25% to 3.625% (for citywide pavement reconstruction)	4,110,000
\$6,250,000 2010 General Obligation bonds, due in annual installments of \$1,560,000 to \$1,570,000 beginning March 1, 2012 through September 1, 2015 at interest rates from 1.00% to 1.50% (for citywide pavement reconstruction and outdoor warning sirens)	<u>6,250,000</u>
Total general obligation bonds	<u>\$ 28,495,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 3,680,000	\$ 950,228	\$ 4,630,228
2013	4,570,000	774,293	5,344,293
2014	4,335,000	650,518	4,985,518
2015	2,955,000	552,765	3,507,765
2016	2,965,000	474,243	3,439,243
2017 – 2021	5,860,000	1,504,248	7,364,248
2022 – 2026	3,670,000	529,050	4,199,050
2027	460,000	19,320	479,320
<b>Total</b>	<b>\$ 28,495,000</b>	<b>\$ 5,454,665</b>	<b>\$ 33,949,665</b>

- b. *Special Assessment Debt with Governmental Commitment* - Special assessment bonds and related interest costs are payable from assessments and interest collected from the property owners benefited by the respective improvements. The City is required to cover delinquencies with other resources until foreclosure proceeds are received, therefore, they are included in the City's reporting entity as Special Assessment Debt with Governmental Commitment.

The Special Assessment Debt with Governmental Commitment as of June 30, 2011 is as follows:

\$797,500 special assessment bond of 2004 due in annual installments of \$79,750 through June 1, 2014, at an interest rate of 4.25% (for utility and public works projects for Hall Park housing division)	<u>\$ 239,250</u>
<b>Total special assessment debt with governmental commitment</b>	<u><b>\$ 239,250</b></u>

Annual debt service requirements to maturity for special assessment debt with government commitment are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 79,750	\$ 10,168	\$ 89,918
2013	79,750	6,779	86,529
2014	79,750	3,389	83,139
<b>Total</b>	<b>\$ 239,250</b>	<b>\$ 20,336</b>	<b>\$ 259,586</b>

- c. *Revenue Bonds* - Revenue Bonds outstanding consist of debt issued by the NUA. The bonds are not an indebtedness of the State of Oklahoma nor of the City, but are obligations payable solely from resources of the NUA.

The revenue bonds outstanding as of June 30, 2011 are as follows:

\$2,315,000 Norman Municipal Authority, Recreation Facilities Revenue Bonds, Series 2002, due in annual installments of \$75,000 to \$195,000 from June 1, 2004 through June 1, 2022 at interest rates from 3.5% to 6.125%	\$ 1,610,000
\$7,740,000 Norman Utilities Authority, Utility Revenue Bonds, Refunding Series 2003, due in annual installments of \$150,000 to \$815,000 from November 1, 2004 to November 1, 2016, at interest rates from 2.25% to 4.00%	4,190,000
\$4,780,000 Norman Utilities Authority, Utility Revenue Bonds, Refunding Series 2005, due in annual installments of \$220,000 to \$400,000 from November 1, 2006 to November 1, 2019, at interest rates from 3.25% to 4.00%	2,880,000
\$20,700,000 Norman Utilities Authority, Utility Revenue Bonds Series 2006, due in annual installments of \$680,000 to \$1,485,000 from November 1, 2007 to June 30, 2027, at interest rates from 3.875% to 5.00%	<u>17,800,000</u>
Total revenue bonds	<u>\$ 26,480,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 1,910,000	\$ 1,053,291	\$ 2,963,291
2013	1,975,000	980,255	2,955,255
2014	2,040,000	903,053	2,943,053
2015	2,115,000	821,678	2,936,678
2016	2,250,000	734,823	2,984,823
2017 – 2021	7,920,000	2,506,489	10,426,489
2022 – 2026	6,785,000	988,944	7,773,944
2027	<u>1,485,000</u>	<u>29,700</u>	<u>1,514,700</u>
Total	<u>\$ 26,480,000</u>	<u>\$ 8,018,233</u>	<u>\$ 34,498,233</u>

The Utility Revenue Bonds Series 2003, Utility Revenue Bonds Series 2005 and Utility Revenue Bonds Series 2006 are collateralized by the leasehold interest in the water and sanitary sewer systems which are leased by the City to NUA and a pledge of the gross revenues of the systems, as defined in the bond indentures. The Municipal Revenue Bonds Series 2002 are collateralized by the revenues from the operation of the Westwood facility and room tax revenue collected by the City as defined in the bond indenture.

Certain of the bonds may be called for redemption prior to maturity at the option of NUA in accordance with the redemption terms stated in the bond indentures.

- d. *Notes Payable* - Notes payable as of June 30, 2011 are as follows:

Contract payable with the Central Oklahoma Master Conservancy District (“District”), 1974 repayment contract for reimbursement costs of construction of water storage, distribution and pumping facilities to furnish a municipal water supply to cities and towns within the District, secured by a second lien on the net revenues of the authority’s water system. Annual principal and interest payments ranging from \$98,086 to \$194,605 with an annual interest rate of 2.74%.	\$ 1,061,001
\$2,720,000 State Revolving Fund (“SRF”) loan payable to the Oklahoma Water Resources Board (“OWRB”) due in semi-annual installments ranging from \$24,820 to \$75,980 beginning December 15, 1995 through August 15, 2015. The loan has a 0% interest rate, plus an administrative fee of 0.5% per annum.	622,461
\$4,850,000 Clean Water SRF loan payable to the OWRB due in semi-annual installments ranging from \$124,677 to \$136,239 beginning September 15, 2000 through September 15, 2019. The loan has a 0% interest rate plus an administrative fee of 0.5% per annum.	2,114,103
\$3,590,000 sanitation system loan payable to various holders due in semi-annual installments ranging from \$95,000 to \$155,000 beginning October 1, 2010 through October 1, 2024. The loan has a 3.45% interest rate.	3,400,000
\$14,560,000 Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2009, due in annual payments ranging from \$400,000 to \$2,820,000 beginning September 1, 2011 through September 1, 2028. The loan has a variable interest rate	5,789,454
\$5,640,000 Clean Water SRF loan payable to the OWRB due in annual installments of \$405,264 beginning when construction is complete and ending 20 years after. The loan has a 2.91% interest rate.	3,067,160
\$12,000,000 Drinking Water SRF loan payable to the OWRB due in annual installments of \$822,900 beginning when construction is complete and ending 20 years after. The loan has a 3.28% interest rate.	9,823,484
\$8,250,000 Norman Tax Increment Finance Authority Norman University North Park Project Plan Revenue Note, Series 2011, due in annual installments beginning July 1, 2012 through June 30, 2031. The loan has a variable interest rate.	-
Total notes payable	<u>\$ 25,877,663</u>

Annual debt service requirements to maturity for notes payable are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 2,404,466	\$ 922,166	\$ 3,326,632
2013	2,365,351	884,658	3,250,009
2014	2,406,956	846,001	3,252,957
2015	2,428,735	905,846	3,334,581
2016	2,401,305	989,812	3,391,117
2017 – 2021	11,412,523	4,745,328	16,157,851
2022 – 2026	11,480,065	3,104,811	14,584,876
2027 – 2031	11,601,581	969,078	12,570,659
2032	866,584	3,425	870,009
Less unfund note	<u>(21,489,903)</u>	<u>-</u>	<u>(21,489,903)</u>
<b>Total</b>	<u><b>\$ 25,877,663</b></u>	<u><b>\$ 13,371,125</b></u>	<u><b>\$ 39,248,788</b></u>

- e. *Applicability of Federal Arbitrage Regulations* – Debt issuances of the City and Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City’s management believes the City is in compliance with these rules and regulations.



**Changes in Long-term Liabilities** – Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 25,915,000	\$ 6,250,000	\$ (3,670,000)	\$ 28,495,000	\$ 3,680,000
Special assessment debt with government commitmen	319,000	-	(79,750)	239,250	79,750
Total bonds payable	26,234,000	6,250,000	(3,749,750)	28,734,250	3,759,750
Notes payable	4,480,813	1,308,641	-	5,789,454	-
Liability for incurred claims	6,400,000	9,783,557	(11,183,557)	5,000,000	1,500,000
Net OPEB obligation	3,750,851	2,293,535	(81,072)	5,963,314	-
Compensated absences	6,404,002	4,679,935	(4,617,999)	6,465,938	415,153
Government activity long-term liabilities	<u>\$ 47,269,666</u>	<u>\$ 24,315,668</u>	<u>\$ (19,632,378)</u>	<u>\$ 51,952,956</u>	<u>\$ 5,674,903</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 28,335,000	\$ -	\$ (1,855,000)	\$ 26,480,000	\$ 1,910,000
Less deferred amounts:					
For issuance discounts and losses on refunding	(439,803)	66,953	-	(372,850)	-
Total bonds payable	27,895,197	66,953	(1,855,000)	26,107,150	1,910,000
Notes payable	10,816,608	10,288,630	(1,017,028)	20,088,210	1,617,483
Compensated absences	1,112,905	860,370	(877,865)	1,095,410	29,515
Business-type activity long-term liabilities	<u>\$ 39,824,710</u>	<u>\$ 11,215,953</u>	<u>\$ (3,749,893)</u>	<u>\$ 47,290,770</u>	<u>\$ 3,556,998</u>

For governmental activities, liability for incurred claims, compensated absences and net OPEB obligation are generally liquidated by the General Fund.

## 5. FUND BALANCE

Effective July 1, 2010, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following table shows the fund balance classifications as shown on the governmental funds balance sheet in accordance with GASB No. 54 as of June 30, 2011:

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	\$ 334,339	\$ -	\$ -	\$ -	\$ -	\$ 334,339
Restricted:						
Debit service reserve	-	-	3,668,619	-	-	3,668,619
Public service	-	-	-	-	358,401	358,401
Parks and recreation	-	-	-	-	1,504,130	1,504,130
Bond capital projects	-	-	-	6,154,837	-	6,154,837
Other capital projects	-	-	-	27,474,164	-	27,474,164
Public safety	14,307	8,074,159	-	-	1,092,546	9,181,012
Public works	-	-	-	-	464,190	464,190
Committed:						
Economic stabilization	-	-	-	-	-	-
Assigned:						
Other capital projects	-	-	-	243,694	-	243,694
Grant activities	-	-	-	-	330,400	330,400
Other	-	-	-	-	13,069	13,069
Unassigned:	<u>13,321,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,321,158</u>
Total fund balances	<u>\$ 13,669,804</u>	<u>\$ 8,074,159</u>	<u>\$ 3,668,619</u>	<u>\$ 33,872,695</u>	<u>\$ 3,762,736</u>	<u>\$ 63,048,013</u>

**6. RISK MANAGEMENT**

The City is self-insured against the following risks:

- Employee health claims to a maximum liability of \$175,000 per employee per year.
- Workers compensation claims.
- Unemployment benefits.
- General liability and property damage, except for buildings and contents and employee surety bonds for which the City has purchased commercial insurance.

Employee health claims in excess of the \$175,000 limit are covered by insurance. The City’s unpaid claims liability of \$5,000,000 reported at June 30, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. However, events could occur that would cause the estimate for unpaid claims liability to differ materially in the near term. The claims liability for health claims incurred but not reported is estimated by management using a three-month claims lag analysis. These amounts are recorded as a current liability within both the government-wide and governmental fund financial statements. The claims liability for workers compensation claims and judgments is estimated using legal counsel’s opinion of probable outcome of litigation plus an estimate of claims experience for incurred but unreported claims. These amounts are recorded as long-term liabilities within the government-wide financial statements. No liability is recorded for such amount within the governmental fund financial statements as such amounts will not be paid with current financial resources. There are no allocated or unallocated claim adjustment expenditures/expenses included in the liability for unpaid claims.

At June 30, 2011, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years, the City has had no losses that exceeded commercial insurance coverage. Changes in the reported liability are as follows:

	<b>Balance at Beginning of Year</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
Fiscal year 2010	<u>\$ 6,458,354</u>	<u>\$ 10,476,666</u>	<u>\$ (10,535,020)</u>	<u>\$ 6,400,000</u>
Fiscal year 2011	<u>\$ 6,400,000</u>	<u>\$ 9,783,557</u>	<u>\$ (11,183,557)</u>	<u>\$ 5,000,000</u>

**7. SEGMENT INFORMATION**

The City operates various segments within its enterprise funds. Condensed financial statement information for these segments for the year ended June 30, 2011 were as follows:

	<b>Norman Municipal Authority</b>		
	<b>Sanitation</b>		
	<b>Westwood Park</b>	<b>Services</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 82,460	\$ -	\$ 82,460
Restricted cash and cash equivalents	7,929	3,617,409	3,625,338
Investments	-	406,717	406,717
Receivables:			
Accounts, net of allowance	-	806,383	806,383
Interest	1,830	1,934	3,764
Total current assets	<u>92,219</u>	<u>4,832,443</u>	<u>4,924,662</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	30,149	318,843	348,992
Investments	214,689	-	214,689
Unamortized bond issue costs	28,031	44,724	72,755
Capital assets, net	7,735,711	9,021,551	16,757,262
Total noncurrent assets	<u>8,008,580</u>	<u>9,385,118</u>	<u>17,393,698</u>
Total assets	<u>\$ 8,100,799</u>	<u>\$ 14,217,561</u>	<u>\$ 22,318,360</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 19,341	\$ 306,832	\$ 326,173
Payroll payable	48,342	129,365	177,707
Due to other funds	-	831,051	831,051
Accrued interest payable	7,929	29,325	37,254
Guaranty deposits	-	317,310	317,310
Revenue bonds payable	110,000	-	110,000
Notes payable	-	200,000	200,000
Compensated absences	2,347	8,987	11,334
Total current liabilities	187,959	1,822,870	2,010,829
Non-current liabilities:			
Long-term debt and other liabilities	<u>1,550,622</u>	<u>3,524,545</u>	<u>5,075,167</u>
Total liabilities	<u>1,738,581</u>	<u>5,347,415</u>	<u>7,085,996</u>
Invested in capital assets, net of related debt	6,159,854	8,841,983	15,001,837
Restricted for debt service	244,838	369,186	614,024
Unrestricted	(42,474)	(341,023)	(383,497)
Total net assets	<u>6,362,218</u>	<u>8,870,146</u>	<u>15,232,364</u>

continued

<b>Norman Municipal Authority</b>			
	<b>Westwood Park</b>	<b>Sanitation Services</b>	<b>Total</b>
Charges for services and goods, net	1,143,973	11,513,065	12,657,038
Other	514	307,847	308,361
Total operating revenues	<u>1,144,487</u>	<u>11,820,912</u>	<u>12,965,399</u>
Operating expenses	1,204,231	10,039,137	11,243,368
Depreciation	144,871	917,179	1,062,050
Total operating expenses	<u>1,349,102</u>	<u>10,956,316</u>	<u>12,305,418</u>
Operating income (loss)	<u>(204,615)</u>	<u>864,596</u>	<u>659,981</u>
Investment earnings	1,056	(3,940)	(2,884)
Interest expense	(107,152)	(97,008)	(204,160)
Miscellaneous income (expense)	19,191	4,789	23,980
(expenses)	<u>(86,905)</u>	<u>(96,159)</u>	<u>(183,064)</u>
Income before capital			
contributions and transfers	(291,520)	768,437	476,917
Transfers, net	<u>333,363</u>	<u>(58,791)</u>	<u>274,572</u>
Change in net assets	41,843	709,646	751,489
Total net assets - beginning	<u>6,320,375</u>	<u>8,160,500</u>	<u>14,480,875</u>
Total net assets - ending	<u>6,362,218</u>	<u>8,870,146</u>	<u>15,232,364</u>
Net cash provided (used) by:			
Operating activities	(58,084)	1,529,218	1,471,134
Noncapital financing activities	333,363	(58,791)	274,572
Capital and related financing activities	(270,386)	(2,768,887)	(3,039,273)
Investing activities	6,711	1,318,374	1,325,085
Beginning cash and cash equivalents	108,934	3,916,338	4,025,272
Ending cash and cash equivalents	<u>\$ 120,538</u>	<u>\$ 3,936,252</u>	<u>\$ 4,056,790</u>

concluded

## 8. COMMITMENTS AND CONTINGENCIES

**Litigation** - The City is party to various legal proceedings which normally occur in governmental operations. Management and management's counsel do not believe these legal proceedings will have a material adverse impact on the affected funds of the City. However, events could occur in the near term that would cause these estimates to change materially. Resulting judgments will be paid from ad valorem taxes to be received over a three-year period. At June 30, 2011, the City maintained a litigation reserve of approximately \$229,000.

**Federal Grants** - In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Management does not believe any liability for reimbursement which may arise as the result of these audits will be material.

**Lease Commitments** - The City has entered into a number of operating leases, all of which contain cancellation provisions that are subject to annual appropriations by the City Council. For the year ended

June 30, 2011, rent expenditures approximated \$340,000 for all operating leases. These expenditures were made primarily from the General Fund.

**Water Revenues** - The City entered into a contract with the Central Oklahoma Master Conservancy District (the "District") in 1961 (subsequently modified in 1963) for the purchase of water and operation of water facilities. In general, the contract provides for reimbursing the District for costs of providing the City with water from Lake Thunderbird. The contract is effective for a term of fifty years beginning with the first calendar year during which water was used by the City (1965). During the year ended June 30, 2011, the City paid the District \$713,636.

**Construction In Progress** - Construction in progress is authorized by actions of the City Council (governing body). A summary of construction in progress as of June 30, 2011 is as follows:

	<b>Total Construction In Progress</b>	<b>Total Project</b>	<b>Remaining To Complete</b>
General Government	\$ 36,170,505	\$ 90,706,009	\$ 54,535,504
Norman Municipal Authority:			
Sanitation	3,510,496	3,890,371	379,875
Norman Utilities Authority:			
Water Fund	28,314,624	49,657,549	21,342,925
Wastewater Fund	<u>26,469,760</u>	<u>54,631,721</u>	<u>28,161,961</u>
	<u>\$ 94,465,385</u>	<u>\$ 198,885,650</u>	<u>\$ 104,420,265</u>

The City also contributes to certain State and Federal aid projects which are administered by the State of Oklahoma Department of Highway. The City is billed by the Highway Department for these projects at various stages of completion, subject to Federal audits of the project costs.

## 9. RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards have been recently issued and will be adopted as applicable by the City in future years.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53*. GASB No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged.

\* \* \* \* \*

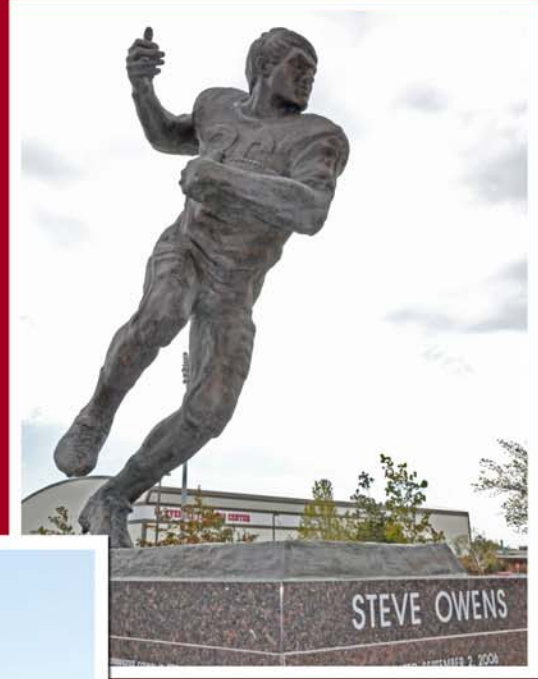
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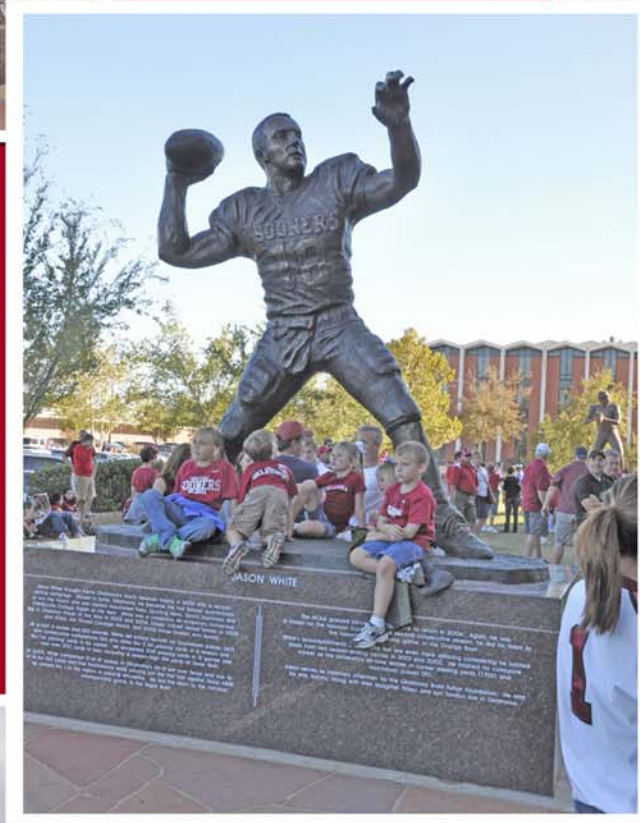
Billy Vessels 1952



Steve Owens 1969



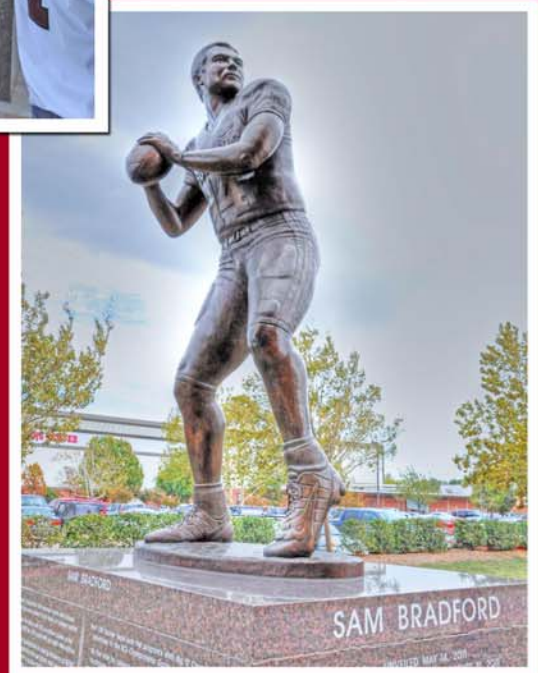
Jason White 2003



Billy Sims 1978



Sam Bradford 2008



# THE CITY OF NORMAN, OKLAHOMA

## EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF NORMAN, OKLAHOMA - ANNUITY POOL

### REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
January 1, 2002	\$ 1,547,003	\$ 1,674,085	\$ 127,082	92.4 %	N/A	N/A
January 1, 2003	1,210,693	1,583,061	372,368	76.5 %	N/A	N/A
January 1, 2004	1,234,975	1,477,564	242,589	83.6 %	N/A	N/A
January 1, 2005	1,166,844	1,384,940	218,096	84.3 %	N/A	N/A
January 1, 2006	1,053,011	1,261,249	208,238	83.5 %	N/A	N/A
January 1, 2007	1,048,354	1,208,515	160,161	86.7 %	N/A	N/A
January 1, 2008	973,147	1,173,050	199,903	83.0 %	N/A	N/A
January 1, 2009	601,476	985,173	383,697	61.1 %	N/A	N/A
January 1, 2010	660,973	892,961	231,988	74.0 %	N/A	N/A
January 1, 2011	616,254	861,427	245,173	71.5 %	N/A	N/A

The only participants in the Annuity Pool in fiscal years 2002 through 2011 were retired participants receiving benefits. Therefore, expressing the unfunded AAL ("UAAL") as a percentage of covered payroll would not be meaningful.

# THE CITY OF NORMAN, OKLAHOMA

## EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF NORMAN, OKLAHOMA - ANNUITY POOL

### REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS

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<b>Actuarial Valuation Date</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
January 1, 2002	18,514	N/A
January 1, 2003	54,249	N/A
January 1, 2004	35,342	N/A
January 1, 2005	31,774	N/A
January 1, 2006	30,337	N/A
January 1, 2007	23,333	151 %
January 1, 2008	29,123	N/A
January 1, 2009	55,899	52 %
January 1, 2010	33,797	165 %
January 1, 2011	35,718	0 %

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

## THE CITY OF NORMAN, OKLAHOMA

**EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF NORMAN, OKLAHOMA -  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS**

---

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Plan Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) - Unit Credit</b>	<b>(3) Unfunded AAL (UAAL) (2)-(1)</b>	<b>(4) Funded Ratio (1)/(2)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (3)/(5)</b>
July 1, 2008	\$ -	\$ 21,882,455	\$ 21,882,455	0.0 %	\$ 43,228,176	50.6 %
July 1, 2009	-	23,583,965	23,583,965	0.0 %	\$ 46,679,049	50.5 %
July 1, 2010	-	23,864,121	23,864,121	0.0 %	\$ 45,799,387	52.1 %

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009.

**EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF NORMAN, OKLAHOMA -  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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<b>Fiscal Year Ended June 30</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2009	\$ 135,989	\$ 2,141,656	6.3 %
2010	478,102	2,254,586	21.2 %
2011	81,072	2,352,070	3.4 %

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009.

# THE CITY OF NORMAN, OKLAHOMA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>Taxes:</b>							
Sales taxes	\$ 33,250,000	\$ -	\$ 33,250,000			\$ 34,221,140	\$ 971,140
Franchise taxes	6,842,805	-	6,842,805			6,251,683	(591,122)
State use taxes	2,111,500	-	2,111,500			1,869,160	(242,340)
Total taxes	<u>42,204,305</u>	<u>-</u>	<u>42,204,305</u>			<u>42,341,983</u>	<u>137,678</u>
<b>Licenses and permits:</b>							
Licenses	272,786	-	272,786			283,808	11,022
Permits	751,814	-	751,814			802,059	50,245
Total licenses and permits	<u>1,024,600</u>	<u>-</u>	<u>1,024,600</u>			<u>1,085,867</u>	<u>61,267</u>
<b>State Shared Revenues:</b>							
State motor fuel	270,352	-	270,352			199,549	(70,803)
Alcoholic beverage	230,146	-	230,146			241,351	11,205
Cigarette	774,479	-	774,479			797,284	22,805
State motor vehicle registration	862,273	-	862,273			692,375	(169,898)
Total intergovern- mental revenues	<u>2,137,250</u>	<u>-</u>	<u>2,137,250</u>			<u>1,930,559</u>	<u>(206,691)</u>
<b>Charges for services:</b>							
Zoning & subdivision	187,670	-	187,670			109,788	(77,882)
Public safety	171,805	-	171,805			152,592	(19,213)
Health	141,738	30,793	172,531			177,555	5,024
Recreation fees	401,825	-	401,825			447,664	45,839
Credit card confience fees	85,000	-	85,000			66,093	(18,907)
911 emergency fees	251,074	-	251,074			243,237	(7,837)
Total charges for services	<u>1,239,112</u>	<u>30,793</u>	<u>1,269,905</u>			<u>1,196,929</u>	<u>(72,976)</u>
<b>Fines and forfeits:</b>							
Police court fines	2,639,295	-	2,639,295			2,520,997	(118,298)
Miscellaneous forfeitures	200,000	-	200,000			(31,205)	(231,205)
Total fines and forfeits	<u>2,839,295</u>	<u>-</u>	<u>2,839,295</u>			<u>2,489,792</u>	<u>(349,503)</u>
Investment earnings	<u>275,000</u>	<u>-</u>	<u>275,000</u>			<u>61,597</u>	<u>(213,403)</u>
<b>Other revenue:</b>							
Contributions	9,643	6,100	15,743			6,100	(9,643)
Rents and royalties	125,499	-	125,499			89,154	(36,345)
Cost allocations	10,021,269	-	10,021,269			10,514,646	493,377
Sale of fixed assets	40,000	-	40,000			12,678	(27,322)
Miscellaneous sales	420,318	643,246	1,063,564			1,131,590	68,026
Total other revenue	<u>10,616,729</u>	<u>649,346</u>	<u>11,266,075</u>			<u>11,754,168</u>	<u>488,093</u>
Total revenues	<u>60,336,291</u>	<u>680,139</u>	<u>61,016,430</u>			<u>60,860,895</u>	<u>(155,535)</u>

(Continued)

# THE CITY OF NORMAN, OKLAHOMA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>General government:</b>							
City council	\$ 2,123,893	\$ (224,872)	\$ 1,899,021	\$ 769,511	\$ 34,325	\$ 803,836	\$ 1,095,185
City manager's office	359,026	896,457	1,255,483	344,482	-	344,482	911,001
Community relations	32,920	(6,069)	26,851	26,658	-	26,658	193
City clerk's office	483,125	15,922	499,047	490,625	15	490,640	8,407
Municipal court	924,725	20,361	945,086	917,072	14,951	932,023	13,063
Legal administration	1,119,625	172,262	1,291,887	1,272,378	8,203	1,280,581	11,306
Human resource admin	747,677	(51,983)	695,694	666,031	11,893	677,924	17,770
Safety administration	126,910	(4,398)	122,512	111,838	8,153	119,991	2,521
Building services admin	118,017	579	118,596	116,294	-	116,294	2,302
Custodial services	206,584	8,536	215,120	216,196	390	216,586	(1,466)
Building repair services	361,553	14,811	376,364	370,820	76	370,896	5,468
Judgements and claims	795,000	(27,070)	767,930	767,929	-	767,929	1
Human rights commission	310	-	310	-	-	-	310
Children's rights commission	276	-	276	-	-	-	276
Social & voluntary services	112,500	3,552	116,052	112,500	-	112,500	3,552
Norman public library	244,225	(33,186)	211,039	234,525	-	234,525	(23,486)
Firehouse art center	72,184	(1,831)	70,353	64,117	-	64,117	6,236
Historical museum	38,273	-	38,273	36,452	-	36,452	1,821
Sooner theatre	75,878	1,831	77,709	76,612	-	76,612	1,097
Employee training	18,176	995	19,171	18,895	210	19,105	66
Employee assistance program	25,374	(350)	25,024	24,948	-	24,948	76
Special studies & contributions	5,000	(949)	4,051	4,000	-	4,000	51
Municipal elections	58,000	(12,344)	45,656	45,385	-	45,385	271
Sister cities program	5,508	(2,685)	2,823	2,475	-	2,475	348
Holiday decorations	34,518	7,678	42,196	33,748	-	33,748	8,448
<b>Total general government</b>	<b>8,089,277</b>	<b>777,247</b>	<b>8,866,524</b>	<b>6,723,491</b>	<b>78,216</b>	<b>6,801,707</b>	<b>2,064,817</b>
<b>Planning:</b>							
Planning commission	1,194	393	1,587	1,442	-	1,442	145
Historic district commission	2,684	(1,442)	1,242	408	-	408	834
Board of adjustment	245	-	245	181	-	181	64
Greenbelt commission	500	-	500	-	-	-	500
Planning administration	413,854	(34,345)	379,509	368,553	127	368,680	10,829
Geographic information	457,605	(76,618)	380,987	374,979	-	374,979	6,008
Development services	1,552,267	(201,238)	1,351,029	1,311,811	17,673	1,329,484	21,545
Revitalization	868,138	(22,817)	845,321	818,763	4,828	823,591	21,730
Current planning	142,994	88,066	231,060	222,227	-	222,227	8,833
<b>Total planning</b>	<b>3,439,481</b>	<b>(248,001)</b>	<b>3,191,480</b>	<b>3,098,364</b>	<b>22,628</b>	<b>3,120,992</b>	<b>70,488</b>

(Continued)

# THE CITY OF NORMAN, OKLAHOMA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>City controller:</b>							
Finance administration	\$ 285,257	\$ 9,298	\$ 294,555	\$ 289,840	\$ 90	\$ 289,930	\$ 4,625
Workers compensation	1,168,900	368,666	1,537,566	1,536,385	529	1,536,914	652
Unemployment compensat	28,515	18,119	46,634	46,633	-	46,633	1
Accounting services	785,923	61,052	846,975	786,767	18,618	805,385	41,590
Information services	1,584,230	606,492	2,190,722	1,365,345	259,703	1,625,048	565,674
Printing services	221,501	22,532	244,033	242,445	480	242,925	1,108
Budget services	102,270	1,588	103,858	101,610	-	101,610	2,248
Treasury services	427,881	246,858	674,739	662,861	3,314	666,175	8,564
Utility services	1,004,186	34,413	1,038,599	1,025,574	3,574	1,029,148	9,451
Total city controller	5,608,663	1,369,018	6,977,681	6,057,460	286,308	6,343,768	633,913
<b>Parks and recreation:</b>							
Parks board	792	(121)	671	231	-	231	440
Mosquito control program	10,217	-	10,217	5,949	534	6,483	3,734
Santa Fe Depot	7,075	121	7,196	5,950	-	5,950	1,246
Administration	567,627	46,121	613,748	609,195	43	609,238	4,510
Park maintenance	2,365,956	(61,653)	2,304,303	2,130,538	1,848	2,132,386	171,917
Forestry	26,328	14,040	40,368	29,961	3,100	33,061	7,307
Recreation little league	73,545	(1,447)	72,098	57,296	721	58,017	14,081
Recreation programs	1,419,262	11,157	1,430,419	1,410,344	17,111	1,427,455	2,964
Senior citizens center	131,477	3,773	135,250	120,252	-	120,252	14,998
Total parks & recreation	4,602,279	11,991	4,614,270	4,369,716	23,357	4,393,073	221,197
<b>Public works:</b>							
Public works administratic	249,685	4,282	253,967	249,832	2,012	251,844	2,123
Engineering department	1,348,691	(124,322)	1,224,369	1,208,149	2,999	1,211,148	13,221
Street maintenance	3,238,086	708,016	3,946,102	2,468,203	9,025	2,477,228	1,468,874
Stormwater Drainage	2,285,230	86,402	2,371,632	2,127,017	100,204	2,227,221	144,411
Traffic control	2,952,358	(7,654)	2,944,704	2,620,388	146,234	2,766,622	178,082
Fleet maintenance admin	259,566	(2,163)	257,403	247,274	443	247,717	9,686
Fleet repair services	1,406,906	45,761	1,452,667	1,310,807	128,804	1,439,611	13,056
Fleet fuel and parts	2,882,038	(172,122)	2,709,916	2,636,127	28,448	2,664,575	45,341
Total public works	14,622,560	538,200	15,160,760	12,867,797	418,169	13,285,966	1,874,794
<b>Public safety:</b>							
Police department admin	689,591	65,639	755,230	748,344	1,182	749,526	5,704
Staff services	1,669,197	96,760	1,765,957	1,729,867	8,538	1,738,405	27,552
Criminal investigations	2,865,413	(485,586)	2,379,827	2,267,243	5,841	2,273,084	106,743
Patrol	9,835,113	325,265	10,160,378	9,720,441	77,133	9,797,574	362,804
Special Investigations	1,183,581	(149,491)	1,034,090	998,326	357	998,683	35,407
Animal control	877,551	(29,316)	848,235	698,033	53,021	751,054	97,181
911 services	1,759,599	241,239	2,000,838	1,709,310	165,414	1,874,724	126,114
Fire department admin	499,874	2,010	501,884	492,356	41	492,397	9,487
Training - fire department	242,760	(84,728)	158,032	157,958	-	157,958	74
Fire prevention	777,654	10,604	788,258	750,193	3,716	753,909	34,349
Fire suppression	12,111,999	(14,598)	12,097,401	11,557,839	4,500	11,562,339	535,062
Diaster preparedness servi	110,671	(2,352)	108,319	101,985	130	102,115	6,204
Total public safety	32,623,003	(24,554)	32,598,449	30,931,895	319,873	31,251,768	1,346,681
Total expenditures and encumbrances	68,985,263	2,423,901	71,409,164	\$ 64,048,723	\$ 1,148,553	65,197,276	6,211,888

(Continued)

# THE CITY OF NORMAN, OKLAHOMA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues over expendi- tures and encumbrances	<u>(8,648,972)</u>	<u>(1,743,762)</u>	<u>(10,392,734)</u>			<u>(4,336,381)</u>	<u>6,056,353</u>
OTHER FINANCING SOURCES (USES):							
Transfers in:							
Norman Utilities							
Authority	1,142,119	-	1,142,119			1,057,432	(84,687)
Sanitation Fund	55,066	-	55,066			58,791	3,725
Capital Projects Fund	3,488,077	739	3,488,816			3,051,972	(436,844)
Debt Service Fund	500,000	-	500,000			1,351,496	851,496
Seizures & Rest. Fund	-	16,000	16,000			16,000	-
Hall Park Fund	-	25,178	25,178			-	(25,178)
UNP TIF Fund	-	-	-			34,538	34,538
Total transfers in	<u>5,185,262</u>	<u>41,917</u>	<u>5,227,179</u>			<u>5,570,229</u>	<u>343,050</u>
Transfers out:							
Westwood Fund	-	-	-			(64,899)	64,899
Water Fund	-	(1,088)	(1,088)			(1,088)	-
Seizures & Rest. Fund	-	(78,862)	(78,862)			(89,048)	10,186
Comm. Dev. Fund	-	-	-			(44,358)	44,358
Capital Projects Fund	-	(25,178)	(25,178)			-	(25,178)
Total transfers out	<u>-</u>	<u>(105,128)</u>	<u>(105,128)</u>			<u>(199,393)</u>	<u>94,265</u>
Net other financing sources (uses)	<u>5,185,262</u>	<u>(63,211)</u>	<u>5,122,051</u>			<u>5,370,836</u>	<u>248,785</u>

(Continued)



# THE CITY OF NORMAN, OKLAHOMA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances, and other uses	(3,542,572)	(1,728,111)	(5,270,683)			1,034,455	6,305,138
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	11,678,701	-	11,678,701			11,678,701	-
Residual equity transfer in	76,324	-	76,324			76,324	-
Residual equity transfer out	<u>(5,968,899)</u>	<u>-</u>	<u>(5,968,899)</u>			<u>(5,968,899)</u>	<u>-</u>
Revised Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	<u>5,786,126</u>	<u>-</u>	<u>5,786,126</u>			<u>5,786,126</u>	<u>-</u>
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 2,243,554</u>	<u>\$ (1,728,111)</u>	<u>\$ 515,443</u>			<u>\$ 6,820,581</u>	<u>\$ 6,305,138</u> (Concluded)

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY COMPARISON  
SCHEDULE – GENERAL FUND**

*Budget Reconciliations* - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2011, are as follows:

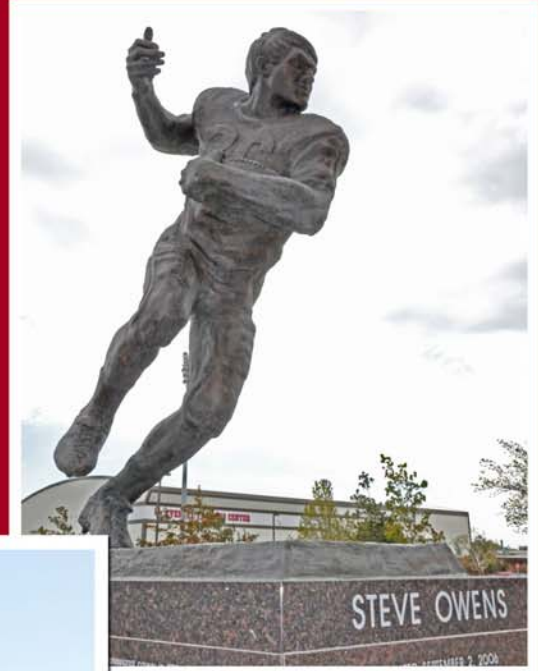
	<b>General Fund</b>
Fund balances - budgetary basis, June 30, 2011	\$ 6,820,581
Current year encumbrances included in expenditures	1,148,552
Prior year encumbrances outstanding	71,988
Current year revenue accrual	7,350,069
Current year expenditure accrual	<u>(1,721,386)</u>
Fund balances - fund financial statements, June 30, 2011	<u>\$ 13,669,804</u>
Revenues - budgetary basis	\$ 60,860,895
Current year revenue accrual	7,350,069
Prior year revenue accrual	(7,223,040)
On-behalf payments	<u>3,500,000</u>
Revenues - fund financial statements	<u>\$ 64,487,924</u>
Expenditures - budgetary basis	\$ 65,197,276
Current year encumbrances included in expenditures	(1,148,552)
Prior year encumbrances paid	1,804,215
Current year expenditure accrual	1,721,386
Prior year expenditure accrual	(1,532,993)
On-behalf payments	<u>3,500,000</u>
Expenditures - fund financial statements	<u>\$ 69,541,332</u>

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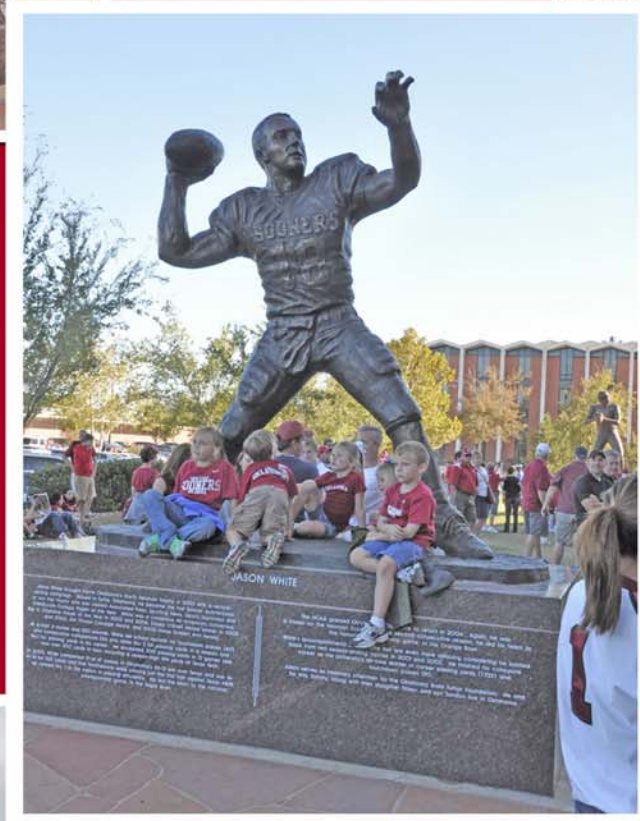
Billy Vessels 1952



Steve Owens 1969



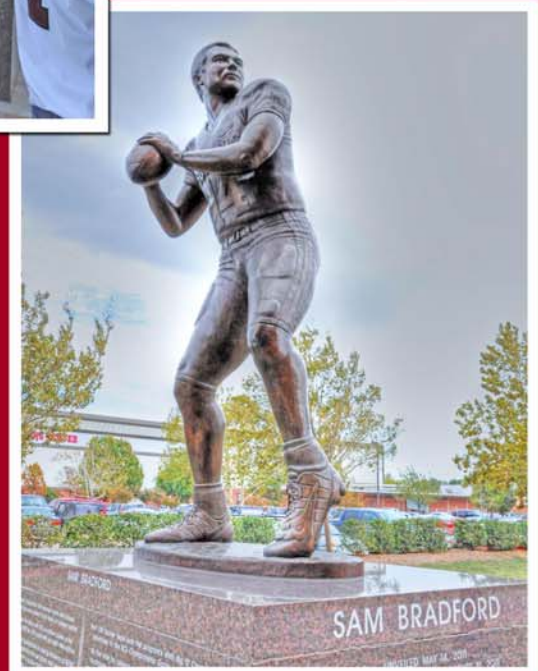
Jason White 2003



Billy Sims 1978



Sam Bradford 2008



**THE CITY OF NORMAN, OKLAHOMA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	Tax							Art in		Total
	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleet Fund	Increment District Fund	Public Places Fund	Nonmajor Governmental Total	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 97,352	\$ 44,358	\$ 447,811	\$ 97,653	\$ 339,121	\$ 8,961	\$ 8,574	\$ 2,880	\$ 1,046,710	
Investments	137,871	-	990,281	1,233,252	415,218	22,629	123,292	-	2,922,543	
Receivables:										
Taxes	123,533	-	-	-	-	-	-	-	123,533	
Accounts	-	-	-	-	3,679	-	-	615	4,294	
Interest	646	-	4,635	5,773	1,944	106	577	-	13,681	
Due from Federal Government	-	117,850	56,646	-	-	-	-	-	174,496	
Due from other funds	5,109	-	-	5,392	17,528	473	477	150	29,129	
Total assets	<u>\$ 364,511</u>	<u>\$ 162,208</u>	<u>\$ 1,499,373</u>	<u>\$ 1,342,070</u>	<u>\$ 777,490</u>	<u>\$ 32,169</u>	<u>\$ 132,920</u>	<u>\$ 3,645</u>	<u>\$ 4,314,386</u>	
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable and other accrued liabilities	\$ -	\$ 824	\$ 14,762	\$ -	\$ 181,919	\$ 176	\$ -	\$ -	\$ 197,681	
Payroll payable	-	14,699	-	-	-	-	-	-	14,699	
Due to other funds	-	43,534	295,736	-	-	-	-	-	339,270	
Total liabilities	-	<u>59,057</u>	<u>310,498</u>	-	<u>181,919</u>	<u>176</u>	-	-	<u>551,650</u>	
Fund balance:										
Restricted	356,834	103,151	858,475	-	591,440	31,749	131,903	3,645	2,077,197	
Assigned	<u>7,677</u>	-	<u>330,400</u>	<u>1,342,070</u>	<u>4,131</u>	<u>244</u>	<u>1,017</u>	-	<u>1,685,539</u>	
Total fund balance	<u>364,511</u>	<u>103,151</u>	<u>1,188,875</u>	<u>1,342,070</u>	<u>595,571</u>	<u>31,993</u>	<u>132,920</u>	<u>3,645</u>	<u>3,762,736</u>	
Total liabilities and fund balance	<u>\$ 364,511</u>	<u>\$ 162,208</u>	<u>\$ 1,499,373</u>	<u>\$ 1,342,070</u>	<u>\$ 777,490</u>	<u>\$ 32,169</u>	<u>\$ 132,920</u>	<u>\$ 3,645</u>	<u>\$ 4,314,386</u>	

**THE CITY OF NORMAN, OKLAHOMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleet Fund	Tax Increment District Fund	Art in Public Places Fund	Total Nonmajor Governmental Total
Revenues:									
Taxes	\$ 1,068,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,068,000
Intergovernmental revenues	-	1,778,636	877,124	-	-	28,275	-	-	2,684,035
Charges for services	-	-	-	55,419	-	-	-	-	55,419
Investment earnings	1,125	-	12,816	11,245	4,131	244	1,017	-	30,578
Other	-	-	-	-	114,646	-	-	11,353	125,999
Total revenues	<u>1,069,125</u>	<u>1,778,636</u>	<u>889,940</u>	<u>66,664</u>	<u>118,777</u>	<u>28,519</u>	<u>1,017</u>	<u>11,353</u>	<u>3,964,031</u>
Expenditures:									
Current:									
Parks and recreation	-	-	29,412	-	-	-	-	13,629	43,041
Public service	780,837	1,975,209	15,504	-	-	-	-	-	2,771,550
Public safety	-	-	352,747	-	108,240	20,454	-	-	481,441
Public works	-	-	9,978	-	-	-	-	-	9,978
Capital outlay	-	44,196	669,511	20,611	7,074	-	-	-	741,392
Total expenditures	<u>780,837</u>	<u>2,019,405</u>	<u>1,077,152</u>	<u>20,611</u>	<u>115,314</u>	<u>20,454</u>	<u>-</u>	<u>13,629</u>	<u>4,047,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>288,288</u>	<u>(240,769)</u>	<u>(187,212)</u>	<u>46,053</u>	<u>3,463</u>	<u>8,065</u>	<u>1,017</u>	<u>(2,276)</u>	<u>(83,371)</u>
Other financing sources (uses):									
Transfers in	-	44,358	834,990	-	89,048	-	-	-	968,396
Transfers out	<u>(206,964)</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,964)</u>
Net other financing sources (uses)	<u>(206,964)</u>	<u>44,358</u>	<u>834,990</u>	<u>(35,000)</u>	<u>73,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,432</u>
Net change in fund balances	81,324	(196,411)	647,778	11,053	76,511	8,065	1,017	(2,276)	627,061
Fund balance - beginning	<u>283,187</u>	<u>299,562</u>	<u>541,097</u>	<u>1,331,017</u>	<u>519,060</u>	<u>23,928</u>	<u>131,903</u>	<u>5,921</u>	<u>3,135,675</u>
Fund balance - ending	<u>\$ 364,511</u>	<u>\$ 103,151</u>	<u>\$ 1,188,875</u>	<u>\$ 1,342,070</u>	<u>\$ 595,571</u>	<u>\$ 31,993</u>	<u>\$ 132,920</u>	<u>\$ 3,645</u>	<u>\$ 3,762,736</u>

# THE CITY OF NORMAN, OKLAHOMA

## NORMAN ROOM TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Hotel/motel tax	\$ 1,000,000	\$ -	\$ 1,000,000			\$ 1,069,000	\$ 69,000
Investment earnings	3,000	-	3,000			1,271	(1,729)
Total revenues	<u>1,003,000</u>	<u>-</u>	<u>1,003,000</u>			<u>1,070,271</u>	<u>67,271</u>
EXPENDITURES AND ENCUMBRANCES:							
Public service:							
Room tax	<u>759,773</u>	<u>19,045</u>	<u>778,818</u>	<u>\$ 780,837</u>	<u>\$ 1,675</u>	<u>782,512</u>	<u>(3,694)</u>
Total expenditures and encumbrances	<u>759,773</u>	<u>19,045</u>	<u>778,818</u>	<u>\$ 780,837</u>	<u>\$ 1,675</u>	<u>782,512</u>	<u>(3,694)</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>243,227</u>	<u>(19,045)</u>	<u>224,182</u>			<u>287,759</u>	<u>63,577</u>
OTHER FINANCING USES:							
Transfers out:							
Westwood	<u>(205,714)</u>	<u>(6)</u>	<u>(205,714)</u>			<u>(206,964)</u>	<u>(1,250)</u>
Net other financing sources (uses)	<u>(205,714)</u>	<u>(6)</u>	<u>(205,714)</u>			<u>(206,964)</u>	<u>(1,250)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	37,513	(19,051)	18,468			80,795	62,327
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	<u>157,827</u>		<u>157,827</u>			<u>157,827</u>	<u>-</u>
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 195,340</u>	<u>\$ (19,051)</u>	<u>\$ 176,295</u>			<u>\$ 238,622</u>	<u>\$ 62,327</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMMUNITY DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
Community development block grant ("CDBG")	\$ 929,444	\$ 4,813	\$ 934,257			\$ 813,428	\$ (120,829)
Emergency shelter grant	-	-	-			100,000	100,000
Home grant	599,304	10,620	609,924			516,339	(93,585)
Neighborhood stab grant	-	-	-			134,506	134,506
SHPRP ARRA grant	-	-	-			273,096	273,096
Investment earnings	-	-	-			421	421
Total revenues	<u>1,528,748</u>	<u>15,433</u>	<u>1,544,181</u>			<u>1,837,790</u>	<u>293,609</u>
EXPENDITURES AND ENCUMBRANCES:							
Public service:							
Community development	510,916	433,475	944,391	\$ 411,213	\$ 3,804	415,017	529,374
CDBG housing	418,525	157,854	576,379	351,764	54	351,818	224,561
Home grants	599,304	266,110	865,414	586,847	-	586,847	278,567
Emergency shelter grants	-	215,000	215,000	212,483	17	212,500	2,500
Neighborhood stab grant	-	327,856	327,856	134,506	-	134,506	193,350
SHPRP ARRA grant	-	254,492	254,492	(187,327)	-	(187,327)	441,819
Kingsgate	<u>12,109</u>	<u>53,776</u>	<u>65,885</u>	<u>24,824</u>	<u>-</u>	<u>24,824</u>	<u>41,061</u>
Total expenditures and encumbrances	<u>1,540,854</u>	<u>1,708,563</u>	<u>3,249,417</u>	<u>\$ 1,534,310</u>	<u>\$ 3,875</u>	<u>1,538,185</u>	<u>1,711,232</u>
OTHER FINANCING SOURCES:							
Transfers in	-	-	-			44,358	44,358
Excess (deficiency) of revenues over (under) expenditures and encumbrances	(12,106)	(1,693,130)	(1,705,236)			343,963	2,049,199
Fund balance (deficit), July 1, 2010 (Non-GAAP budgetary basis)	<u>(347,840)</u>	<u>-</u>	<u>(347,840)</u>			<u>(347,840)</u>	<u>-</u>
Fund balance (deficit), June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ (359,946)</u>	<u>\$ (1,693,130)</u>	<u>\$ (2,053,076)</u>			<u>\$ (3,877)</u>	<u>\$ 2,049,199</u>



# THE CITY OF NORMAN, OKLAHOMA

## SPECIAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Intergovernmental:							
County Court DUI	\$ 63,982	\$ -	\$ 63,982			\$ 56,580	\$ (7,402)
Public safety grants	51,301	630,383	681,684			807,845	126,161
Public service grants	-	-	-			13,000	13,000
Recreation grants	-	10,000	10,000			73,084	63,084
Public works grants	-	100,500	100,500			7,840	(92,660)
Total intergovernmental	115,283	740,883	856,166			958,349	102,183
Investment earnings	-	-	-			9,154	9,154
Total revenues	115,283	740,883	856,166			967,503	111,337
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Forestry grants	-	10,000	10,000	\$ 10,000	\$ -	10,000	-
DUI enforcement	63,982	-	63,982	40,699	-	40,699	23,283
Traffic & alcohol enforcement	-	90,624	90,624	73,310	-	73,310	17,314
Bullet proof vest grant	-	3,086	3,086	-	2,997	2,997	89
Homeland security grant	51,301	19,540	70,841	61,151	5,435	66,586	4,255
JAG grant	-	47,397	47,397	33,311	-	33,311	14,086
JAG ARRA grant	-	79,621	79,621	42,361	2,465	44,826	34,795
Emergency management	-	14,183	14,183	11,387	-	11,387	2,796
SHPO / CLG grant	-	22,680	22,680	7,980	-	7,980	14,700
Misc police grants	-	19,598	19,598	-	-	-	19,598
Legacy Park trail grant	-	259,495	259,495	-	-	-	259,495
Drug evaluation/recognition	-	38,599	38,599	23,628	-	23,628	14,971
911 grant	-	400,018	400,018	18	400,000	400,018	-
Traffic grant	-	14,683	14,683	725	-	725	13,958
CNG fueling station grant - fast	-	945,000	945,000	393,138	303,484	696,622	248,378
CNG fueling station grant - slow	-	183,298	183,298	99,739	36,933	136,672	46,626
ACOG fleet conversion grant	-	89,990	89,990	10,703	77,622	88,325	1,665
Homeland security grant - UASI	-	237,240	237,240	-	-	-	237,240
Firefighter assistance grant	-	230,849	230,849	230,847	-	230,847	2
City beautification	-	30,461	30,461	29,625	-	29,625	836
Total expenditures and encumbrances	115,283	2,736,362	2,851,645	\$ 1,068,622	\$ 828,936	1,897,558	954,087

(Continued)

**THE CITY OF NORMAN, OKLAHOMA**

**SPECIAL GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues over expenditures and encumbrances	<u>-</u>	<u>(1,995,429)</u>	<u>(1,995,429)</u>			<u>(930,055)</u>	<u>1,065,374</u>
Other financing sources (uses):							
Transfers in							
Capital Project Fund	<u>-</u>	<u>834,990</u>	<u>834,990</u>			<u>834,990</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>834,990</u>	<u>834,990</u>			<u>834,990</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	<u>-</u>	<u>(1,160,439)</u>	<u>(1,160,439)</u>			<u>(95,065)</u>	<u>1,065,374</u>
Fund balance (deficit), July 1, 2010 (Non-GAAP budgetary basis)	<u>393,470</u>	<u>-</u>	<u>393,470</u>			<u>393,470</u>	<u>-</u>
Fund balance (deficit), June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 393,470</u>	<u>\$ (1,160,439)</u>	<u>\$ (766,969)</u>			<u>\$ 298,405</u>	<u>\$ 1,065,374</u>

(Concluded)

# THE CITY OF NORMAN, OKLAHOMA

## PARK LAND FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Investment earnings	\$ 27,061	\$ -	\$ 27,061			\$ 11,368	\$ (15,693)
Charges for services	<u>85,000</u>	<u>-</u>	<u>85,000</u>			<u>55,419</u>	<u>(29,581)</u>
Total revenues	<u>112,061</u>	<u>-</u>	<u>112,061</u>			<u>66,787</u>	<u>(45,274)</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Parks and recreation	<u>57,000</u>	<u>30,322</u>	<u>87,322</u>	<u>\$ 20,611</u>	<u>\$ -</u>	<u>20,611</u>	<u>66,711</u>
Total expenditures and encumbrances	<u>57,000</u>	<u>30,322</u>	<u>87,322</u>	<u>\$ 20,611</u>	<u>\$ -</u>	<u>20,611</u>	<u>66,711</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	55,061	(30,322)	24,739			46,176	21,437
<b>Other financing sources (uses):</b>							
Transfers out							
Capital Project Fund	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>			<u>(35,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>			<u>(35,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances and other sources (uses)	55,061	(65,322)	(10,261)			11,176	21,437
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	<u>1,324,805</u>	<u>-</u>	<u>1,324,805</u>			<u>1,324,805</u>	<u>-</u>
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 1,379,866</u>	<u>\$ (65,322)</u>	<u>\$ 1,314,544</u>			<u>\$ 1,335,981</u>	<u>\$ 21,437</u>

# THE CITY OF NORMAN, OKLAHOMA

## SEIZURES AND RESTITUTIONS FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Intergovernmental:							
State Seizure/Restitution	\$ 9,000	\$ -	\$ 9,000			\$ 71,487	\$ 62,487
Federal Seizure/Restitution	6,000	-	6,000			900	(5,100)
Investment earnings	500	-	500			4,097	3,597
Juvenile Program	75,052	-	75,052			43,381	(31,671)
Miscellaneous income	-	-	-			(1,122)	(1,122)
	<u>90,552</u>	<u>-</u>	<u>90,552</u>			<u>118,743</u>	<u>28,191</u>
Total revenues							
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Public Safety:							
State seizures	2,600	50,748	53,348	\$ 24,515	\$ 1,056	25,571	27,777
Federal seizures	-	15,000	15,000	6,888	-	6,888	8,112
Juvenile program	75,052	-	75,052	72,163	-	72,163	2,889
	<u>77,652</u>	<u>65,748</u>	<u>143,400</u>	<u>\$ 103,566</u>	<u>\$ 1,056</u>	<u>104,622</u>	<u>38,778</u>
Total expenditures and encumbrances							
Excess (deficiency) of revenues over (under) expenditures and encumbrances	12,900	(65,748)	(52,848)			14,121	66,969
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in:							
General fund	78,862	-	78,862			89,048	10,186
Transfers out:							
General fund	-	(16,000)	(16,000)			(16,000)	-
	<u>78,862</u>	<u>(16,000)</u>	<u>62,862</u>			<u>73,048</u>	<u>10,186</u>
Net other financing sources (uses)							
Excess (deficiency) of revenues over (under) expenditures and encumbrances and other uses	91,762	(81,748)	10,014			87,169	77,155
Fund balance, July 1, 2009 (Non-GAAP budgetary basis)	505,296	-	505,296			505,296	-
Fund balance, June 30, 2010 (Non-GAAP budgetary basis)	<u>\$ 597,058</u>	<u>\$ (81,748)</u>	<u>\$ 515,310</u>			<u>\$ 592,465</u>	<u>\$ 77,155</u>

# THE CITY OF NORMAN, OKLAHOMA

## CLEET FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Fines and forfeitures:							
Cleet training revenue	\$ 32,000	\$ -	\$ 32,000			\$ 28,275	\$ (3,725)
Investment earnings	-	-	-			209	209
Miscellaneous revenue	-	-	-			-	-
<b>Total revenues</b>	<u>32,000</u>	<u>-</u>	<u>32,000</u>			<u>28,484</u>	<u>(3,516)</u>
EXPENDITURES AND ENCUMBRANCES:							
Public Safety:							
Court Cleet Training	2,000	-	2,000	\$ 1,490	\$ -	1,490	510
Police Cleet Training	<u>29,005</u>	<u>175</u>	<u>29,180</u>	<u>18,789</u>	<u>-</u>	<u>18,789</u>	<u>10,391</u>
<b>Total expenditures and encumbrances</b>	<u>31,005</u>	<u>175</u>	<u>31,180</u>	<u>\$ 20,279</u>	<u>\$ -</u>	<u>20,279</u>	<u>10,901</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	995	(175)	820			8,205	7,385
Fund balance, July 1, 2009 (Non-GAAP budgetary basis)	<u>23,686</u>	<u>-</u>	<u>23,686</u>			<u>23,676</u>	<u>-</u>
Fund balance, June 30, 2010 (Non-GAAP budgetary basis)	<u>\$ 24,681</u>	<u>\$ (175)</u>	<u>\$ 24,506</u>			<u>\$ 31,881</u>	<u>\$ 7,385</u>

**THE CITY OF NORMAN, OKLAHOMA**

**TAX INCREMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Taxes:							
Sales taxes	\$ -	\$ -	\$ -			\$ -	\$ -
Property taxes	-	-	-			-	-
Investment earnings	-	-	-			1,138	1,138
Total revenues	-	-	-			1,138	1,138
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
General government:							
Capital projects	<u>-</u>	<u>122,350</u>	<u>122,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>122,350</u>
Total expenditures and encumbrances	<u>-</u>	<u>122,350</u>	<u>122,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>122,350</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	(122,350)	(122,350)			1,138	123,488
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	<u>123,202</u>	<u>-</u>	<u>123,202</u>			<u>123,202</u>	<u>-</u>
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 123,202</u>	<u>\$ (122,350)</u>	<u>\$ 852</u>			<u>\$ 124,340</u>	<u>\$ 123,488</u>

# THE CITY OF NORMAN, OKLAHOMA

## ART IN PUBLIC PLACES FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance Positive (Negative)
REVENUES:							
Other revenue	\$ 5,000	\$ -	\$ 5,000			\$ 11,353	\$ 6,35
Total revenues	5,000	-	5,000			11,353	6,35
EXPENDITURES AND ENCUMBRANCES:							
Parks & recreation Donation	-	13,629	13,629	\$ 13,629	\$ -	13,629	-
Total expenditures and encumbrances	-	13,629	13,629	\$ 13,629	\$ -	13,629	-
Excess (deficiency) of revenues over (under) expenditures and encumbrances	5,000	(13,629)	(8,629)			(2,276)	6,35
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	5,921	-	5,921			5,921	-
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	\$ 10,921	\$ (13,629)	\$ (2,708)			\$ 3,645	\$ 6,35

# THE CITY OF NORMAN, OKLAHOMA

## PUBLIC SAFETY SALES TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Taxes:							
Sales tax	\$ 7,560,000	\$ -	\$ 7,560,000			\$ 7,958,392	\$ 398,392
Use tax	<u>345,050</u>	<u>-</u>	<u>345,050</u>			<u>311,513</u>	<u>(33,537)</u>
Total taxes	7,905,050	-	7,905,050			8,269,905	364,855
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>			<u>55,731</u>	<u>55,731</u>
Total revenues	<u>7,905,050</u>	<u>-</u>	<u>7,905,050</u>			<u>8,325,636</u>	<u>420,586</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Public safety:							
Police staff services	13,920	(12,460)	1,460	\$ 1,460	\$ -	1,460	-
Police criminal investigations	502,754	98,685	601,439	587,468	2,732	590,200	11,239
Police patrol	2,095,196	13,534	2,108,730	2,007,213	61,564	2,068,777	39,953
Police special investigations	227,315	68,047	295,362	256,667	33,203	289,870	5,492
Fire suppression	<u>1,538,203</u>	<u>809,752</u>	<u>2,347,955</u>	<u>1,691,788</u>	<u>451,058</u>	<u>2,142,846</u>	<u>205,109</u>
Total expenditures and encumbrances	<u>4,377,388</u>	<u>977,558</u>	<u>5,354,946</u>	<u>\$ 4,544,596</u>	<u>\$ 548,557</u>	<u>5,093,153</u>	<u>261,793</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	3,527,662	(977,558)	2,550,104			3,232,483	682,379
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out:							
Capital fund	(2,990,394)	(6)	(2,990,400)			(2,990,400)	-
Net other financing sources (uses)	<u>(2,990,394)</u>	<u>(6)</u>	<u>(2,990,400)</u>			<u>(2,990,400)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	<u>537,268</u>	<u>(977,564)</u>	<u>(440,296)</u>			<u>242,083</u>	<u>682,379</u>
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	-	-	-			-	-
Residual equity transfer in	<u>5,968,899</u>	<u>-</u>	<u>5,968,899</u>			<u>5,968,899</u>	<u>-</u>
Revised Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	<u>5,968,899</u>	<u>-</u>	<u>5,968,899</u>			<u>5,968,899</u>	<u>-</u>
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 6,506,167</u>	<u>\$ (977,564)</u>	<u>\$ 5,528,603</u>			<u>\$ 6,210,982</u>	<u>\$ 682,379</u>



# THE CITY OF NORMAN, OKLAHOMA

## DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Taxes:							
Property tax	\$ 5,125,000	\$ -	\$ 5,125,000			\$ 6,900,858	\$ 1,775,858
Sales tax	<u>250,313</u>	<u>-</u>	<u>250,313</u>			<u>250,313</u>	<u>-</u>
Total taxes	5,375,313	-	5,375,313			7,151,171	1,775,858
Investment earnings	27,000	-	27,000			26,574	(426)
Other revenue:							
Special assessments	<u>40,400</u>	<u>-</u>	<u>40,400</u>			<u>56,391</u>	<u>15,991</u>
Total revenues	<u>5,442,713</u>	<u>-</u>	<u>5,442,713</u>			<u>7,234,136</u>	<u>1,791,423</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Debt service:							
Principal	3,670,000	-	3,670,000	\$ 3,670,000	\$ -	3,670,000	-
Interest and fiscal charges	957,252	-	957,252	957,507	-	957,507	(255)
Special assessments	<u>93,308</u>	<u>-</u>	<u>93,308</u>	<u>93,470</u>	<u>-</u>	<u>93,470</u>	<u>(162)</u>
Total expenditures and encumbrances	<u>4,720,560</u>	<u>-</u>	<u>4,720,560</u>	<u>\$ 4,720,977</u>	<u>\$ -</u>	<u>4,720,977</u>	<u>(417)</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	722,153	-	722,153			2,513,159	1,791,006
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out:							
General fund	(500,000)	-	(500,000)			(1,351,496)	(851,496)
Net other financing sources (uses)	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>			<u>(1,351,496)</u>	<u>(851,496)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	222,153	-	222,153			1,161,663	939,510
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	<u>2,399,622</u>	<u>-</u>	<u>2,399,622</u>			<u>2,399,622</u>	<u>-</u>
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	<u>\$ 2,621,775</u>	<u>\$ -</u>	<u>\$ 2,621,775</u>			<u>\$ 3,561,285</u>	<u>\$ 939,510</u>

# THE CITY OF NORMAN, OKLAHOMA

## CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Taxes:							
Sales tax	\$ 9,849,687	\$ -	\$ 9,849,687			\$ 10,891,661	\$ 1,041,974
Sales tax - UNP TIF	2,000,000	-	2,000,000			2,388,359	388,359
Property tax - UNP TIF	810,000	-	810,000			783,679	(26,321)
Investment earnings	355,000	-	355,000			197,812	(157,188)
Intergovernmental	600,000	-	600,000			1,031,937	431,937
Miscellaneous	30,000	-	30,000			103,534	73,534
<b>Total revenues</b>	<b>13,644,687</b>	<b>-</b>	<b>13,644,687</b>			<b>15,396,982</b>	<b>1,752,295</b>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Personnel costs	482,578	10,816	493,394	\$ 509,576	\$ -	509,576	(16,182)
Capital projects	17,188,794	19,848,390	37,037,184	8,861,854	5,484,921	14,346,775	22,690,409
Capital projects - UNP TIF	820,000	1,351,554	2,171,554	1,174,668	441,591	1,616,259	555,295
Debt service - UNP TIF	943,650	(772,122)	171,528	251,748	-	251,748	(80,220)
Debt service	223,421	(23,442)	199,979	41,914	-	41,914	158,065
<b>Total expenditures and encumbrances</b>	<b>19,658,443</b>	<b>20,415,196</b>	<b>40,073,639</b>	<b>\$ 10,839,760</b>	<b>\$ 5,926,512</b>	<b>16,766,272</b>	<b>23,307,367</b>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	(6,013,756)	(20,415,196)	(26,428,952)			(1,369,290)	25,059,662
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers Out:							
General fund	(3,488,077)	(35,277)	(3,523,354)			(3,086,510)	436,844
Special grants fund	-	(834,990)	(834,990)			(834,990)	-
Westwood fund	(61,500)	-	(61,500)			(61,500)	-
Transfers In:							
PSST fund	2,990,394	-	2,990,394			2,990,400	6
Parkland fund	-	35,000	35,000			35,000	-
Debt proceeds	9,850,000	-	9,850,000			7,558,641	(2,291,359)
<b>Net other financing sources (uses)</b>	<b>9,290,817</b>	<b>(835,267)</b>	<b>8,455,550</b>			<b>6,601,041</b>	<b>(1,854,509)</b>
Excess (deficiency) of revenues over expenditures and encumbrances and other sources (uses)	3,277,061	(21,250,463)	(17,973,402)			5,231,751	23,205,153
Fund balance, July 1, 2010 (Non-GAAP budgetary basis)	18,864,857	-	18,864,857			18,864,857	-
Fund balance, June 30, 2011 (Non-GAAP budgetary basis)	\$ 22,141,918	\$ (21,250,463)	\$ 891,455			\$ 24,096,608	\$ 23,205,153

**NOTES TO OTHER SUPPLEMENTARY INFORMATION ON BUDGETARY COMPARISON  
SCHEDULES – SPECIAL REVENUE FUNDS, DEBT SERVICE FUND AND CAPITAL PROJECTS FUND**

*Budget Reconciliations* - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2010, are as follows:

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Public Safety Sales Tax Fund</b>
Fund balances, June 30, 2011 (Non-GAAP budgetary basis)	\$ 2,621,462	\$ 3,561,285	\$ 24,096,608	\$ 6,210,982
Current year encumbrances included in expenditures	835,542	-	5,926,512	548,557
Prior year encumbrances outstanding	7,973	-	1,428,585	-
Current year revenue accrual	312,458	107,334	2,425,432	1,440,418
Current year expenditure accrual	<u>(14,699)</u>	<u>0</u>	<u>(4,442)</u>	<u>(125,798)</u>
GAAP basis fund balances, June 30, 2011	<u>\$ 3,762,736</u>	<u>\$ 3,668,619</u>	<u>\$ 33,872,695</u>	<u>\$ 8,074,159</u>
Budgetary basis revenues	\$ 4,102,069	\$ 7,234,136	\$ 15,396,982	\$ 8,325,636
Current year revenue accrual	312,458	107,334	2,425,432	1,440,418
Prior year revenue accrual	<u>(450,496)</u>	<u>(112,962)</u>	<u>(2,216,086)</u>	<u>(1,347,265)</u>
GAAP basis revenues	<u>\$ 3,964,031</u>	<u>\$ 7,228,508</u>	<u>\$ 15,606,328</u>	<u>\$ 8,418,789</u>
Budgetary basis expenditures	\$ 4,377,396	\$ 4,720,977	\$ 16,766,272	\$ 5,093,153
Current year encumbrances included in expenditures	(835,542)	-	(5,926,512)	(548,557)
Prior year encumbrances paid	502,264	-	5,924,578	125,798
Current year expenditure accrual	14,699	0	4,442	(70,605)
Prior year expenditure accrual	<u>(11,415)</u>	<u>0</u>	<u>(8,001)</u>	<u>0</u>
GAAP basis expenditures	<u>\$ 4,047,402</u>	<u>\$ 4,720,977</u>	<u>\$ 16,760,779</u>	<u>\$ 4,599,789</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING SCHEDULE OF NET ASSETS

### ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY

JUNE 30, 2011

ASSETS	Westwood Park	Sanitation Services	Total
Current assets:			
Cash and cash equivalents	\$ 82,460	\$ -	\$ 82,460
Restricted cash and cash equivalents	7,929	3,617,409	3,625,338
Investments	-	406,717	406,717
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	-	806,383	806,383
Interest	1,830	1,934	3,764
Total current assets	92,219	4,832,443	4,924,662
Noncurrent assets:			
Restricted cash and cash equivalents	30,149	318,843	348,992
Restricted investments	214,689	-	214,689
Unamortized bond issue costs	28,031	44,724	72,755
Capital assets, net	7,735,711	9,021,551	16,757,262
Total noncurrent assets	8,008,580	9,385,118	17,393,698
Total assets	8,100,799	14,217,561	22,318,360
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	19,341	306,832	326,173
Payroll payable	48,342	129,365	177,707
Due to other funds	-	831,051	831,051
Accrued interest payable	7,929	29,325	37,254
Guaranty deposits	-	317,310	317,310
Revenue bonds payable	110,000	-	110,000
Notes payable	-	200,000	200,000
Compensated absences	2,347	8,987	11,334
Total current liabilities	187,959	1,822,870	2,010,829
Noncurrent liabilities:			
Notes payable	-	3,200,000	3,200,000
Compensated absences	84,765	324,545	409,310
Revenue bonds payable, net	1,465,857	-	1,465,857
Total noncurrent liabilities	1,550,622	3,524,545	5,075,167
Total liabilities	1,738,581	5,347,415	7,085,996
<b>NET ASSETS</b>			
Invested in capital assets, net	6,159,854	8,841,983	15,001,837
Restricted for debt service	244,838	369,186	614,024
Unrestricted	(42,474)	(341,023)	(383,497)
Total net assets	\$ 6,362,218	\$ 8,870,146	\$ 15,232,364

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2011

	Westwood Park	Sanitation Services	Total
Operating revenues:			
Golf and pool fees	\$ 1,143,973	\$ -	\$ 1,143,973
Sanitation services, net	-	11,513,065	11,513,065
Other	<u>514</u>	<u>307,847</u>	<u>308,361</u>
 Total operating revenues	 <u>1,144,487</u>	 <u>11,820,912</u>	 <u>12,965,399</u>
Operating expenses:			
Salaries and benefits	803,833	3,693,514	4,497,347
Supplies and materials	114,119	1,221,863	1,335,982
Services and maintenance	286,279	5,123,760	5,410,039
Depreciation and amortization	<u>144,871</u>	<u>917,179</u>	<u>1,062,050</u>
 Total operating expenses	 <u>1,349,102</u>	 <u>10,956,316</u>	 <u>12,305,418</u>
 Operating income (loss)	 <u>(204,615)</u>	 <u>864,596</u>	 <u>659,981</u>
Nonoperating revenues (expenses):			
Investment earnings	1,056	(3,940)	(2,884)
Interest and fiscal changes	(107,152)	(97,008)	(204,160)
Miscellaneous income (expense)	<u>19,191</u>	<u>4,789</u>	<u>23,980</u>
 Net nonoperating revenues (expenses)	 <u>(86,905)</u>	 <u>(96,159)</u>	 <u>(183,064)</u>
 Income (loss) before transfers	 <u>(291,520)</u>	 <u>768,437</u>	 <u>476,917</u>
Transfers in (out):			
Transfers in	333,363	-	333,363
Transfers out	<u>-</u>	<u>(58,791)</u>	<u>(58,791)</u>
 Net transfers	 <u>333,363</u>	 <u>(58,791)</u>	 <u>274,572</u>
 Net income	 <u>41,843</u>	 <u>709,646</u>	 <u>751,489</u>
Net assets - beginning	<u>6,320,375</u>	<u>8,160,500</u>	<u>14,480,875</u>
Net assets - ending	<u>\$ 6,362,218</u>	<u>\$ 8,870,146</u>	<u>\$ 15,232,364</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING SCHEDULE OF CASH FLOWS

### ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2011

	Westwood Park	Sanitation Services	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,144,487	\$ 11,658,287	\$ 12,802,774
Cash paid to employees for services	(789,773)	(3,651,255)	(4,441,028)
Cash paid to suppliers	(412,798)	(6,466,771)	(6,879,569)
Other receipts (payments)	-	(11,043)	(11,043)
Net cash provided by (used for) operating activities	<u>(58,084)</u>	<u>1,529,218</u>	<u>1,471,134</u>
Cash flows from noncapital financing activities:			
Transfers in	333,363	-	333,363
Transfers out	-	(58,791)	(58,791)
Net cash provided by (used for) noncapital financing activities	<u>333,363</u>	<u>(58,791)</u>	<u>274,572</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	19,191	2,150	21,341
Payments for the acquisition of capital assets	(82,613)	(2,452,557)	(2,535,170)
Principal payments on revenue bonds payable	(105,000)	-	(105,000)
Principal payments on notes payable	-	(190,000)	(190,000)
Interest and fiscal charges paid	(101,964)	(128,480)	(230,444)
Net cash used for capital and related financing activities	<u>(270,386)</u>	<u>(2,768,887)</u>	<u>(3,039,273)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	-	1,685,833	1,685,833
Payments for purchases of investments	-	(378,845)	(378,845)
Investment earnings received	6,711	11,386	18,097
Net cash provided by investing activities	<u>6,711</u>	<u>1,318,374</u>	<u>1,325,085</u>
Net change in cash and cash equivalents	11,604	19,914	31,518
Cash and cash equivalents - beginning	<u>108,934</u>	<u>3,916,338</u>	<u>4,025,272</u>
Cash and cash equivalents - ending	<u>\$ 120,538</u>	<u>\$ 3,936,252</u>	<u>\$ 4,056,790</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (204,615)	\$ 864,596	\$ 659,981
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous income	19,191	4,789	23,980
Bad debt expense	-	62,163	62,163
Depreciation	144,871	917,179	1,062,050
Gain on disposal of property, plant and equipment	(19,191)	(2,150)	(21,341)
Increase in accounts receivable, net	-	(244,207)	(244,207)
Increase in due from other funds	-	(13,682)	(13,682)
Decrease in accounts payable and accrued liabilities	(12,400)	(121,148)	(133,548)
Increase in payroll payable	8,550	29,117	37,667
Increase in guaranty deposits	-	19,419	19,419
Increase in compensated absences	5,510	13,142	18,652
Net cash provided by (used for) operating activities	<u>\$ (58,084)</u>	<u>\$ 1,529,218</u>	<u>\$ 1,471,134</u>
NONCASH ACTIVITIES:			
Change in unrealized (gain) loss on investments	<u>\$ 5,654</u>	<u>\$ 8,039</u>	<u>\$ 13,693</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING SCHEDULE OF NET ASSETS

### ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY

JUNE 30, 2011

ASSETS	Water	Wastewater	Total
Current assets:			
Cash and cash equivalents	\$ 2,208,152	\$ -	\$ 2,208,152
Restricted cash and cash equivalents	12,233,258	1,927,041	14,160,299
Investments	10,324,364	8,491,273	18,815,637
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	1,300,165	671,172	1,971,337
Interest	48,383	130,467	178,850
Due from other funds	123,565	95,580	219,145
Total current assets	<u>26,237,887</u>	<u>11,315,533</u>	<u>37,553,420</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	488,713	488,713
Restricted investments	-	19,381,015	19,381,015
Unamortized bond issue costs	338,089	178,772	516,861
Capital assets, net	67,713,268	98,419,914	166,133,182
Total noncurrent assets	<u>68,051,357</u>	<u>118,468,414</u>	<u>186,519,771</u>
Total assets	<u>94,289,244</u>	<u>129,783,947</u>	<u>224,073,191</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	375,393	934,471	1,309,864
Payroll payable	123,285	95,021	218,306
Accrued interest payable	145,760	47,830	193,590
Guaranty deposits	809,543	304,709	1,114,252
Revenue bonds payable	800,000	1,000,000	1,800,000
Notes payable	724,841	692,642	1,417,483
Compensated absences	11,149	7,032	18,181
Total current liabilities	<u>2,989,971</u>	<u>3,081,705</u>	<u>6,071,676</u>
Noncurrent liabilities:			
Notes payable	10,159,644	5,111,083	15,270,727
Compensated absences	402,625	253,960	656,585
Revenue bonds payable, net	17,099,287	5,632,006	22,731,293
Total noncurrent liabilities	<u>27,661,556</u>	<u>10,997,049</u>	<u>38,658,605</u>
Total liabilities	<u>30,651,527</u>	<u>14,078,754</u>	<u>44,730,281</u>
<b>NET ASSETS</b>			
Invested in capital assets, net	49,104,522	85,723,024	134,827,546
Restricted for debt service	509,830	4,161,440	4,671,270
Restricted for capital improvements	-	17,282,790	17,282,790
Unrestricted	14,023,365	8,537,939	22,561,304
Total net assets	<u>\$ 63,637,717</u>	<u>\$ 115,705,193</u>	<u>\$ 179,342,910</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY FOR THE YEAR ENDED JUNE 30, 2011

	Water	Wastewater	Total
Operating revenues:			
Water service, net	\$ 15,226,778	\$ -	\$ 15,226,778
Wastewater service, net	-	11,075,566	11,075,566
Other	<u>224,514</u>	<u>540,481</u>	<u>764,995</u>
Total operating revenues	<u>15,451,292</u>	<u>11,616,047</u>	<u>27,067,339</u>
Operating expenses:			
Salaries and benefits	3,470,050	2,881,433	6,351,483
Supplies and materials	1,337,731	411,493	1,749,224
Services and maintenance	4,187,006	5,368,255	9,555,261
Depreciation and amortization	<u>1,925,349</u>	<u>3,756,710</u>	<u>5,682,059</u>
Total operating expenses	<u>10,920,136</u>	<u>12,417,891</u>	<u>23,338,027</u>
Operating income	<u>4,531,156</u>	<u>(801,844)</u>	<u>3,729,312</u>
Nonoperating revenues (expenses):			
Tax revenue	-	1,038,715	1,038,715
Investment earnings	106,275	252,266	358,541
Interest and fiscal charges	(931,697)	(422,530)	(1,354,227)
Miscellaneous income (expense)	<u>(87,557)</u>	<u>(101,467)</u>	<u>(189,024)</u>
Net nonoperating revenues	<u>(912,979)</u>	<u>766,984</u>	<u>(145,995)</u>
Income before capital contributions and operating transfers	<u>3,618,177</u>	<u>(34,860)</u>	<u>3,583,317</u>
Capital contributions - donated water and sewer distribution systems	2,191,842	1,563,312	3,755,154
Capital contributions - capital grants	-	719,254	719,254
Transfers in	1,088	-	1,088
Transfers out	<u>(692,002)</u>	<u>(365,430)</u>	<u>(1,057,432)</u>
Net capital contributions and transfers	<u>1,500,928</u>	<u>1,917,136</u>	<u>3,418,064</u>
Net income	5,119,105	1,882,276	7,001,381
Net assets - beginning	<u>58,518,612</u>	<u>113,822,917</u>	<u>172,341,529</u>
Net assets - ending	<u>\$ 63,637,717</u>	<u>\$ 115,705,193</u>	<u>\$ 179,342,910</u>



**THE CITY OF NORMAN, OKLAHOMA**

**COMBINING SCHEDULE OF CASH FLOWS**

**ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY**

**FOR THE YEAR ENDED JUNE 30, 2011**

	Water	Wastewater	Total
Cash flows from operating activities:			
Cash received from customers	\$ 15,315,127	\$ 11,567,303	\$ 26,882,430
Cash paid to employees for services	(3,468,724)	(2,890,355)	(6,359,079)
Cash paid to suppliers	(6,309,048)	(5,655,221)	(11,964,269)
Other receipts (payments)	(87,973)	223,275	135,302
Net cash provided by operating activities	<u>5,449,382</u>	<u>3,245,002</u>	<u>8,694,384</u>
Cash flows from noncapital financing activities:			
Transfers in	1,088	-	1,088
Transfers out	(692,002)	(365,430)	(1,057,432)
Net cash used for noncapital financing activities	<u>(690,914)</u>	<u>(365,430)</u>	<u>(1,056,344)</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	18,800	-	18,800
Payments for the acquisition of capital assets	(11,018,686)	(6,004,197)	(17,022,883)
Proceeds from capital contributions	-	795,957	795,957
Proceeds from taxes	-	1,038,715	1,038,715
Principal payments on revenue bonds	(770,000)	(980,000)	(1,750,000)
Proceeds from notes payable	7,961,292	2,327,338	10,288,630
Principal payments on notes payable	(439,987)	(387,042)	(827,029)
Interest and fiscal charges paid	(925,534)	(328,484)	(1,254,018)
Net cash used for capital and related financing activities	<u>(5,174,115)</u>	<u>(3,537,713)</u>	<u>(8,711,828)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	6,854,355	22,503,162	29,357,517
Payments for purchases of investments	(9,616,831)	(25,962,191)	(35,579,022)
Investment earnings received	152,449	414,950	567,399
Net cash used for investing activities	<u>(2,610,027)</u>	<u>(3,044,079)</u>	<u>(5,654,106)</u>
Net change in cash and cash equivalents	(3,025,674)	(3,702,220)	(6,727,894)
Cash and cash equivalents - beginning	<u>17,467,084</u>	<u>6,117,974</u>	<u>23,585,058</u>
Cash and cash equivalents - ending	<u>\$ 14,441,410</u>	<u>\$ 2,415,754</u>	<u>\$ 16,857,164</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 4,531,156	\$ (801,844)	\$ 3,729,312
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous expense	(87,557)	(101,467)	(189,024)
Bad debt expense	88,915	72,065	160,980
Depreciation	1,925,349	3,756,710	5,682,059
Loss on disposal of property, plant and equipment	115,904	103,493	219,397
Increase in accounts receivable, net	(220,509)	(137,964)	(358,473)
(Increase) decrease in due from other funds	(116,320)	221,249	104,929
Increase (decrease) in accounts payable and accrued liabilities	(784,311)	124,527	(659,784)
Increase in payroll payable	15,581	12,970	28,551
Increase (decrease) in guaranty deposits	(4,571)	17,155	12,584
Decrease in compensated absences	(14,255)	(21,892)	(36,147)
Net cash provided by operating activities	<u>\$ 5,449,382</u>	<u>\$ 3,245,002</u>	<u>\$ 8,694,384</u>
NONCASH ACTIVITIES:			
Donated water and sewer distribution systems	\$ 2,191,842	\$ 1,563,312	\$ 3,755,154
Change in unrealized (gain) loss on investments	<u>\$ 6,860</u>	<u>\$ (203,260)</u>	<u>\$ (196,400)</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2011

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	<b>Annuity Pool Fund</b>	<b>401(a) Plan Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Investments - mutual funds	\$ 571,953	\$ 54,181,942	\$ 54,753,895
Loans to 401(a) Plan participants	<u>-</u>	<u>3,678,187</u>	<u>3,678,187</u>
Total assets	<u>\$ 571,953</u>	<u>\$ 57,860,129</u>	<u>\$ 58,432,082</u>
<b>LIABILITIES AND NET ASSETS</b>			
Net assets:			
Held in trust for pension benefits	\$ 571,953	\$ -	\$ 571,953
Held in trust for retirement benefits	<u>-</u>	<u>57,860,129</u>	<u>57,860,129</u>
Total liabilities and net assets	<u>\$ 571,953</u>	<u>\$ 57,860,129</u>	<u>\$ 58,432,082</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011

ADDITIONS:	Annuity Pool Fund	401(a) Fund	Total
Contributions:			
Employer	\$ -	\$ 2,127,560	\$ 2,127,560
Employee	<u>-</u>	<u>1,663,084</u>	<u>1,663,084</u>
Total contributions	-	3,790,644	3,790,644
Investment income (loss)	<u>119,392</u>	<u>9,641,516</u>	<u>9,760,908</u>
Total additions	<u>119,392</u>	<u>13,432,160</u>	<u>13,551,552</u>
DEDUCTIONS:			
Pension benefits paid	125,551	2,413,480	2,539,031
Administration costs	<u>1,771</u>	<u>31,064</u>	<u>32,835</u>
Total deductions	<u>127,322</u>	<u>2,444,544</u>	<u>2,571,866</u>
NET INCREASE	(7,930)	10,987,616	10,979,686
Net assets held in trust for pension and retirement benefits, Beginning of year	<u>579,883</u>	<u>46,872,513</u>	<u>47,452,396</u>
End of year	<u>\$ 571,953</u>	<u>\$57,860,129</u>	<u>\$58,432,082</u>

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

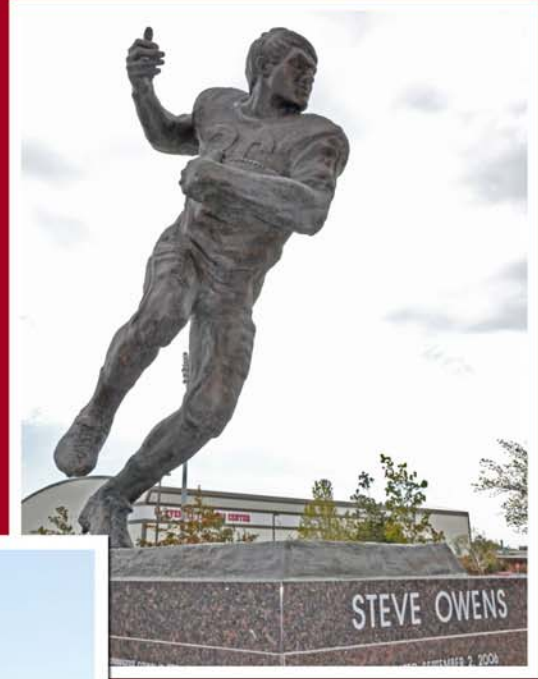
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	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b>CENTENNIAL AGENCY FUND:</b>				
<b>ASSETS</b>				
Cash	\$ 1,781	\$ -	\$(1,201)	\$ 580
Investments	3,838	1,319	-	5,157
Interest receivable	14	8	-	22
Due from other funds	<u>108</u>	<u>-</u>	<u>(77)</u>	<u>31</u>
Total assets	<u>\$ 5,741</u>	<u>\$ 1,327</u>	<u>\$(1,278)</u>	<u>\$ 5,790</u>
<b>LIABILITIES</b>				
Funds held for others	<u>\$ 5,741</u>	<u>\$ 1,327</u>	<u>\$(1,278)</u>	<u>\$ 5,790</u>

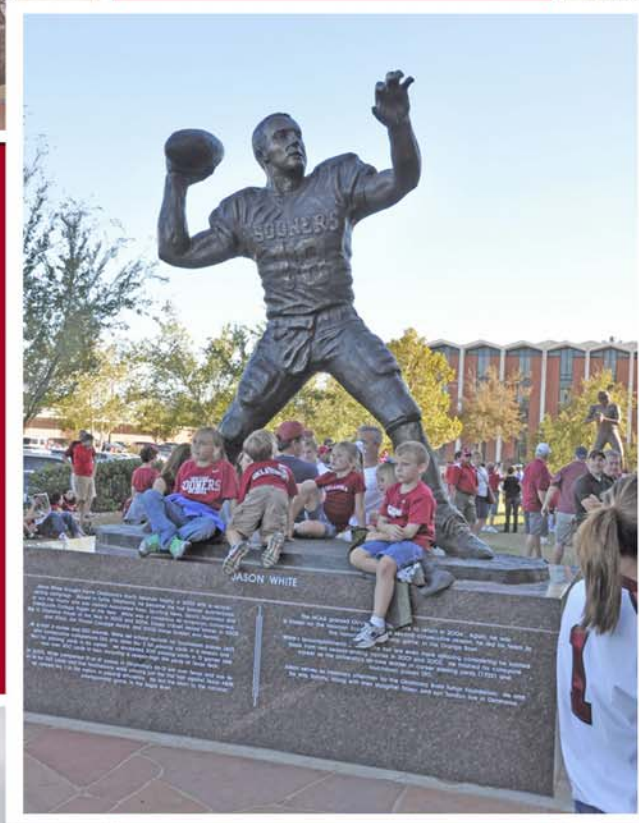
Billy Vessels 1952



Steve Owens 1969



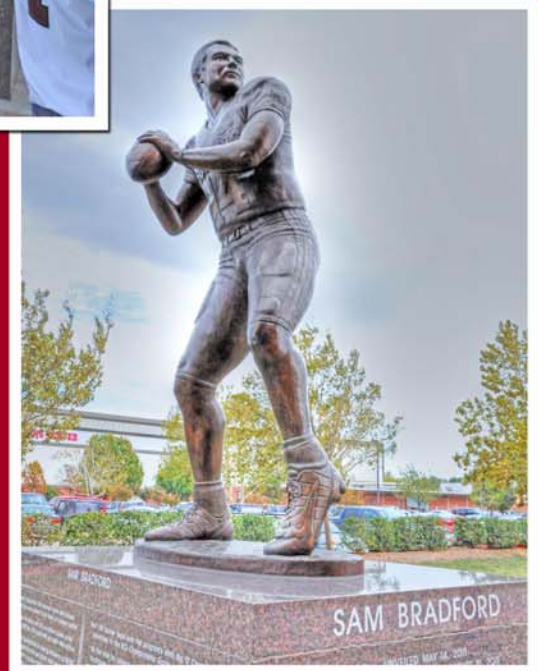
Jason White 2003



Billy Sims 1978



Sam Bradford 2008



## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	90-95
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	96-98
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity	99-103
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	104-105
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	106-108
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

**THE CITY OF NORMAN, OKLAHOMA**

**NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets,									
net of related debt	\$ 206,982,527	\$ 175,482,607	\$ 168,461,960	\$ 161,077,889	\$ 151,721,378	\$ 144,638,125	\$ 134,376,760	\$ 129,071,326	\$ 128,570,764
Restricted	42,431,883	33,165,081	26,111,498	21,745,305	19,049,233	15,964,056	15,341,531	12,566,447	13,252,369
Unrestricted	(1,500,859)	(259,210)	8,974,819	9,974,408	8,645,895	7,822,176	2,899,892	549,670	3,075,375
Total governmental activities net assets	\$ 247,913,551	\$ 208,388,478	\$ 203,548,277	\$ 192,797,602	\$ 179,416,506	\$ 168,424,357	\$ 152,618,183	\$ 142,187,443	\$ 144,898,508
Business-type activities									
Invested in capital assets,									
net of related debt	\$ 149,829,383	\$ 146,472,150	\$ 135,025,019	\$ 123,751,512	\$ 109,987,262	\$ 89,473,826	\$ 73,768,669	\$ 67,215,520	\$ 62,002,705
Restricted	22,568,084	23,202,532	22,411,356	24,610,916	27,853,537	33,173,855	32,154,744	22,836,310	15,855,487
Unrestricted	22,177,807	17,147,722	17,475,856	20,844,722	20,794,262	18,658,835	15,485,921	15,567,935	14,966,705
Total business-type activities net assets	\$ 194,575,274	\$ 186,822,404	\$ 174,912,231	\$ 169,207,150	\$ 158,635,061	\$ 141,306,516	\$ 121,409,334	\$ 105,619,765	\$ 92,824,897
Primary government									
Invested in capital assets,									
net of related debt	\$ 356,811,910	\$ 321,954,757	\$ 303,486,979	\$ 284,829,401	\$ 261,708,640	\$ 234,111,951	\$ 208,145,429	\$ 196,286,846	\$ 190,573,469
Restricted	64,999,967	56,367,613	48,522,854	46,356,221	46,902,770	49,137,911	47,496,275	35,402,757	29,107,856
Unrestricted	20,676,948	16,888,512	26,450,675	30,819,130	29,440,157	26,481,011	18,383,813	16,117,605	18,042,080
Total primary government net assets	\$ 442,488,825	\$ 395,210,882	\$ 378,460,508	\$ 362,004,752	\$ 338,051,567	\$ 309,730,873	\$ 274,027,517	\$ 247,807,208	\$ 237,723,405

**Note:** Accrual-basis financial information for the city government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>									
Governmental activities:									
General government	\$ 6,904,076	\$ 5,830,137	\$ 3,751,170	\$ 3,829,737	\$ 4,832,140	\$ 4,320,751	\$ 4,003,837	\$ 4,972,208	\$ 5,279,090
Planning	2,944,363	3,345,225	3,139,732	2,892,976	2,659,676	2,541,205	2,481,637	2,583,757	2,562,191
City controller	2,299,619	3,487,837	3,317,241	3,128,315	1,768,656	1,674,137	1,639,898	1,930,423	1,733,489
Parks and recreation	4,951,495	5,909,298	5,441,885	4,975,386	4,922,448	4,533,259	4,377,816	4,432,087	4,091,801
Public works	17,384,501	17,665,244	18,412,370	21,420,245	15,465,589	15,406,784	14,756,411	20,422,492	20,429,527
Public service	2,777,749	2,964,057	3,871,811	2,655,470	1,961,034	2,003,240	2,581,878	1,998,243	1,880,099
Public safety	41,030,651	41,750,244	38,223,543	34,176,717	33,641,406	29,942,277	29,553,860	26,573,522	26,523,645
Interest on long-term debt	1,306,589	1,175,941	1,022,021	844,342	554,082	569,374	274,343	289,681	365,919
Total governmental activities expenses	<u>79,619,043</u>	<u>82,127,983</u>	<u>77,179,773</u>	<u>73,923,188</u>	<u>65,805,031</u>	<u>60,991,027</u>	<u>59,669,680</u>	<u>63,202,413</u>	<u>62,865,761</u>
Business-type activities:									
Westwood Park	1,475,445	1,458,522	1,498,891	1,343,650	1,221,446	1,238,681	1,206,417	1,172,430	986,296
Water	10,479,592	10,307,362	10,650,815	9,582,054	8,895,911	8,435,930	7,122,255	7,244,078	7,194,085
Wastewater	12,736,928	10,794,791	11,534,123	11,417,808	9,433,989	8,781,441	10,563,694	10,963,173	9,745,120
Sanitation	11,055,474	10,802,282	10,395,098	9,765,306	8,499,407	7,982,112	7,538,650	7,303,229	6,861,269
Total business-type activities expenses	<u>35,747,439</u>	<u>33,362,957</u>	<u>34,078,927</u>	<u>32,108,818</u>	<u>28,050,753</u>	<u>26,438,164</u>	<u>26,431,016</u>	<u>26,682,910</u>	<u>24,786,770</u>
Total primary government expenses	<u>\$ 115,366,482</u>	<u>\$ 115,490,940</u>	<u>\$ 111,258,700</u>	<u>\$ 106,032,006</u>	<u>\$ 93,855,784</u>	<u>\$ 87,429,191</u>	<u>\$ 86,100,696</u>	<u>\$ 89,885,323</u>	<u>\$ 87,652,531</u>

(Continued)



# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>PROGRAM REVENUES</b>									
Governmental activities:									
Charges for services:									
General government	\$ 186,094	\$ 244,495	\$ 253,409	\$ 775,038	\$ 223,889	\$ 321,790	\$ 212,778	\$ 201,011	\$ 182,938
Planning	1,009,561	1,080,835	893,633	1,140,867	1,253,092	1,024,964	1,106,865	857,780	717,912
City controller	66,093	-	-	-	-	-	-	-	-
Parks and recreation	592,238	586,611	426,476	398,639	376,318	495,742	536,999	517,353	460,818
Public safety	3,066,665	2,815,951	2,877,921	3,112,702	3,219,228	3,052,862	2,717,420	2,688,111	2,740,784
Operating grants and contributions	6,771,145	8,143,742	6,427,085	10,611,762	5,808,782	6,023,313	6,481,206	2,621,504	5,252,528
Capital grants and contributions	30,934,491	2,513,839	8,102,826	8,507,544	8,913,773	9,867,700	8,963,036	6,251,683	4,538,761
Total governmental activities	42,626,287	15,385,473	18,981,350	24,546,552	19,795,082	20,786,371	20,018,304	13,137,442	13,893,741
Business-type activities:									
Charges for services									
Westwood Park	1,143,973	1,067,800	1,089,329	1,103,631	917,367	970,765	918,127	813,963	366,456
Water	14,185,492	13,267,513	12,881,381	12,500,439	13,270,582	9,692,489	7,512,752	7,901,537	7,378,064
Wastewater	11,075,566	11,012,593	11,000,250	10,818,981	11,184,361	10,875,535	11,392,295	11,140,980	10,530,769
Sanitation	11,820,912	11,028,021	11,035,050	10,144,328	9,514,899	9,321,590	9,185,805	7,165,896	6,941,751
Capital grants and contributions	4,474,408	7,215,720	2,055,411	4,631,310	4,538,829	6,590,459	4,454,070	3,722,153	2,276,522
Total business-type activities	42,700,351	43,591,647	38,061,421	39,198,689	39,426,038	37,450,838	33,463,049	30,744,529	27,493,562
Total primary government revenues	\$ 85,326,638	\$ 58,977,120	\$ 57,042,771	\$ 63,745,241	\$ 59,221,120	\$ 58,237,209	\$ 53,481,353	\$ 43,881,971	\$ 41,387,303
<b>NET (EXPENSE)/REVENUE</b>									
Governmental activities	\$ (36,992,756)	\$ (66,742,510)	\$ (58,198,423)	\$ (49,376,636)	\$ (46,009,949)	\$ (40,204,656)	\$ (39,651,376)	\$ (50,064,971)	\$ (48,972,020)
Business-type activities	6,952,912	10,201,690	3,982,494	7,089,871	11,375,285	11,012,674	7,032,033	4,061,619	2,706,792
Total primary government net expense	\$ (30,039,844)	\$ (56,540,820)	\$ (54,215,929)	\$ (42,286,765)	\$ (34,634,664)	\$ (29,191,982)	\$ (32,619,343)	\$ (46,003,352)	\$ (46,265,228)

(Continued)

# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN NET ASSETS LAST NINE FISCAL YEARS (accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS</b>									
Governmental activities:									
Sales taxes	\$ 56,146,152	\$ 53,601,698	\$ 52,261,757	\$ 45,565,002	\$ 42,254,425	\$ 40,475,824	\$ 38,468,473	\$ 36,718,650	\$ 34,269,487
Franchise taxes	6,228,264	6,262,225	6,215,692	5,797,844	5,646,417	5,670,247	4,752,757	4,701,024	4,273,363
Property taxes	7,684,537	6,111,415	3,373,306	3,485,026	2,219,753	1,989,565	529,570	1,290,799	847,504
State use taxes	2,187,289	2,179,503	2,401,933	2,025,502	1,793,426	1,382,344	1,354,892	1,120,771	951,941
Hotel/Motel taxes	1,068,000	1,033,060	991,435	905,341	766,801	669,023	633,319	618,176	556,028
Alcoholic beverage taxes	247,014	232,016	231,077	222,079	205,822	196,415	188,975	179,792	170,123
Cigarette taxes	816,503	744,416	705,377	641,678	646,688	700,998	298,191	-	-
Investment earnings	396,095	490,604	1,074,489	1,718,553	1,959,682	1,203,712	544,085	148,828	416,016
Miscellaneous	962,203	838,558	1,003,269	1,632,050	674,084	1,087,155	2,766,996	811,591	511,763
Transfers	781,772	89,216	690,763	764,657	835,000	2,635,547	544,858	166,394	1,026,361
Total governmental activities	<u>76,517,829</u>	<u>71,582,711</u>	<u>68,949,098</u>	<u>62,757,732</u>	<u>57,002,098</u>	<u>56,010,830</u>	<u>50,082,116</u>	<u>45,756,025</u>	<u>43,022,586</u>
Business-type activities:									
Sales taxes	-	-	-	-	1,737,585	6,860,051	6,526,840	6,246,464	5,681,683
Excise taxes	1,038,715	1,562,722	1,251,242	1,608,254	1,802,750	2,433,537	1,938,152	1,216,873	1,048,297
State use taxes	-	-	-	-	77,528	363,329	160,186	127,293	179,868
Investment earnings	355,657	440,118	1,109,011	2,561,016	3,416,220	1,633,778	893,835	311,878	610,149
Miscellaneous	187,358	(205,141)	53,097	77,605	(245,823)	229,660	(216,619)	393,182	(39,011)
Transfers	(781,772)	(89,216)	(690,763)	(764,657)	(835,000)	(2,635,547)	(544,858)	(166,394)	(1,026,361)
Total business-type activities	<u>799,958</u>	<u>1,708,483</u>	<u>1,722,587</u>	<u>3,482,218</u>	<u>5,953,260</u>	<u>8,884,808</u>	<u>8,757,336</u>	<u>8,129,296</u>	<u>6,454,625</u>
Total primary government	<u>\$ 77,317,787</u>	<u>\$ 73,291,194</u>	<u>\$ 70,671,685</u>	<u>\$ 66,239,950</u>	<u>\$ 62,955,358</u>	<u>\$ 64,895,638</u>	<u>\$ 58,839,652</u>	<u>\$ 53,885,321</u>	<u>\$ 49,477,211</u>
<b>CHANGE IN NET ASSETS</b>									
Governmental activities	\$ 39,525,073	\$ 4,840,201	\$ 10,750,675	\$ 13,381,096	\$ 10,992,149	\$ 15,806,174	\$ 10,430,740	\$ (4,308,946)	\$ (5,949,434)
Business-type activities	7,752,870	11,910,173	5,705,081	10,572,089	17,328,545	19,897,182	15,789,569	12,190,915	9,161,417
Total primary government	<u>\$ 47,277,943</u>	<u>\$ 16,750,374</u>	<u>\$ 16,455,756</u>	<u>\$ 23,953,185</u>	<u>\$ 28,320,694</u>	<u>\$ 35,703,356</u>	<u>\$ 26,220,309</u>	<u>\$ 7,881,969</u>	<u>\$ 3,211,983</u>

(Concluded)

**Note:** Accrual-basis financial information for the city government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

# THE CITY OF NORMAN, OKLAHOMA

## FUND BALANCES OF GOVERNMENTAL FUNDS LAST NINE FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund									
Reserved	\$ 1,055,126	\$ 1,826,810	\$ 1,819,264	\$ 1,825,186	\$ 1,012,154	\$ 421,204	\$ 626,408	\$ 440,402	\$ 1,132,334
Unreserved	<u>12,614,678</u>	<u>19,530,033</u>	<u>17,472,575</u>	<u>16,611,606</u>	<u>15,589,593</u>	<u>14,031,688</u>	<u>11,396,491</u>	<u>10,020,748</u>	<u>10,320,090</u>
Nonspendable	334,339								
Restricted	14,307								
Unassigned	<u>13,321,158</u>								
Total general fund	<u>\$ 13,669,804</u>	<u>\$ 21,356,843</u>	<u>\$ 19,291,839</u>	<u>\$ 18,436,792</u>	<u>\$ 16,601,747</u>	<u>\$ 14,452,892</u>	<u>\$ 12,022,899</u>	<u>\$ 10,461,150</u>	<u>\$ 11,452,424</u>
All other governmental funds									
Reserved									
Encumbrances	\$ 8,912,585	\$ 7,865,963	\$ 5,682,896	\$ 8,769,381	\$ 7,400,109	\$ 8,083,495	\$ 3,967,941	\$ 4,238,974	\$ 6,216,917
Debt service	3,668,619	2,512,584	1,590,705	2,218,703	1,359,284	1,613,892	789,936	1,528,939	1,413,862
Unreserved, reported in:									
Public safety sales tax fund	7,525,602								
Capital projects fund	26,517,597	21,127,319	30,098,079	17,761,773	20,178,393	11,709,351	18,381,249	6,268,468	5,176,258
Special revenue funds	<u>2,753,806</u>	<u>2,647,787</u>	<u>2,800,254</u>	<u>3,863,008</u>	<u>4,217,793</u>	<u>3,452,739</u>	<u>3,202,233</u>	<u>727,788</u>	<u>795,820</u>
Restricted	48,791,046								
Assigned	<u>587,163</u>								
Total all other governmental funds	<u>\$ 49,378,209</u>	<u>\$ 34,153,653</u>	<u>\$ 40,171,934</u>	<u>\$ 32,612,865</u>	<u>\$ 33,155,579</u>	<u>\$ 24,859,477</u>	<u>\$ 26,341,359</u>	<u>\$ 12,764,169</u>	<u>\$ 13,602,857</u>

Note: Prior year amounts have not been restated for the implementation of Statement 54.

# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(Dollars in Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>REVENUES</b>										
Taxes	\$ 73,314	\$ 69,188	\$ 65,244	\$ 57,779	\$ 52,681	\$ 50,187	\$ 45,739	\$ 44,449	\$ 40,898	\$ 39,860
Licenses & permits	1,086	1,156	968	1,165	1,126	933	1,018	927	785	751
Intergovernmental revenues	9,608	8,354	7,456	12,946	7,174	7,106	7,059	5,143	5,631	6,040
Charges for services	11,775	11,836	10,874	10,070	9,326	8,988	8,448	8,218	7,534	7,554
Fines and forfeits	2,490	2,176	2,204	2,477	2,548	2,465	2,243	2,206	2,306	2,801
Investment earnings	389	491	1,075	1,718	1,959	1,204	544	149	416	793
Special assessment revenue	38	50	57	60	74	155	196	924	27	23
Other	1,006	969	1,196	1,399	846	1,392	2,939	870	681	800
Total revenues	<u>99,706</u>	<u>94,220</u>	<u>89,074</u>	<u>87,614</u>	<u>75,734</u>	<u>72,430</u>	<u>68,186</u>	<u>62,886</u>	<u>58,278</u>	<u>58,622</u>
<b>EXPENDITURES</b>										
General government	8,036	8,960	6,399	6,136	6,862	6,262	5,843	6,851	6,703	5,564
Planning	3,112	3,394	3,237	2,962	2,763	2,666	2,508	2,561	2,367	2,145
City controller	6,009	5,645	5,360	4,962	3,582	3,416	3,369	3,570	3,291	3,092
Parks & recreation	4,760	5,372	5,034	4,449	4,237	4,189	3,936	3,961	3,685	3,734
Public works	15,863	16,151	16,519	19,923	13,666	13,353	12,332	15,349	12,531	13,982
Public service	2,772	2,961	3,749	2,535	1,839	1,873	2,450	1,861	1,767	2,172
Public safety	37,997	37,312	34,643	32,593	30,808	29,688	27,818	24,431	25,128	23,943
Capital Outlay	16,150	15,654	18,043	11,212	10,293	9,688	4,940	5,765	5,966	4,165
Debt Service:										
Principal	3,750	2,647	2,510	1,470	1,470	2,414	1,317	1,210	1,166	1,130
Interest	1,223	1,004	1,022	844	554	568	274	290	365	448
Total expenditures	<u>99,672</u>	<u>99,100</u>	<u>96,516</u>	<u>87,086</u>	<u>76,074</u>	<u>74,117</u>	<u>64,787</u>	<u>65,849</u>	<u>62,969</u>	<u>60,375</u>
Excess of revenues over (under) expenditures	<u>34</u>	<u>(4,880)</u>	<u>(7,442)</u>	<u>528</u>	<u>(340)</u>	<u>(1,687)</u>	<u>3,399</u>	<u>(2,963)</u>	<u>(4,691)</u>	<u>(1,753)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	7,559	-	15,166	-	9,950	-	11,195	798	-	-
Transfers in	9,564	6,900	8,867	5,639	5,612	7,904	4,613	5,023	5,057	4,694
Transfers out	(8,782)	(6,811)	(8,177)	(4,875)	(4,777)	(5,269)	(4,068)	(4,857)	(4,031)	(3,659)
Total other financing sources (uses)	<u>8,341</u>	<u>89</u>	<u>15,856</u>	<u>764</u>	<u>10,785</u>	<u>2,635</u>	<u>11,740</u>	<u>964</u>	<u>1,026</u>	<u>1,035</u>
Net change in fund balances	\$ 8,375	\$ (4,791)	\$ 8,414	\$ 1,292	\$ 10,445	\$ 948	\$ 15,139	\$ (1,999)	\$ (3,665)	\$ (718)
Debt service as a percentage of noncapital expenditures	5.95%	4.38%	4.50%	3.05%	3.08%	4.63%	2.66%	2.50%	2.69%	2.81%

# THE CITY OF NORMAN, OKLAHOMA

## TAXABLE SALES BY CATEGORY

### LAST TEN FISCAL YEARS

(Dollars in Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General merchandise	\$ 14,515	\$ 14,138	\$ 13,656	\$ 11,759	\$ 11,323	\$ 12,055	\$ 10,783	\$ 10,242	\$ 10,033	\$ 8,890
Eating and drinking establishments	8,973	8,498	8,015	7,134	6,714	6,917	6,475	6,186	5,641	5,036
Miscellaneous retail	5,696	5,017	4,444	3,926	3,982	3,933	3,972	3,806	3,516	3,244
Building materials and farm tools	3,421	3,535	3,630	3,216	3,278	3,737	3,577	3,462	3,050	2,662
Electric, gas & sanitary services	3,304	3,377	3,170	2,584	2,795	3,136	2,612	2,518	2,402	2,207
Home furnishings and appliances	3,246	3,045	3,306	2,897	3,038	2,983	2,850	2,209	1,741	1,726
Food stores	3,136	2,933	2,756	2,428	2,493	2,820	3,159	3,227	3,203	3,420
Apparel and accessory stores	2,983	2,765	2,613	2,297	2,162	2,306	2,279	2,191	2,081	1,900
Communications	2,463	2,576	2,398	2,076	1,995	2,116	2,195	2,193	2,132	2,026
Wholesale trade-durable goods	1,687	1,561	1,623	1,472	1,411	1,483	1,520	1,396	1,235	1,153
All other outlets	7,043	6,366	6,498	5,863	5,755	6,037	5,838	5,660	5,293	4,953

Total \$ 56,467 \$ 53,811 \$ 52,109 \$ 45,652 \$ 44,946 \$ 47,523 \$ 45,260 \$ 43,090 \$ 40,327 \$ 37,217

City direct sales tax rate 3.50% 3.50% 3.50% 3.00% 3.00% 3.50% 3.50% 3.50% 3.50% 3.50%

Sources: Oklahoma Tax Commission

# THE CITY OF NORMAN, OKLAHOMA

## DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

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Fiscal Year	City Direct Rate	State of Oklahoma	Cleveland County
2011	3.5 %	4.5 %	0.25 %
2010	3.5 %	4.5 %	0.25 %
2009	3.5 %	4.5 %	0.25 %
2008	3.0 %	4.5 %	0.00 %
2007	3.0 %	4.5 %	0.00 %
2006	3.5 %	4.5 %	0.00 %
2005	3.5 %	4.5 %	0.00 %
2004	3.5 %	4.5 %	0.00 %
2003	3.5 %	4.5 %	0.00 %
2002	3.5 %	4.5 %	0.00 %

**Source:** Oklahoma Tax Commission

**Note:** Voters approved a .25% County jail tax effective April 1, 2009. Voters also approved a .5% City public safety sales tax effective October 1, 2008 to September 30, 2015.

# THE CITY OF NORMAN, OKLAHOMA

## SALES TAX REVENUE PAYERS BY INDUSTRY

FISCAL YEARS 2011 AND 2010

(Dollars in Thousands)

	Fiscal Year 2011				Fiscal Year 2010			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail trade	1,353	49.0 %	\$43,347	76.8 %	1,358	49.2 %	\$41,225	73.0 %
Transportation and utilities	152	5.5 %	5,797	10.3 %	150	5.4 %	5,977	10.6 %
Services	459	16.6 %	3,797	6.7 %	453	16.4 %	3,419	6.1 %
Wholesale trade	468	17.0 %	1,999	3.5 %	456	16.5 %	1,795	3.2 %
Manufacturing	164	5.9 %	1,053	1.9 %	171	6.2 %	1,008	1.8 %
Agricultural	16	0.6 %	93	0.2 %	13	0.5 %	85	0.2 %
Construction	15	0.5 %	28	0.0 %	13	0.5 %	17	0.0 %
Mining	3	0.1 %	7	0.0 %	6	0.2 %	4	0.0 %
Finance, insurance and real estate	16	0.6 %	17	0.0 %	14	0.5 %	9	0.0 %
Government	1	0.0 %	110	0.2 %	-	0.0 %	94	0.2 %
Nonclassifiable	113	4.1 %	219	0.4 %	145	5.3 %	178	0.3 %
<b>Total</b>	<b>2,760</b>	<b>100.0 %</b>	<b>\$56,467</b>	<b>100.0 %</b>	<b>2,779</b>	<b>100.7 %</b>	<b>\$53,811</b>	<b>95.3 %</b>

Sources: Oklahoma Tax Commission

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

**THE CITY OF NORMAN, OKLAHOMA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(dollars in thousands, except per capita)**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Assessment Debt	Term Loans	Revenue Bonds	Term Loans	Capital Leases	Revenue Bonds	Term Loans			
2002	\$ 7,530	\$ 166	\$ -	\$ 17,530	\$11,037	\$ -	\$ -	\$ -	36,263	0.7 %	369.33
2003	6,420	110	-	16,550	10,096	-	-	-	33,176	0.6 %	327.44
2004	5,270	847	-	15,205	9,131	103	-	-	30,556	0.5 %	293.28
2005	15,275	721	-	14,055	8,141	75	-	-	38,267	0.6 %	358.86
2006	12,945	638	-	13,905	7,122	41	-	-	34,651	0.5 %	318.64
2007	21,505	558	-	33,595	6,478	8	-	-	62,144	0.9 %	565.78
2008	20,115	479	-	31,885	5,825	-	-	-	58,304	0.7 %	526.20
2009	28,370	399	4,481	30,135	5,162	-	-	-	68,547	0.8 %	622.72
2010	25,915	319	4,481	28,335	10,816	-	-	-	69,866	0.8 %	614.30
2011	28,495	239	5,789	26,480	20,088	-	-	-	81,091	0.9 %	733.26

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 104 for personal income and population data.



## THE CITY OF NORMAN, OKLAHOMA

### RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable	
				Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2002	\$ 7,530	\$ 1,819	\$5,711	1.30%	58.16
2003	6,420	1,414	5,006	1.09%	49.41
2004	5,270	1,529	3,741	0.76%	35.91
2005	15,275	790	14,485	2.77%	135.84
2006	12,945	1,614	11,331	1.99%	104.20
2007	21,505	1,359	20,146	3.27%	183.42
2008	20,115	2,219	17,896	2.69%	161.51
2009	28,370	1,591	26,779	3.74%	239.49
2010	25,915	2,513	23,402	3.26%	206.29
2011	28,495	3,669	24,826	3.21%	222.86

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Legal Debt Margin Information on page 102 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 104.

# THE CITY OF NORMAN, OKLAHOMA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011

(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ -	46.15%	\$ -
Debt repaid with property taxes: Norman Public Schools	59,060	97.01%	57,294
Debt repaid with property taxes: McLoud Public Schools	630	0.01%	0
Debt repaid with property taxes: Robin Hill Public Schools	400	0.11%	0
Debt repaid with property taxes: Noble Public Schools	1,500	0.72%	11
Debt repaid with property taxes: Mid Del Public Schools	37,230	0.02%	7
Debt repaid with property taxes: Little Axe Public Schools	1,120	0.19%	2
Debt repaid with property taxes: Moore Public Schools	<u>84,985</u>	1.91%	<u>1,623</u>
Subtotal, overlapping debt	184,925		58,938
City of Norman direct debt			<u>28,495</u>
Total direct and overlapping debt			<u>\$ 87,433</u>

**Sources:** Assessed value data used to estimate applicable percentages and debt outstanding provided by the Cleveland County Assessor.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City of Norman. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

# THE CITY OF NORMAN, OKLAHOMA

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (dollars in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Assessed value of property	\$ 773,094	\$ 719,235	\$ 715,777	\$ 665,056	\$ 616,042	\$ 568,867	\$ 523,590	\$ 495,332	\$ 459,766	\$ 438,754
Debt limit <sup>1</sup> , 10% of assessed value	77,309	71,924	71,578	66,506	61,604	56,887	52,359	49,533	45,977	43,875
Amount of debt applicable to limit:										
General Obligation Bonds back by property taxes	-	-	-	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 77,309</u>	<u>\$ 71,924</u>	<u>\$ 71,578</u>	<u>\$ 66,506</u>	<u>\$ 61,604</u>	<u>\$ 56,887</u>	<u>\$ 52,359</u>	<u>\$ 49,533</u>	<u>\$ 45,977</u>	<u>\$ 43,875</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt limit <sup>2</sup> , 30% of assessed value	\$ 231,928	\$ 215,771	\$ 214,733	\$ 199,517	\$ 184,813	\$ 170,660	\$ 157,077	\$ 148,600	\$ 137,930	\$ 131,626
Amount of debt applicable to limit:										
General Obligation Bonds	28,495	25,915	28,370	20,115	21,505	12,945	15,275	5,270	6,420	7,530
Less: Resources restricted to paying principal	<u>(3,669)</u>	<u>(2,513)</u>	<u>(1,591)</u>	<u>(2,219)</u>	<u>(1,359)</u>	<u>(1,614)</u>	<u>(790)</u>	<u>(1,529)</u>	<u>(1,350)</u>	<u>(1,819)</u>
Total net debt applicable to limit	24,826	23,402	26,779	17,896	20,146	11,331	14,485	3,741	5,070	5,711
Legal debt margin	<u>\$ 207,102</u>	<u>\$ 192,369</u>	<u>\$ 187,954</u>	<u>\$ 181,621</u>	<u>\$ 164,667</u>	<u>\$ 159,329</u>	<u>\$ 142,592</u>	<u>\$ 144,859</u>	<u>\$ 132,860</u>	<u>\$ 125,915</u>
Total net debt applicable to the limit as a percentage of debt limit	10.70%	10.85%	12.47%	8.97%	10.90%	6.64%	9.22%	2.52%	3.68%	4.34%

<sup>1</sup> Article X, Section 26 of the Oklahoma Constitution states that bonds issued for road and/or bridge improvements cannot exceed ten percent (10%) of the net assessed valuation (gross valuation minus homestead) of the City.

<sup>2</sup> Article X, Section 27 of the Oklahoma Constitution authorizes cities and towns to issue bonds for utilities. The courts have defined utilities broadly as anything used by the public. If the City's debt exceeds 30% of its net assessed valuation, the City can still sell its general obligation bonds; however, due to collateralization requirements, it may be difficult to attract Oklahoma banks to bid on the bonds and therefore affect the marketability of the bonds.

# THE CITY OF NORMAN, OKLAHOMA

## PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS (dollars in thousands)

Fiscal Year	NUA Revenue Bonds & Term Loans										NMA Revenue Bonds and Term Loans										Special Assessment Term Loans			
	Less:					Net					Less:					Net					Special Assessment		Term Loans	
	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage		
2002	\$ 17,495	\$ 12,145	\$ 5,350	\$ 1,307	\$ 953	2.37	\$ 7,827	\$ 7,022	\$ 805	\$ 480	\$ 149	1.28	\$	\$	\$	\$ 38	\$	\$	38	\$	\$	17	0.57	
2003	18,870	12,306	6,564	1,491	914	2.73	7,673	6,994	679	430	257	0.99				56			84			12	1.24	
2004	19,550	13,337	6,213	2,614	813	1.81	8,512	7,724	788	525	242	1.03				60			947			8	13.93	
2005	24,282	10,130	14,152	1,595	690	6.19	10,409	7,803	2,606	545	214	3.43				127			215			38	1.30	
2006	28,405	9,828	18,577	1,300	365	11.16	10,568	8,341	2,227	575	169	2.99				83			169			31	1.48	
2007	33,524	5,663	27,861	1,454	1,063	11.07	10,872	8,681	2,191	200	160	6.09				74			74			27	0.69	
2008	31,428	7,888	23,540	2,153	1,401	6.62	11,715	9,931	1,784	210	147	5.00				80			60			24	0.58	
2009	27,662	13,513	14,149	2,193	1,358	3.98	12,384	10,630	1,754	220	136	4.93				80			57			20	0.57	
2010	33,559	10,873	22,686	2,242	1,251	6.49	12,659	10,947	1,712	375	194	3.01				80			50			17	0.52	
2011	30,345	11,793	18,552	1,807	1,354	5.87	13,382	11,243	2,139	295	204	4.29				80			38			14	0.40	

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Total revenues (including interest) exclusive of sewer sales and use taxes and capital improvement charges.

<sup>2</sup> Total operating expenses exclusive of depreciation, amortization, Sewer Maintenance Fund expenses and Sewer Sales and Use Tax Fund expenses.

# THE CITY OF NORMAN, OKLAHOMA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

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Fiscal year	Population <sup>1</sup>	Personal Income (billions of dollars) <sup>5</sup>	Per Capita Income <sup>2</sup>	Median Age <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2002	98,187	\$5.4	23,874	29.3	12,402	3.50%
2003	101,318	5.8	23,874	29.3	12,433	4.20%
2004	104,188	6.1	23,874	29.3	12,672	3.50%
2005	106,636	6.5	26,240	32.9	12,767	4.70%
2006	108,748	6.9	27,440	33.3	12,736	4.10%
2007	109,837	7	23,089	30	13,296	4.70%
2008	110,803	7.9	24,532	29.6	13,563	3.70%
2009	111,817	8.1	26,371	29.4	14,025	4.80%
2010	113,733	8.7	26,371	29.4	14,644	5.30%
2011	111,398	8.7	24,586	30.4	15,022	5.00%

### Data Sources

<sup>1</sup> Years 2002-10 estimated by the City of Norman Planning Department. Year 2011 obtained from census data

<sup>2</sup> Norman Chamber of Commerce, NEDC, Oklahoma Department of Commerce 2002-2005 estimated, U.S. Census Bureau, American Community Survey 2006-2011 estimated

<sup>3</sup> Norman Public Schools

<sup>4</sup> U.S. Department of Labor

<sup>5</sup> Personal income estimated except for 2000 Census data

# THE CITY OF NORMAN, OKLAHOMA

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The University of Oklahoma	11,732	1	22.73%	7,800	1	15.19%
Norman Regional Hospital	2,751	2	5.33%	1,998	2	3.89%
Norman Public Schools	1,842	3	3.57%	1,500	3	2.92%
York International/Johnson Controls	1,118	4	2.17%	1,100	4	2.14%
City of Norman	830	5	1.61%	753	5	1.47%
Department of Mental Health & Substance Abuse	584	6	1.13%	-	-	-
USPS National Center for Employee Development	558	7	1.08%	500	7	0.97%
NOAA National Severe Storm Laboratory	500	8	0.97%	-	-	-
ClientLogic / Sitel	410	9	0.79%	-	-	-
Oklahoma Veteran's Center - Norman	361	10	0.69%	360	9	0.70%
United Design Corporation	-	-	-	560	6	1.09%
Griffin Memorial Hospital	-	-	-	484	8	0.94%
Harold's Corporate Headquarters	-	-	-	272	10	0.53%
<b>Total</b>	<u>20,686</u>		<u>40.07%</u>	<u>15,327</u>		<u>29.84%</u>

**Source:** Various employers within the City of Norman and the Bureau of Labor and Statistics.

# THE CITY OF NORMAN, OKLAHOMA

## FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	Full-time Equivalent Employees as of June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	36	49	48	44	45	45	45	50	54	52
Planning	37	39	39	39	38	39	38	38	38	39
City controller	38	38	38	38	37	38	36	40	43	42
Parks & recreation	53	60	63	85	80	83	76	77	90	85
Public works	104	107	107	102	92	95	95	97	100	103
Public safety										
Police	237	216	192	186	177	184	161	181	179	185
Fire	137	134	133	131	127	124	125	128	122	125
Westwood	18	18	20	35	33	35	33	31	34	29
Water	48	47	50	50	51	47	47	50	50	44
Wastewater	41	42	42	42	40	42	40	41	42	44
Sanitation	56	52	53	52	52	49	48	48	48	45
Total	805	802	785	804	772	781	744	781	800	793

**Source:** City Payroll Office

**Notes:** A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

# THE CITY OF NORMAN, OKLAHOMA

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Planning										
Building permits issued	1,212	1,243	1,252	1,271	1,249	1,557	1,401	1,580	1,363	1,138
Building inspections conducted	24,001	24,489	25,925	26,061	28,194	32,681	31,236	32,604	29,961	23,515
Police										
Physical arrests	6,005	8,596	8,227	5,628	5,938	4,570	5,983	4,374	2,194	5,365
Parking violations	4,848	6,791	14,332	13,883	14,917	21,075	18,164	19,928	20,525	22,642
Traffic violations	19,102	19,215	17,349	21,868	22,298	22,111	34,221	20,334	35,381	28,501
Non-traffic violations	4,260	4,531	4,745	4,881	5,281	6,089	5,699	5,184	5,251	4,672
Fire										
Calls answered	11,198	10,530	10,376	11,050	9,601	9,137	8,224	7,571	7,116	7,059
Inspections	2,623	3,050	2,815	3,083	3,879	3,589	3,947	4,367	3,329	4,026
Sanitation										
Refuse collected (tons per day)	292	289	276	228	252	252	249	248	256	249
Recyclables collected (tons per day)	11	13	12	9	7	6	6	6	6	7
Highways and streets										
Street resurfacing (miles)	19	9	11	6	10	18	17	21	15	28
Street patching (tons of asphalt used)	2,651	2,621	3,521	2,451	4,092	5,018	3,558	3,652	1,804	1,250
Parks and recreation										
Athletic field permits issued	174,268	168,648	154,757	169,933	166,167	168,182	154,405	159,397	131,242	168,946
Community center admissions	145,828	155,380	152,071	149,581	125,983	124,586	151,220	139,405	136,679	163,986
Water										
New connections	649	632	562	537	604	794	882	1,380	633	528
Water main breaks	177	163	143	112	206	216	130	202	181	102
Average daily consumption (thousands of gallons)	13,060	15,800	12,420	12,320	13,270	14,430	12,370	12,140	11,820	15,740
Peak daily consumption (thousands of gallons)	22,290	22,240	23,380	22,330	24,260	22,520	21,320	23,700	22,110	22,740
Wastewater										
Average daily sewage treatment (thousands of gallons)	10,500	10,800	10,800	10,300	10,700	9,800	10,200	9,770	9,940	9,370

Sources: Various city departments.

Note: No indicators are available for the general government function.



# THE CITY OF NORMAN, OKLAHOMA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	Fiscal year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	108	105	100	85	85	85	85	85	85	91
Fire stations	8	7	7	7	7	7	7	7	7	7
Sanitation										
Collection trucks	41	42	42	39	39	36	36	36	36	36
Highways and streets										
Streets (miles)	745	740	738	735	835	804	793	787	778	770
Streetlights	5,585	5,577	5,497	5,381	5,323	5,221	5,090	4,835	4,607	4,549
Traffic signals	176	170	170	165	159	155	155	148	145	142
Parks and recreation										
Acreage	1,142	1,142	1,133	1,131	1,125	1,004	1,004	999	939	939
Playgrounds	51	50	50	50	50	50	50	48	47	46
Swimming pools	5	5	5	5	5	5	5	6	6	6
Tennis courts	22	22	22	22	22	22	22	26	26	26
Community centers	5	5	5	5	5	5	5	10	10	10
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	547	536	531	520	510	498	490	481	459	461
Fire hydrants	5,337	5,158	5,038	4,904	4,779	4,566	4,401	4,170	4,030	3,920
Water towers	4	4	4	5	5	5	5	5	5	5
Maximum daily capacity (thousands of gallons)	20,300	20,300	19,577	20,100	14,000	14,000	14,000	14,000	14,000	14,000
Wastewater										
Sanitary sewers (miles)	476	466	462	455	451	438	431	423	400	400
Manholes	11,154	10,885	10,665	10,585	10,490	10,176	9,960	9,707	9,261	9,165
Maximum daily treatment capacity (thousands of gallons)	24,000	24,000	24,000	24,000	24,000	30,000	30,000	24,000	24,000	24,000

**Sources:** Various city departments.

**Note:** No capital asset indicators are available for the general government function.

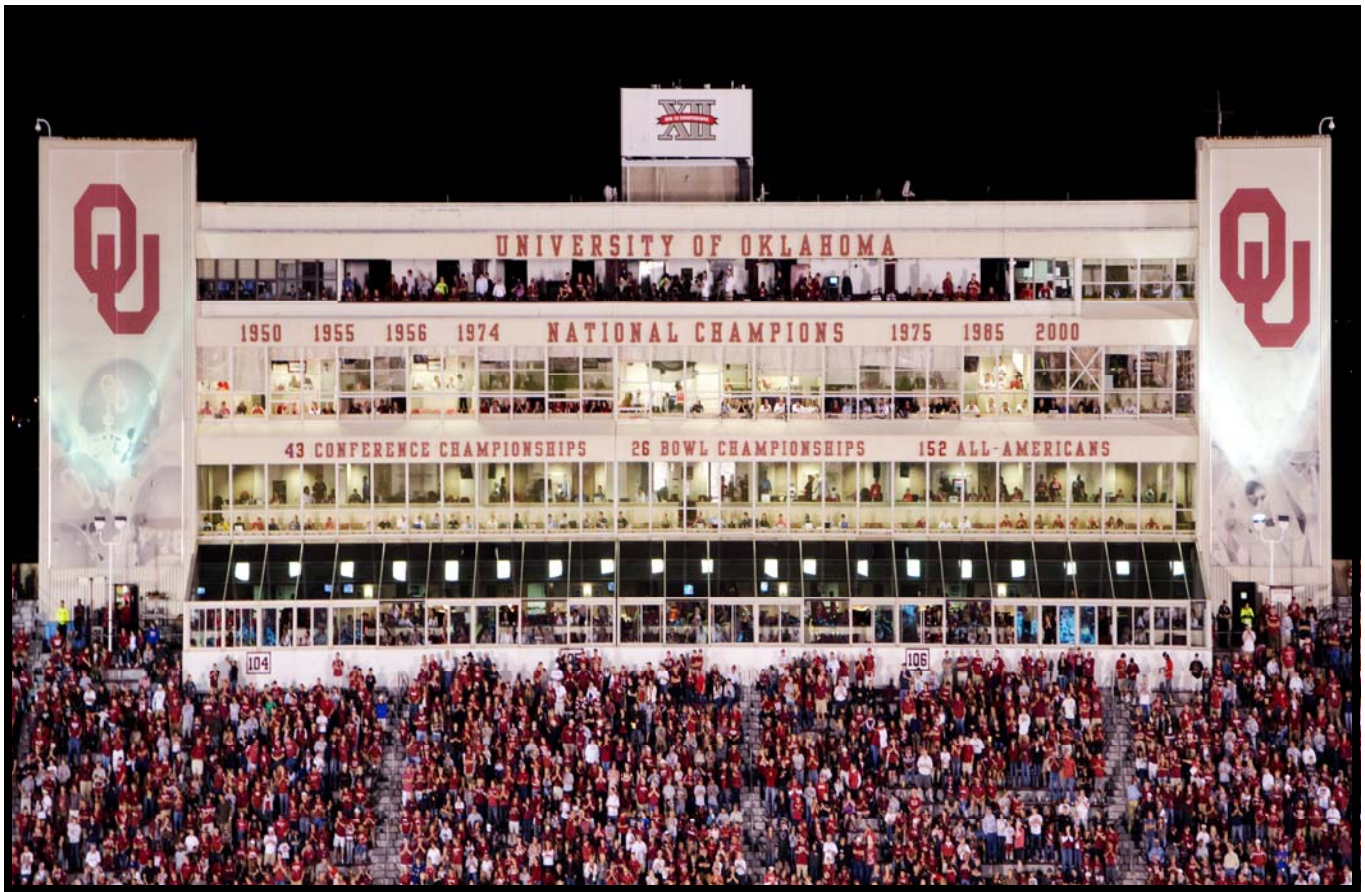




Oklahoma Sooner wide receivers Kenny Stills (above) and Jaz Reynolds (below)







Westside Grandstand, Gaylord Family-Oklahoma Memorial Stadium



*Single Audit Reports*

**THE CITY OF NORMAN,  
OKLAHOMA**

**June 30, 2011**

Single Audit Reports

THE CITY OF NORMAN, OKLAHOMA

June 30, 2011

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 1

REPORTS REQUIRED BY OMB CIRCULAR A-133

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards ..... 3

Schedule of Expenditures of Federal Awards ..... 5

Notes to Schedule of Expenditures of Federal Awards..... 7

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Summary Schedule of Prior Audit Findings..... 10



Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards

Honorable Mayor and Members of City Council  
The City of Norman, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2011. Our report contained an explanatory paragraph describing the City's adoption of GASB Statement No. 54 in the year ended June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
December 9, 2011

Independent Auditors' Report on Compliance with Requirements  
Applicable to each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133 and  
the Schedule of Expenditures of Federal Awards

Honorable Mayor and Members of City Council  
The City of Norman, Oklahoma

Compliance

We have audited the compliance of the City of Norman, Oklahoma (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



### Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council and management of the City and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
December 9, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Thru Grantors Number	Federal Expenditures
U.S. Department of HUD			
Direct Programs:			
Community Development Block Grant #B-09 MC-40-0002	14.218	n/a	\$ 691,799
Community Development Block Grant #B-10 MC-40-0002	14.218	n/a	65,793
HOME Investment Partnership Program			
#M-08 MC-40-0204 Home 08 (1)	14.239	n/a	97,444
#M-09 MC-40-0204 Home 09 (1)	14.239	n/a	102,496
#M-10 MC-40-0204 Home 09 (1)	14.239	n/a	386,906
Pass-Through Oklahoma State Department of Commerce:			
Emergency Shelter 10	14.231	14200 ESG 10	49,983
Emergency Shelter 10	14.231	14201 ESG 10	50,000
Emergency Shelter 10	14.231	14202 ESG 10	20,000
Emergency Shelter 10	14.231	14203 ESG 10	20,000
Emergency Shelter 10	14.231	14219 ESG 10	75,000
ARRA - Homelessness Prevention and Rapid Re-housing Program	14.257	13986 SHPRP	254,492
ARRA - Neighborhood Stabilization Program	14.228	13570-1-NSP	134,506
Total U.S. Department of HUD			<u>1,948,419</u>
U.S. Department of Energy			
Direct Program:			
ARRA-Energy Efficiency and Conservation Block Grant	81.128	DE-SC0001368	541,865
Pass-Through Oklahoma State Department of Commerce:			
ARRA-State Energy Grant - CNG Fast Fill Station	81.041	14220 SSEP 09	393,138
Total U.S. Department of Energy			<u>935,003</u>
U.S. Department of Interior			
Pass-Through Oklahoma State Historic Preservation Office			
Certified Local Government	15.904	08-612	7,680
Certified Local Government	15.904	10-612	7,100
Total U.S. Department of Interior			<u>14,780</u>
U.S. Department of Justice			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-1234	33,311
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-SB-B9-0453	42,361
Total Department of Justice			<u>75,672</u>
U.S. Department of Homeland Security			
Pass-Through Oklahoma State Office of Homeland Security			
Citizen CORPS	97.053	130.005	4,879
Citizen CORPS	97.053	130.011	737
Law Enforcement Terrorism Prevention Program	97.074	102.007	61,379
Firefighter Assistance	97.044	EMW-2009-FO-01454	230,847
Total U.S. Department of Homeland Security			<u>297,842</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Thru Grantors Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through National Association of County & City Health Officials ("NACCHO")			
Medical Reserve Corps	93.008	MRC 090333	2,704
Medical Reserve Corps	93.008	MRC 10 333	<u>3,068</u>
Total U.S. Department of Health and Human Services			<u>5,772</u>
U.S. Department of Transportation			
Pass-Through Oklahoma State Highway Safety Office			
DRE Training	20.600	AL-09-02-03-09	3,598
DRE Training	20.600	AL-11-02-03-11	21,532
Traffic and Alcohol Enforcement	20.600	K8-09-03-06-01	8,746
Traffic and Alcohol Enforcement	20.600	PT-10-03-28-02	1,377
Traffic and Alcohol Enforcement	20.600	K8-10-03-03-02	63,187
Pass-Through State Dept. of Transportation			
Highway Tree Program - High Meadows	20.205	SAFETEALU-10-08	10,213
Highway Tree Program - West Main Street	20.205	SAFETEALU-08-02	316
Highway Tree Program - Griffin Park	20.205	SAFETEALU-09-17	19,096
Safe Routes to School	20.205	SRS-155F(709)(710)	131
New Freedom	20.521	OK-57-X009-00	103,920
Pass-Through Association of Central Oklahoma Governments			
Public Fleet Conversion Grant	20.205	09-03	27,946
Congestion Mitigation & Air Quality - CNG Slow Fill Station	20.205	2010-r7-1109-03	99,739
Unified Planning Work Program - Traffic Counts	20.205	J/P 11767(25)	<u>10,560</u>
Total U.S. Department of Transportation			<u>370,361</u>
U.S. Department of Agriculture Forestry Service			
Pass-Through Oklahoma Dept. of Agriculture Food & Forestry			
Urban & Community Forestry Staffing	10.664	U&CF-10-01	10,000
Environmental Protection Agency			
Pass-Through Oklahoma Water Resources Board			
Safe Drinking Water State Revolving Fund	66.468	ORF-09-0021-DW	5,404,220
ARRA-Safe Drinking Water State Revolving Fund	66.468	ORF-09-0021-DW	-
Clean Water State Revolving Fund	66.458	ORF-09-0021-CW	3,177,848
ARRA Clean Water State Revolving Fund	66.458	ORF-09-0021-CW	719,254
Pass-Through Oklahoma Conservation Commission			
Wetlands Program Development Grant	66.461	CD 966400-01-0	<u>108,463</u>
Total Environmental Protection Agency			<u>9,409,785</u>
U.S. Department of Federal Emergency Management			
Pass-Through Department of Civil Emergency Management			
FEMA - Disaster Grant - Public Assistance May 10 Storm	97.036	FEMA-1917-DR-OK	<u>165,152</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,232,786</u>

See notes to Schedule of Expenditures of Federal Awards.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2011

#### NOTE A--BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal awards activity of the City of Norman, Oklahoma (the "City"), and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### NOTE B--LOANS

The City has received loans in prior years through the Oklahoma Water Resources Board ("OWRB") that were presented as federal awards in the year the funds were received. At June 30, 2011, the outstanding balance of these loans was \$15,627,208, however, the amount not received in the current year are not presented as federal awards as the only continuing compliance requirement is to repay the loans. During the year ended June 30, 2011, the City received \$9,301,322 in additional loans through the OWRB which are presented as federal awards in the Schedule.

#### NOTE C--SUBRECIPIENTS

Of the Federal expenditures presented in the Schedule, the City provided \$14,990 in federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2011

**Section I--Summary of Auditors' Results**

*Financial statements*

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
ARRA- Community Development Block Grants	14.228
ARRA- Clean Drinking Water State Revolving Fund	66.458
Clean Drinking Water State Revolving Fund	66.458
Safe Drinking Water State Revolving fund	66.468
ARRA- State Energy Program	81.041
ARRA- Energy Efficiency and Conservation Block Grant	81.128

Dollar threshold used to distinguish between type A and type B programs: \$396,984

Auditee qualified as low-risk auditee?  yes  no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2011

**Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:**

None to report for the June 30, 2011 period.

**Section III--Finding Required to be Reported in Accordance with OMB Circular A-133:**

None to report for the June 30, 2011 period.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2011

### **Findings Required to be Reported in Accordance with OMB Circular A-133**

#### **FINDING 2010-01**

CFDA: 16.804

##### Deficiency:

Expenditures reported per the June 30, 2010 Standard Form 245 Federal Financial Report do not agree to the underlying accounting records.

##### Requirement:

Reports of Federal awards submitted to the Federal awarding agency should include all activity of the reporting period and be supported by underlying accounting records, and fairly presented in accordance with program requirements.

##### Potential Effects:

Accurate, current, and complete financial results are crucial for the proper administration of grant activities in accordance with the requirements of the grant. As the quarterly financial reports do not properly reflect the activities of the grant the possibility exist for available funds to either be exceeded or not fully utilized.

##### Cause of the Condition:

There is currently no reconciliation or review process for the filing of the required financial reports. The Grant Director completes and files the reports based on his internally maintained records and does not reconcile the reports to the underlying accounting records maintained by the Finance Department.

##### Recommendation:

We recommend that the City develop a quarterly reconciliation process between the financial reports and the underlying accounting records. In addition, the financial reports should be reviewed for accuracy by the Finance Department prior to submission.

##### City's Response:

The City will implement procedures to ensure the quarterly reporting matches the underlying accounting records.

##### Current Status:

The City implemented a policy in which grant managers now forward to the Accounting Department their reports for review prior to submission. The Accounting department checks to make sure they are accurate and agree with the underlying accounting records.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS--Continued

THE CITY OF NORMAN, OKLAHOMA

Year Ended June 30, 2011

**FINDING 2010-02**

CFDA: 16.804

Deficiency:

The internal controls over expenditure approval for federal awards does not require the Grant Director's authorization prior to payment or expenditure.

Requirement:

OMB Circular A-133 requires the auditee too develop necessary internal controls to ensure only allowable activities and cost are funded by federal awards.

Potential Effects:

The current internal controls could allow unallowable cost and activities to be paid with federal funds without the approval or knowledge of the Grant Director.

Cause of the Condition:

The various local Captains are authorized to create purchase orders and approve expenditures without any additional review or approval. The City uses the same purchasing procedures for general purchases as for federally funded programs.

Recommendation:

Controls should be implemented to ensure that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. We recommend that the City consider implementing additional internal control procedures related to authorization and approval of federally funded expenditures. As such, the federally funded expenditures should be reviewed and authorized by a second individual, preferably someone with knowledge of the use of allowable funds in accordance with the related grant.

City's Response:

The City will implement procedures to ensure all grant managers sign-off on expenditures before payment.

Current Status:

The City created an additional control process requiring that the grant managers sign-off on applicable invoices before they are paid.