

CITY OF EDMOND, OKLAHOMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

Prepared by:
Financial Services Department

Ross VanderHamm
Finance Director

**CITY OF EDMOND, OKLAHOMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2011**

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December 31, 2011

Honorable Mayor and Members of the City Council
Of The City of Edmond, Oklahoma

Dear Mayor and Members of Council:

The Comprehensive Annual Financial Report of the City of Edmond (the “City”) for the year ended June 30, 2011, is hereby submitted as mandated by the city charter and state statutes. The City is required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Responsibility of both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Financial Services Department of the City. The City has established a comprehensive internal control framework designed to both protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Edmond’s financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits derived from those controls, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the information, as presented, are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Edmond. All disclosures necessary to enable the reader to gain an understanding of the City of Edmond’s activities have been included.

The City’s financial statements have been audited by Arledge & Associates, P.C., a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and estimates made by management, and evaluated the overall financial statement presentation. Based upon the results of their audit, Arledge & Associates, P.C. rendered unqualified opinions on all of the City’s opinion units within the financial statements for the year ending June 30, 2011. An unqualified opinion provides objective confirmation that the City’s financial statements are fairly presented in conformity with GAAP and are free of material misstatement. The independent auditor’s report is presented as the first component of the financial section of this report.

In addition to the independent audit of the financial statements, the City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget’s Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” This audit requires the auditor to report on the government’s internal controls and compliance with legal requirements involved with the administration of major federal grant awards received by the City. These reports are designed to meet the special needs of federal grantor agencies and are available in the City of Edmond’s separately issued Single Audit Report.

Generally accepted accounting principles require City management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A).

This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The City is situated in the center of the state and is contiguous with the northern boundary of Oklahoma City. The City covers an area approximately 87 square miles, was incorporated in 1890, and according to the 2010 Census, the population is 81,405 for the calendar year ending December 31st, 2010. The City features quiet suburban living with a central business district, major shopping and office areas, and spacious residential developments.

According to Location, Inc., the data/analysis company and creator of the consumer reference site NeighborhoodScout.com, Edmond was ranked as the #1 Suburb in America for 2011. Its research noted that Edmond is the sixth-largest community in Oklahoma. It has better public schools than 59% of all U.S. communities, and its public schools are better than 96% of schools in the rest of the state. The education level of Edmond ranks among the highest in the nation. Of the 25-and-older adult population in Edmond, 47.78% have at least a bachelor's degree. The typical US community has just 19.23% of its adults holding a bachelor's degree or graduate degree, and majorities are homeowners (69.7%).

Edmond was also rated as the 11th safest city in the nation for cities above 75,000 population, according to figures from the 2010 FBI Uniform Crime Report of violent crime statistics, which is up from 14th a year ago. Edmond is also the safest city in Oklahoma when compared to the 15 largest cities in the state. Currently, cost of living figures are 8.40% below the national average.

The City has adopted a charter and operates under a Council-Manager form of government pursuant to the charter and is recognized by the International City Management Association and the National League of Cities. The legislative authority of the City is vested in a five member elected council, consisting of one council member from each of four wards and the mayor who serves as council member at large. Council members serve four-year staggered terms with two council members elected every two years. The mayor is elected to serve a two-year term. The City Council members are also the Trustees of the Edmond Public Works Authority. The Mayor and Council appoint the City Manager, who is the chief executive officer of the City and is responsible to the Mayor and City Council for the administration of all City services, including budget preparation, and employs all City employees under a merit plan.

The City provides a wide range of municipal services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure, and a multitude of recreational and cultural events throughout the year. The City also provides electric, water, wastewater, drainage, and solid waste services to its residents under the legal entity of the Edmond Public Works Authority (EPWA). EPWA is a public trust created under applicable Oklahoma statutes on October 6, 1970, with the City named as the beneficiary thereof. These utility systems operate for the benefit of the City of Edmond and are an integral part of City operations. In FY09-10, water rates were increased as part of a 5 year plan to provide partial funding for a long-term 50 year water supply. FY10-11 was the second year of the adjusted rates with an average residential cost for 8,000 gallons of water per month increasing from \$32.06 to \$35.88. Sewer rates were also increased to cover capital project expenses with an average monthly residential sewer fee of \$24.11 compared to \$21.03 previously. EPWA's financial statements are blended into the City's financial statements and together they comprise the City's primary financial presentation. The City is also financially accountable for a legally separate economic development authority and a legally separate historic preservation trust. Both of these operations are reported separately within the City's financial statements. Additional information on these operations may be found in Note 1.A in the notes to the financial statements.

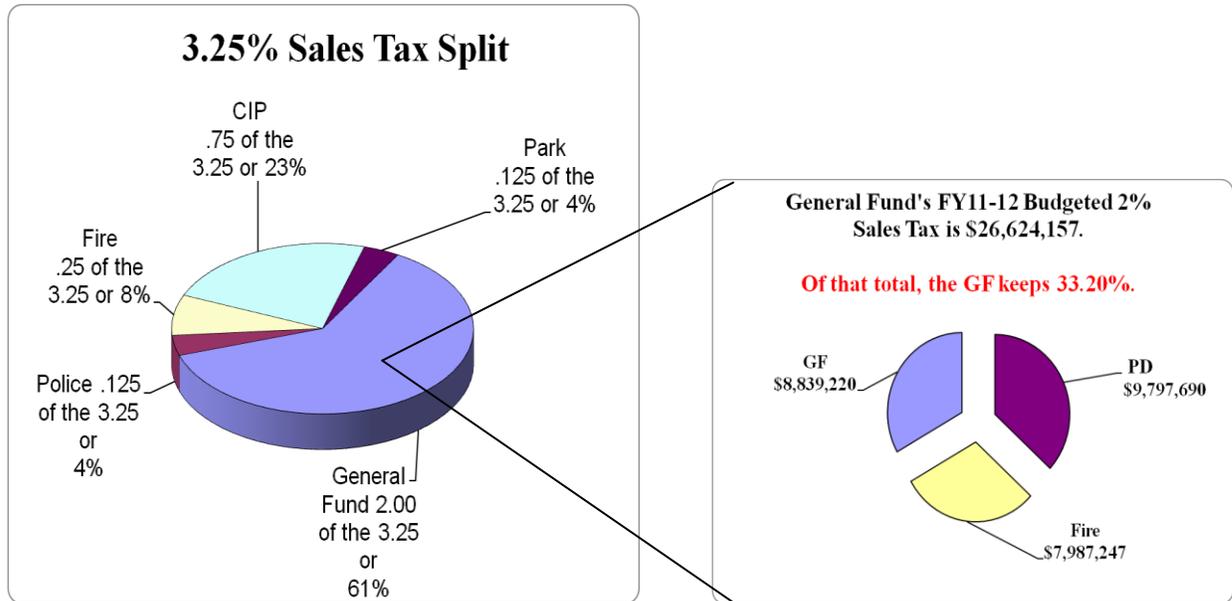
Five-year strategic business plans and operating budgets developed to support those plans serve as the foundation for the City's financial planning and control. The City Manager issues corporate guidelines that establish priorities and specific economic factors for the upcoming budget year. Budgets are then developed by departments for all five years. The City Manager's recommended budget is required to be submitted to the City Council by June 1. The City Council must hold a public hearing on the budget by June 15 and adopt the budget at least seven days prior to July 1, which is the beginning of the new fiscal year. The appropriated budget is prepared by fund, department, and object level/category. Department

heads may make transfers of appropriations within an expenditure object category. Transfers between expenditure object categories of a department or fund and budget supplements must be approved by the City Council. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector.

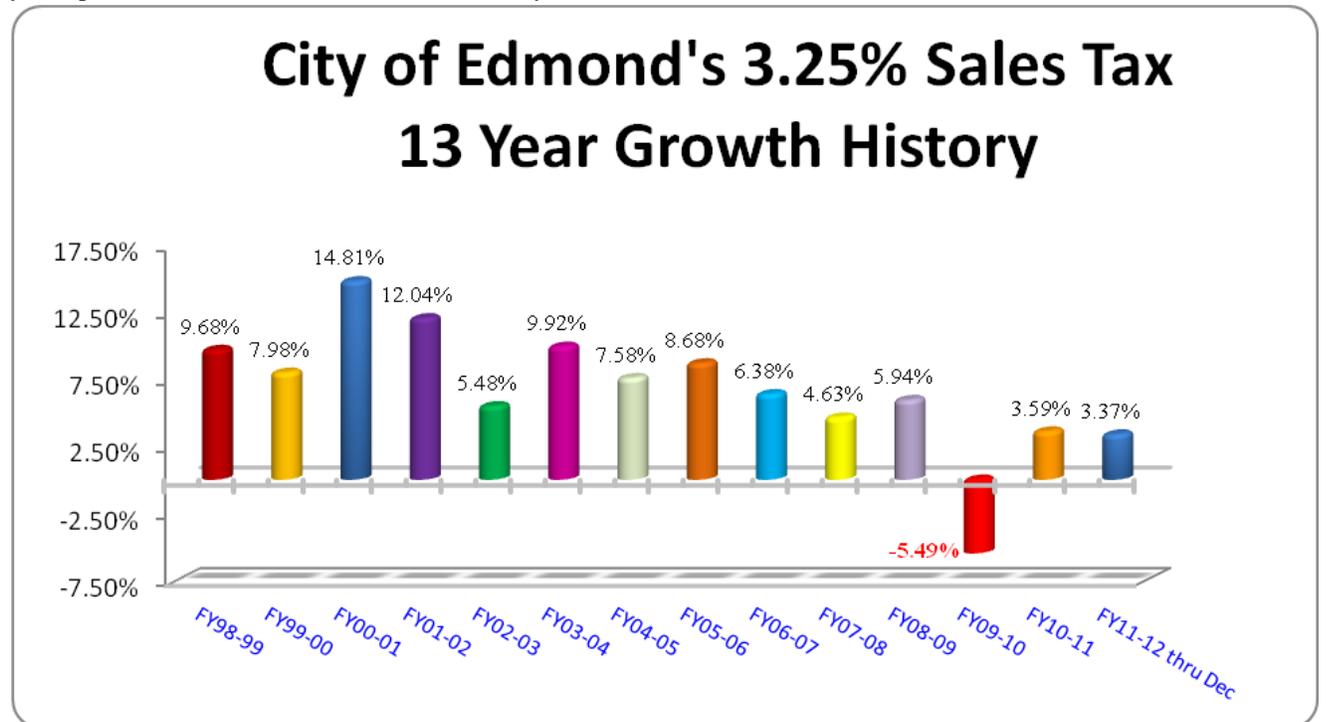
Sales Tax and Our Local Economy

Edmond began recovering from the national recession in FY10-11 with sales tax collections exceeding the budgeted projection. With 0% growth anticipated, the actual increase over FY09-10 was 3.59% or an additional \$1,471,340.

Typically, sales tax accounts for over one-half of General Fund revenues. However, due to the voter-approved 2000 Sales Tax initiative, Public Safety (i.e. Fire and Police) receives over 66% of these funds each year.

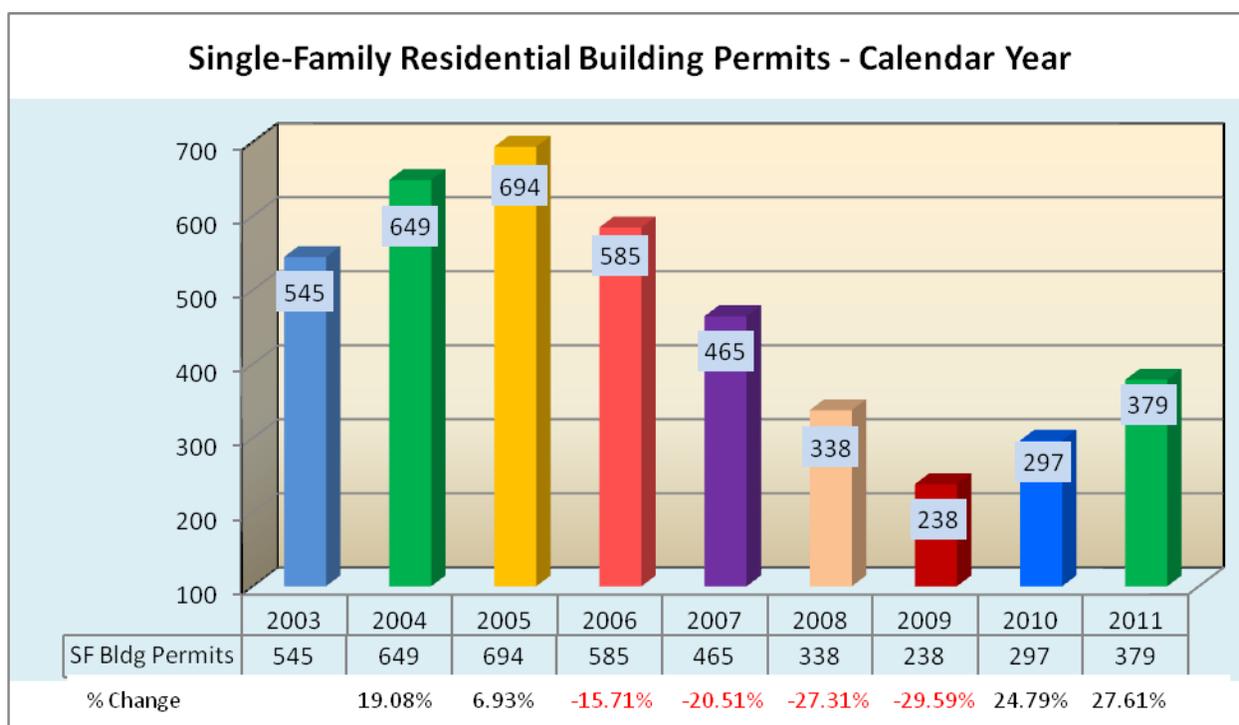


The City typically has exceeded projected annual increases in this critical revenue source. Annual growth for the past 13 years, plus the last 6 months of our current fiscal year is noted in the chart below.



Edmond has experienced many years of a growing and vibrant economy, but during the past several years there were declines in keys sectors of the community. Housing for example has steadily increased since its low 2 years ago. With the close of 2011, the market has increased in the number of new single family residential permits as compared to 2010, as well as large increase in total value. New single family residential permits for calendar year 2011 are expected to reach 379, while 2010 residential permits were 297. Commercial building permits have also increased over last year. In 2010, there were only 21 commercial permits issued, but 2011 is expected to finish with 71 new permits. The value of the 71 commercial permits totaled \$98,280,081 compared to \$65,432 for the 21 permits in 2010. Overall, in calendar year 2011, the new Single-Family residential construction value equaled \$108,221,132 (up for the second straight year from last year's \$79,939,604 total), bringing the total new construction value to \$206,501,213-an increase from last year's total value of \$145,372,384.

There were a total of 12,879 inspections made in 2010. It is estimated there will be approximately 13,306 inspections in calendar 2011.



Capital Improvements

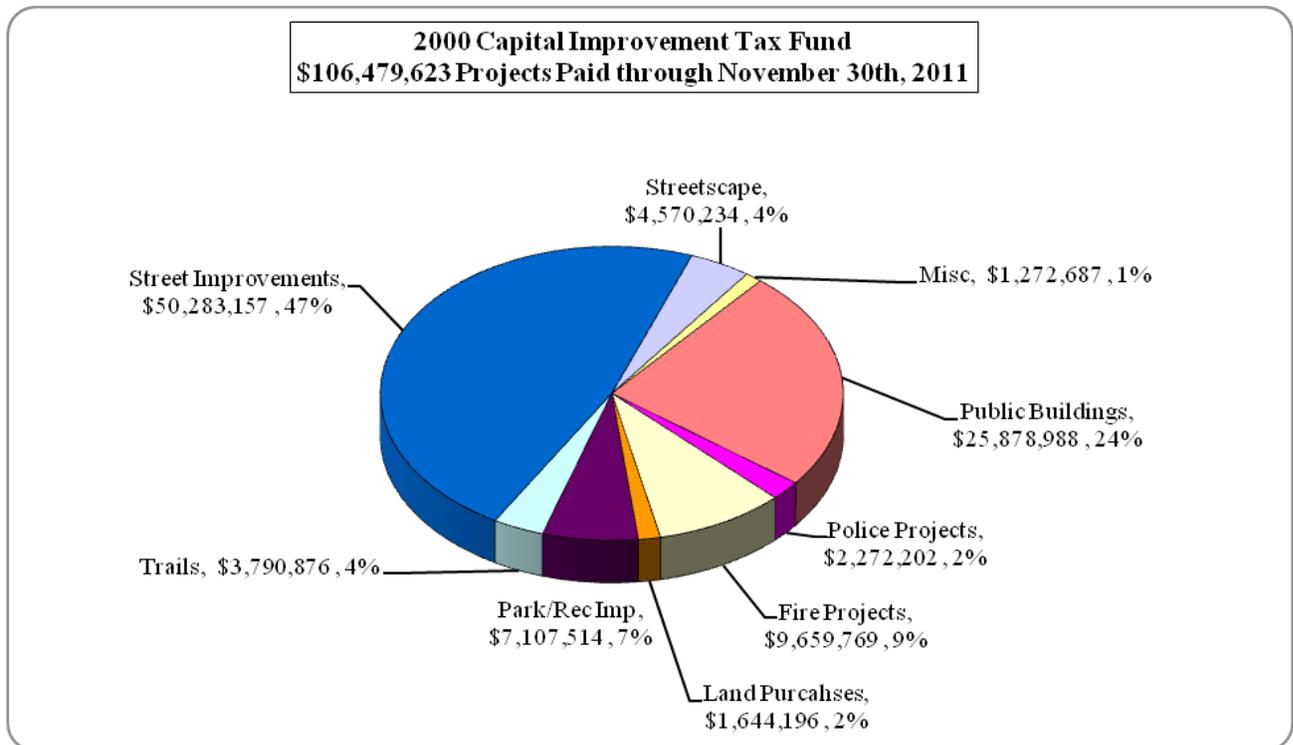
Presently, a significant portion of long-term financial planning occurring in the City of Edmond is related to passage of a permanent three-quarter cent sales tax approved by voters on December 12, 2000 entitled the 2000 Capital Improvement Tax Fund. Revenues from this tax are being used to service debt incurred through the issuance of four 20 year bonds. By issuing bonds the City has been able to accelerate project completions and therefore, provide capital improvements earlier than typical pay-as-you-go funding would allow. Through November 30th, 2011 the CIP has funded \$106,479,623 in major capital improvements.

The 2000 Capital Improvement Tax Fund finances many projects and during this fiscal year many of the fund resources were used in preparation for larger capital projects. On the recreation side, design work proceeded on both our fourth community park which has been named Edmond 66 Park and the development of our new recreation building in partnership with the YMCA and Edmond Public Schools. Each of these projects should be under construction in the next fiscal year. On the transportation side, work continued on the multiyear improvements on Covell Parkway with continued design on other sections of future roadway improvements and the utility relocations necessary for the next construction phase from Mitch Park to the Covell Underpass. The same preparation is occurring on Kelly as utilities were being relocated in preparation for work between Danforth and Covell which will be constructed at the same time with the

previously noted Covell construction area. The newest addition to this funding program is the development of an Intelligent Traffic System (ITS). Design work is proceeding to link our electronic traffic control system together to improve traffic flow in the community. This also will be a multiyear project as corridors in the community will be connected together with a central hub of operations.

After years of public discussion and debate, Edmond voters overwhelmingly approved a half-cent sales tax increase to build a \$25.5 million Public Safety Center. A public safety center will be designed to combine the Edmond Police Department with Central Communications and Emergency Management into a new 75,000-square-foot building. Over 73 percent or 3,339 voters approved Proposition No. 1, which would enact the five-year half-cent sales tax. Even with this increase, Edmond’s sales tax will remain lower than the sales tax rates of neighboring communities by increasing to a rate of 8.25 percent.

Voters also approved Proposition No. 2 to allow the city to loan itself money out of the \$7.2 million Hospital Trust Fund with an improved return of investment on that trust fund. The yes votes totaled 4,105, or 76.86 percent in favor, with 1,236 no votes, or 23.14 percent of the vote.



Investments

Pooled cash at the end of the fiscal year was invested in approximately 57% Certificate of Deposit Account Registry Service (CDARS), 20% government agencies, 5% treasuries and a total of 18% in checking and money market accounts. The investment portfolio as of June 30, 2011 had a weighted yield to maturity of 1.02% - down from 1.55% last year. Investments maturing in 1 year or less comprised 70% of the portfolio, with 20% maturing in 1-2 years, 5% maturing in 2-3 years and 6% in 3-5 years. The City’s average investment returns were better than the treasury benchmarks. The strategy of investment laddering, which involves building a portfolio of bonds with staggered maturities, was continued during the fiscal year. For specific details, see Note 3A.

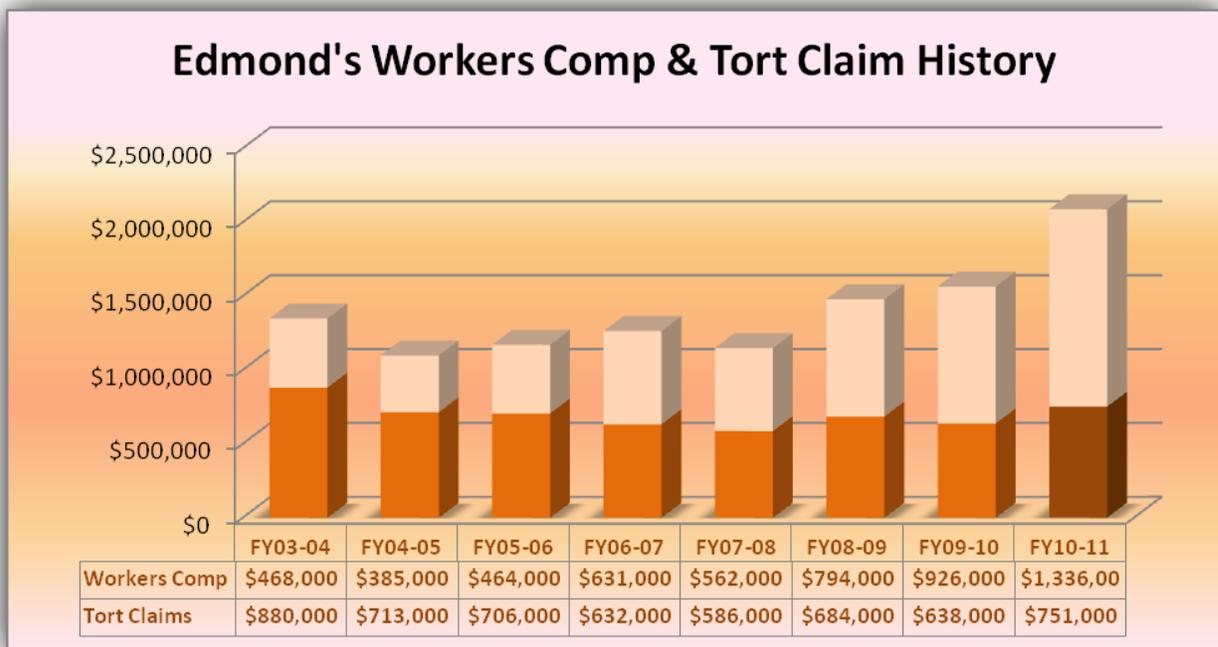
A refinancing of the 2001 Sales Tax and Utility System Revenue bonds was completed in 2010 that resulted in an overall savings of \$1,040,000.

The investment strategy of purchasing CDARS was continued from the previous fiscal year. An electronic competitive bid process is utilized for all security purchases, as required in the Investment Policy Statement. In most cases, the purchase of CDARS, as an approved alternative investment vehicle, allowed the City to increase yields in comparison to agencies and treasuries. CDARS are covered under Federal Deposit Insurance Corporation (FDIC) insurance, thus the improved investment returns were obtained at no additional risks to the portfolio.

Risk Management Program

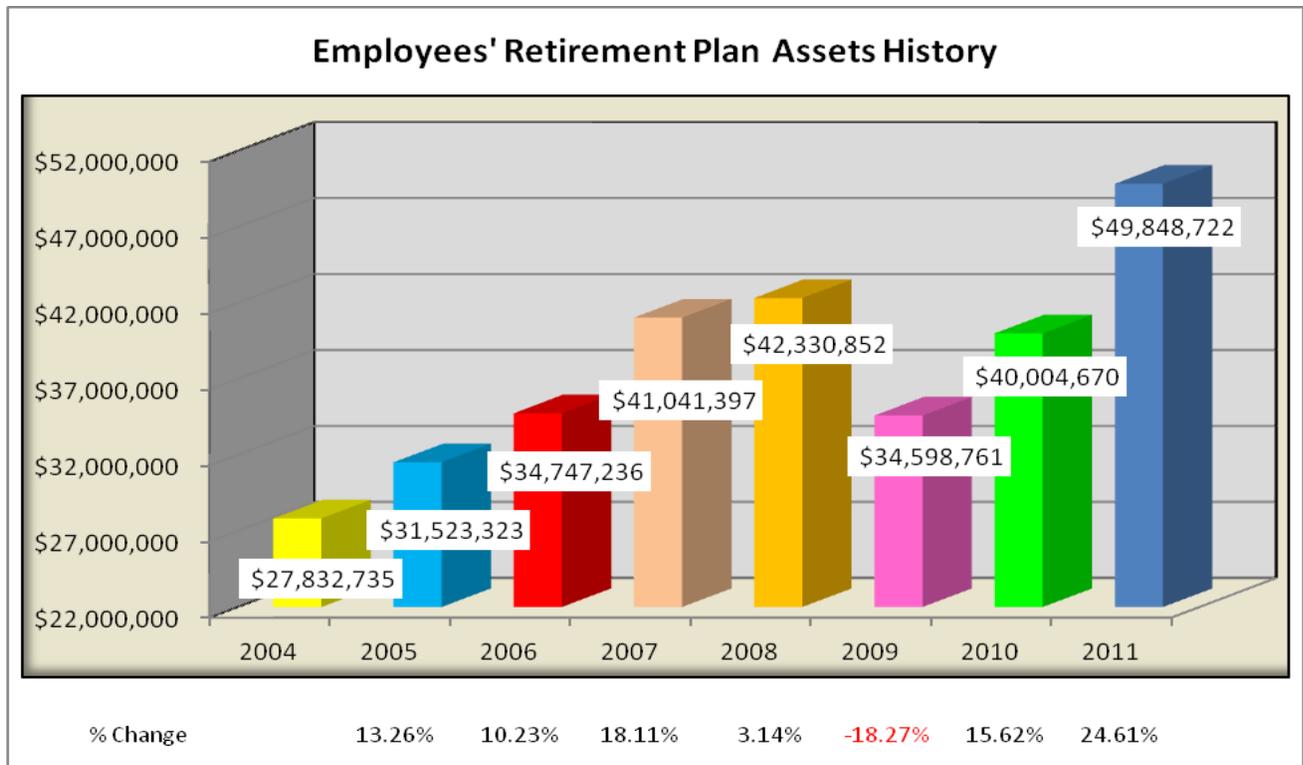
Safety and accountability are the responsibility of each department and overseen by the Risk Manager. The City is currently contracting with a third party administrator, Gallagher Bassett Services, Inc. to process the City’s workers’ compensation claims. Trident Insurance Services provides general liability insurance coverage and manages the liability claims. The Beckman Insurance Company is our insurance broker for purposes of placement and obtaining applicable insurance coverage. The City of Edmond is self-insured for workers’ compensation with Excess coverage provided by Midwest Employees Casualty Company. Additional information on Risk Management may be found in Note 4.B in the notes to the financial statements.

The City’s actuary has determined that the estimated claim liability including incurred but not reported claims as of June 30, 2011 for workers’ compensation and tort claims are \$1,336,000 and \$751,000 respectively. This reflects an increase in exposure of worker’s comp claims by 44% and an increase in general liability of 18%.



Employee Retirement Plan

The assets of the Employees’ Retirement Plan for non-uniformed employees posted an unrealized gain of \$9,844,052 for a market value of \$49,848,722. The investment returns for the calendar year of 2010 were 13.1%, compared to the benchmark of 18%. The year-to-date investment return as of June 30, 2011 was 4% compared to the benchmark of 4.2%. Employee and employer contributions to the Plan decreased \$98,179 or .03%. Contributions and interest refunds paid to terminated employees during the year increased by approximately \$406,215, while benefit payments to retirees increased by approximately 9% to \$1,466,057.



The City sponsors a single-employer defined benefit pension plan for all full-time, non-uniform employees. Each year, an independent actuary conducts an actuarial valuation to determine the annual contribution that the City must make to pay the normal cost of the plan and the amount of the annual contribution that the City must make to ensure that the plan will be able to fully meet its obligation to retired employees on a timely basis. As of July 1, 2011, the market value of the assets in the plan was 98% of the accrued actuarial liability, compared to 83% funding one year earlier, and 77% 2 years ago. As of July 1, 2011, the required employer contribution rate per the actuarial valuation report is 7.97% of wages paid compared to last year's report.

The City also participates in the Oklahoma Police Pension Retirement Fund and the Oklahoma Firefighters Pension and Retirement Fund on behalf of the City's police officers and firefighters. These are statewide plans managed by the state of Oklahoma. The City has no obligation in connection with employee benefits offered through these plans beyond the thirteen percent contribution rate on certain wages paid. Additional information on these retirement plans may be found in the notes to financial statements 4.A.

The City provides retiring employees the opportunity to continue the City's health and dental insurance coverage at their expense if so elected at time of retirement. At the end of the fiscal year, 36 of the City's 217 retired employees maintained City coverage. As such, this creates an OPEB obligation to the City since premiums are not adjusted for retirees.

GASB Statement 45—"Accounting and Financial Reporting for Employers for Post-employment Benefits Other than Pensions (OPEB) was implemented in the City's FY2009 annual financial report. This being the third year to recognize the impact this has on the City's finances, our unfunded liability has increased 44% from \$643,500 to \$926,162. This is a growing liability that will need to be addressed on how to continue to fund the recording of benefits over an employee's working career rather than when the benefits are paid long after an employee retires as required by GASB Statement 45.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edmond for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award-

recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The City of Edmond has received a Certificate of Achievement for the last twenty five consecutive years ending June 30, 1986-2010. With transparency and accountability critical to the City's mission, the City also submitted their first Popular Annual Financial Report (PAFR) called the "Citizens Report", and received the Award for Outstanding Achievement in Popular Annual Financial Reporting.

We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Financial Services department and the professional assistance of our accounting consultants, Crawford & Associates, P.C. Our sincere appreciation is extended to all who contributed to its preparation. In addition, our thanks are extended to the Mayor, the City Council and the City Treasurer for their interest and support in strengthening and improving the fiscal policies of the City of Edmond. The City will strive to continue to provide the citizens the quality services, management and reporting.

Sincerely,



Larry Stevens
City Manager



Ross A. VanderHamm
Finance Director

CITY OF EDMOND, OKLAHOMA

PRINCIPAL OFFICIALS AND FINANCE COMMITTEE MEMBERS

JUNE 30, 2011

ELECTED OFFICIALS

Charles Lamb	Mayor
Victoria Caldwell	Councilmember-Ward 1
Elizabeth Waner	Councilmember-Ward 2
Darrell Davis	Councilmember-Ward 3
David Miller	Councilmember-Ward 4
Stephen Schaus	City Treasurer

FINANCE COMMITTEE MEMBERS

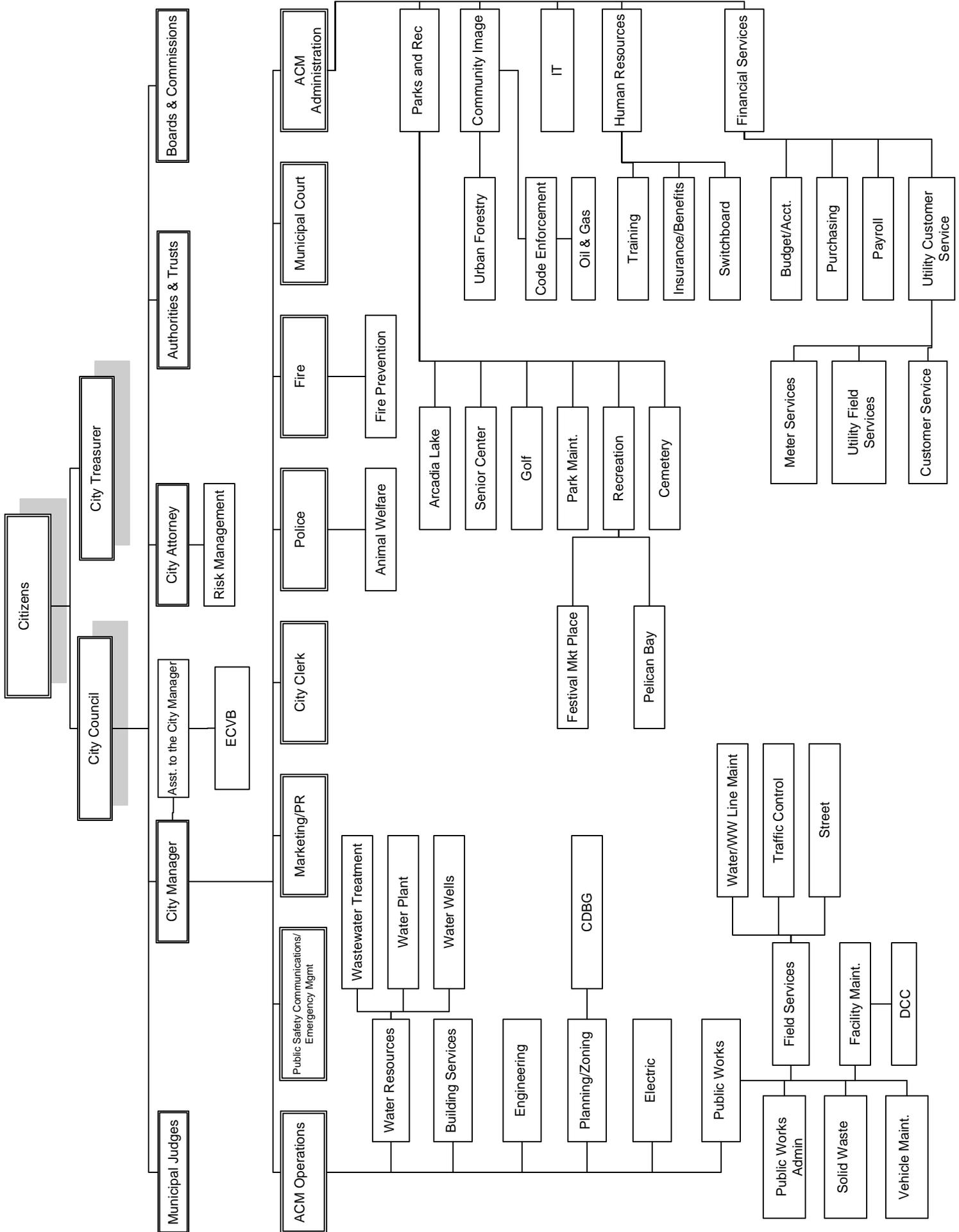
Stephen Schaus	Chairperson
Darrell Davis	Member
Charles Lamb	Member

ADMINISTRATION

Larry Stevens	City Manager
Stephen Murdock	City Attorney
Steve Commons	Assistant City Manger Administration
Jim Smith	Assistant City Manager Operations
Nancy Nichols	City Clerk
Gil Harryman	Fire Chief
Bob Ricks	Police Chief
Anita Breen	Human Resource Director
Diane L. Slayton	Municipal Judge

ACCOUNTING AND TREASURER STAFF

Ross VanderHamm	Finance Director
Kelly Neal	Assistant Finance Director
Sheila Briesch	Accounting Manager
Terri McKay	Payroll Manager
Brenda Mayer	Purchasing Manager
Lisa Murray	Director of Treasury Svcs



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Edmond
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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council of the
City of Edmond, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edmond, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edmond, Oklahoma as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement established new categories for reporting fund balance and revised the definitions for governmental fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the City's internal control over financial reporting and on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension plan and other post-employment benefits funding schedules, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information, as listed in the Table of Contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Arledge & Associates, P.C.

Edmond, Oklahoma
December 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Edmond's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2011, the City's total net assets increased by \$16.7 million.
- The City recorded derivative instruments of \$2,298,801 and \$1,876,129 in the governmental and business-type activities, respectively. The derivative instruments are offset by deferred inflows.
- During the year, the City's expenses for governmental activities were \$66.0 million and were funded by program revenues of \$21.2 million and further funded with taxes and other general revenues and transfers that totaled \$51.5 million.
- In the City's business-type activities, such as utilities, lake and golf course, program revenues exceeded expenses by \$9.9 million.
- Sales and use taxes increased by \$2.0 million or 4.1% from the prior fiscal year. Considering the City's sales tax rate of 3.25% in effect for both years, this translates into an increase in taxable sales of \$61.1 million from the prior year.
- At June 30, 2011, the General Fund reported an unassigned fund balance of \$5.1 million.
- For budgetary reporting purposes, the General Fund and major special revenue funds reported actual revenues above estimates of \$3.2 million or 3.1%, while expenditures were under the final appropriations by \$4.0 million or 3.7%.
- The City implemented GASB Statement 54-Fund Balance Reporting and Governmental Fund Type Definitions which resulted in the reclassification of some fund types and presentation of fund balance in the new categories of nonspendable, restricted, committed, assigned, and unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Edmond (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with two discretely-presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net assets and changes in them from the prior year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water, wastewater, sanitation, lake, drainage, and golf course activities are reported here.
- **Discretely-presented component units** – These account for activities of the City's reporting entity that do not meet the criteria for blending, specifically the Historic Preservation Trust and the Edmond Economic Development Authority.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and Statement of Cash Flows. In fact, the City's enterprise funds are the essentially the same as the business-type activities we

report in the government-wide statements but provide more detail and additional information, such as cash flows.

Fiduciary funds - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or others parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance operations.

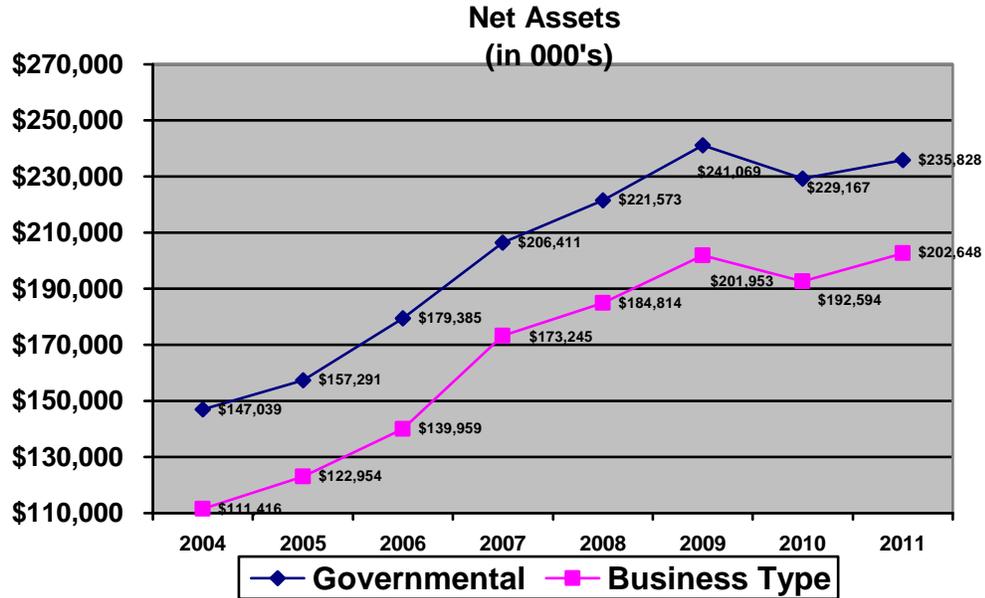
A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

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 and deferred inflows by \$438,476,709 at the close of the most recent fiscal year.

TABLE 1
NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2011	Restated 2010		2011	Restated 2010		2011	Restated 2010	
Current assets	\$ 91,692	\$ 89,598	2%	\$ 82,104	\$ 83,218	-1%	\$ 173,796	\$ 172,816	1%
Capital assets, net	219,315	217,734	1%	198,498	190,062	4%	417,813	407,796	2%
Other non-current assets	10,093	11,229	-10%	9,016	9,248	-3%	19,109	20,477	-7%
Total assets	321,100	318,561	1%	289,618	282,528	3%	610,718	601,089	2%
Current liabilities	15,170	15,542	-2%	19,006	20,307	-6%	34,176	35,849	-5%
Non-current liabilities	67,803	70,589	-4%	66,088	67,460	-2%	133,891	138,049	-3%
Total liabilities	82,973	86,131	-4%	85,094	87,767	-3%	168,067	173,898	-3%
Deferred Inflows	2,299	3,263	-30%	1,876	2,168	-13%	4,175	5,431	-23%
Net assets									
Invested in capital assets, net of related debt	152,756	165,225	-8%	130,308	117,163	11%	283,064	282,388	0%
Restricted	66,717	66,139	1%	11,103	11,431	-3%	77,820	77,570	0.3%
Unrestricted	16,355	(2,197)	-844%	61,237	63,999	-4%	77,592	61,802	26%
Total net assets	\$ 235,828	\$ 229,167	3%	\$ 202,648	\$ 192,593	5%	\$ 438,476	\$ 421,760	4%



The largest portion of the City’s net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. For 2011, this investment in capital assets, net of related debt amounted to \$283,063,348. The City uses these capital 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.

A major portion of the City’s net assets, \$77,890,093, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$77,523,268, may be used to meet the government’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 categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets

For the year ended June 30, 2011, net assets of the primary government changed as follows:

CITY OF EDMOND, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2011

TABLE 2
CHANGES IN NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
Revenues									
Program revenue:									
Charges for service	\$ 10,446	\$ 9,633	8%	\$ 104,819	\$ 96,022	9%	\$ 115,265	\$ 105,655	9%
Operating grants and contributions	5,547	4,879	14%	225	3	7400%	5,772	4,882	18%
Capital grants and contributions	5,177	16,112	-68%	3,650	3,538	3%	8,827	19,650	-55%
General revenue:									
Taxes	47,949	45,546	5%	-	-	0%	47,949	45,546	5%
Intergovernmental revenue	981	676	45%	-	-	0%	981	676	45%
Investment income	1,299	1,294	0.4%	991	1,113	-11%	2,290	2,407	-5%
Miscellaneous	242	252	-4%	176	1,029	-83%	418	1,281	-67%
Total revenues	71,641	78,392	-9%	109,861	101,705	8%	181,502	180,097	1%
Expenses									
General government	5,032	10,973	-54%	-	-		5,032	10,973	-54%
Public safety	39,468	37,861	4%	-	-		39,468	37,861	4%
Streets and highways	10,186	10,629	-4%	-	-		10,186	10,629	-4%
Culture, parks and recreation	5,419	5,461	-1%	-	-		5,419	5,461	-1%
Health and welfare	2,880	2,568	12%	-	-		2,880	2,568	12%
Interest on long-term debt	3,061	3,304	-7%	-	-		3,061	3,304	-7%
Electric	-	-		65,756	60,634	8%	65,756	60,634	8%
Water	-	-		16,361	15,677	4%	16,361	15,677	4%
Wastewater	-	-		5,352	5,615	-5%	5,352	5,615	-5%
Sanitation	-	-		6,674	6,279	6%	6,674	6,279	6%
Lake	-	-		1,255	1,175	7%	1,255	1,175	7%
Drainage	-	-		953	934	2%	953	934	2%
Golf Course	-	-		1,914	1,763	9%	1,914	1,763	9%
Cooperative purchasing service	-	-		64	41	56%	64	41	56%
Payment to EEDA	-	-		412	443	-7%	412	443	-7%
Total expenses	66,046	70,796	-7%	98,741	92,561	7%	164,787	163,357	1%
Excess (deficiency) before transfers	5,595	7,596	-26%	11,120	9,144	22%	16,715	16,740	-0.1%
Transfers	1,066	1,752	-39%	(1,066)	(1,752)	-39%	-	-	
Increase in net assets	6,661	9,348	-29%	10,054	7,392	36%	16,715	16,740	-0.1%
Beginning net assets, restated	229,167	241,069		192,594	201,953		421,761	443,022	
Ending net assets	<u>\$ 235,828</u>	<u>\$ 250,417</u>		<u>\$ 202,648</u>	<u>\$ 209,345</u>		<u>\$ 438,476</u>	<u>\$ 459,762</u>	

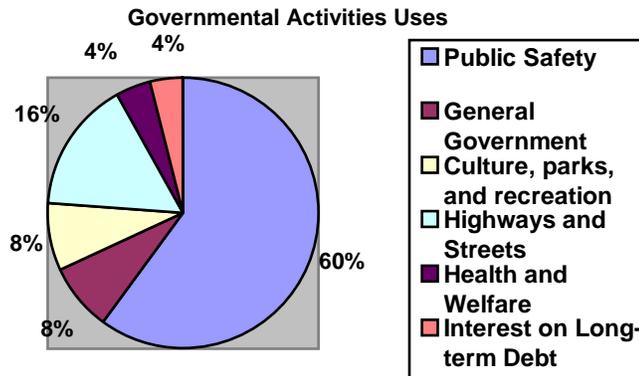
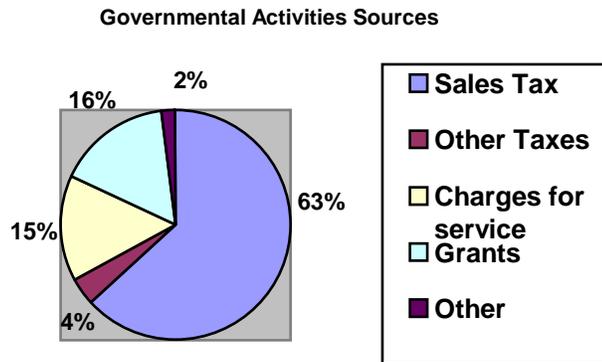
The City's governmental activities' increase in net assets of \$6.7 million represents a 29% decrease from the prior year's change in net assets and is primarily the result of decreased capital grants and contributions. The business-type activities' increase in net assets of \$10.1 million represents a 36% increase from the prior year's change in net assets which is largely attributable to the increase in charges for services. The results indicate the City, as a whole, remained neutral.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as

general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended June 30, 2011, the City's governmental activities were funded as follows:



For the year ended June 30, 2011, total expenses for governmental activities amounted to \$66.0 million. Of these total expenses, taxes and other general revenues funded \$51.5 million, while those directly benefiting from the program funded \$10.7 million in grants and other contributions and \$10.4 million from charges for services. Besides the aforementioned increase in sales tax, other notable changes for governmental activities include a decrease in general government expenses and a decrease in interest expense related to the refinancing of long term debt.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2011	2010		2011	2010	
	General government	\$5,032	\$10,974	-54%	\$3,273	(\$2,700)
Public safety	39,468	37,861	4%	(34,350)	(33,613)	-2%
Streets and highways	10,186	10,629	-4%	(4,818)	5,730	-184%
Culture, parks and recreation	5,419	5,461	-1%	(4,469)	(4,657)	4%
Health and welfare	2,880	2,568	12%	(1,483)	(1,774)	16%
Economic development	-	-	0%	30	145	-79%
Interest on long-term debt	3,061	3,303	-7%	(3,061)	(3,303)	7%
Total	\$66,046	\$70,796	-7%	(\$44,878)	(\$40,172)	-12%

Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2011	2010		2011	2010	
	Electric	\$ 65,756	\$ 60,634	8%	\$ (576)	\$ 2,440
Water	16,361	15,677	4%	6,122	1,686	263%
Wastewater	5,352	5,615	-5%	3,848	2,104	83%
Sanitation	6,674	6,279	6%	736	967	-24%
Lake	1,255	1,175	7%	(387)	(410)	6%
Drainage	953	934	2%	672	696	-3%
Golf	1,914	1,763	9%	(35)	(51)	31%
Cooperative purchasing services	64	41	56%	(15)	12	-225%
Economic development	412	443	-7%	(412)	(443)	7%
Total	\$ 98,741	\$ 92,561	7%	\$ 9,953	\$ 7,001	42%

The City's business-type activities include utility services, lake and golf course operations, the cooperative purchasing program and certain economic development funding.

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net revenues of \$10 million for the year ended June 30, 2011.
- All individual activities reported net revenue for the year ended June 30, 2011, with the exception of electric, lake operations, golf course operations, cooperative purchasing services, and economic development which reported net expenses of \$0.6 million, \$0.4 million, \$0.03 million, \$0.1 million and \$0.4 million respectively.
- Cooperative purchasing services net change was caused by an increase in operational cost.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2011 fiscal year, the governmental funds reported a combined fund balance of \$76.2 million or a .7% increase. The proprietary funds reported combined net assets of \$198.3 million or a 5.3% increase from 2010. The fund balance constraints and net asset restrictions are listed below:

Governmental Funds:

Fund Balance:		
Restricted	\$ 66,716,622	
Committed	2,879	
Assigned	4,320,279	
Unassigned	<u>5,150,248</u>	
Total Fund Balance Constraints and Designations		<u>\$ 76,190,028</u>

Proprietary Funds:

Net Asset Restrictions:		
Restricted for debt service	\$ 11,100,923	
Restricted for capital projects	<u>2,030</u>	
Total Enterprise Fund Net Asset Restrictions		<u>\$ 11,102,953</u>

Other fund highlights include:

- For the year ended June 30, 2011, the General Fund's total fund balance increased by \$1,121,093 or 13.4% due to an increase in sales tax collections and franchise and public services taxes related to a strengthening economy.
- The 2000 Capital Improvement Tax Fund's total fund balance decreased by \$1,764,549 or 4.0% due to a decrease in intergovernmental revenue related to grants and a decrease in investment revenue.
- The Fire Public Safety Limited Tax Fund's total fund balance increased by \$418,714 or 6.8% due to an increase in fire sales tax collections and transfers from the general fund.
- The Police Public Safety Limited Tax Fund's total fund balance decreased by \$217,852 or 4.9% due to an increase in police operating cost.
- All enterprise funds, with the exception of Electric, Lake, Golf, and Yourgovshop, reported an increase in net assets, after transfers, for the year ended June 30, 2011. In each of the funds mentioned above, charges for services did not cover operational cost.
- The employee pension trust fund posted an increase to net assets of the fund of \$9.8 million. The increase is due to net increase in the fair value of investments.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of 3.1% or \$2,148,655 due to sales tax and transfers from other funds. Actual revenues were above final estimates by \$1,489,605 or 2.1% which was a result of an increase in sales tax collections and transfers in, while expenditures were under final

appropriations by \$1.6 million or 2.2% which is mainly due to reduced operating expenses in general government and transfers out.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2011, the City had \$417.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below). This represents a net increase of \$10 million or 2.5% over last year.

TABLE 5
Primary Government Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	Restated, <u>2010</u>	<u>2011</u>	Restated, <u>2010</u>	<u>2011</u>	Restated, <u>2010</u>
Land	\$10,694	\$9,455	\$2,351	\$1,607	\$13,045	\$11,062
Buildings	51,125	50,845	26,013	26,871	77,138	77,716
Imp. other than buildings	9,963	10,981	3,733	2,910	13,696	13,891
Equipment	20,591	20,658	2,213	1,808	22,804	22,466
Intangible water rights	-	-	17,414	18,059	17,414	18,059
Utility property	-	-	138,643	134,327	138,643	134,327
Infrastructure	107,096	104,979	-	-	107,096	104,979
Construction in progress	19,846	20,816	8,131	4,480	27,977	25,296
Totals	<u>\$219,315</u>	<u>\$217,734</u>	<u>\$198,498</u>	<u>\$190,062</u>	<u>\$417,813</u>	<u>\$407,796</u>

This year's more significant capital asset additions included:

- \$1.4 million soccer field expansion
- \$7.7 million street improvement projects
- \$1.0 million public safety projects
- \$0.6 million fleet replacement and additions
- \$1.9 million Electric Utility improvements
- \$4.8 million Water Utility improvements
- \$3.9 million Wastewater Utility improvements

See Note 3.D. to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$140.8 million in long-term debt outstanding which represents a \$7.6 million or 5% decrease from the prior year. The City’s changes in long-term debt by type of debt are as follows:

	Primary Government Long-Term Debt						Total Percentage Change
	Governmental Activities		Business-Type Activities		Total		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Accrued absences	\$ 2,623	\$ 2,670	\$ 495	\$ 508	\$ 3,118	\$ 3,178	-1.9%
Revenue bonds	66,845	69,390	50,695	54,590	117,540	123,980	-5.2%
Notes payable	-	-	20,097	21,157	20,097	21,157	-5.0%
Totals	<u>\$ 69,468</u>	<u>\$ 72,060</u>	<u>\$ 71,287</u>	<u>\$ 76,255</u>	<u>\$ 140,755</u>	<u>\$ 148,315</u>	-5.1%

During FY 2011, the City advanced refunded the 2001 Series Sales Tax and Utility Revenue Bonds by issuing the 2010 Series Sales Tax and Utility Revenue Bonds. Additional information can be found in note 3.E.

See Note 3.E. to the financial statements for more detail information on the City’s long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

State of Oklahoma – Conditions/Projections:

Oklahoma State Treasurer Ken Miller’s December, 2011 Economic Report noted the following:

- November collections were 13.2 percent higher than in November of last year, showing solid improvement in the state’s economy. It was the fourth time in the past seven months that collections grew by more than 10 percent over the prior year. Collections over the past 12 months are up more than nine percent from the previous 12 months.
- Gross revenue, a reflection of the state’s economic performance, has grown for 21 consecutive months. The last time 12-month receipts were higher than today was two-and-a-half years ago, in May 2009, when collections stood at \$10.77 billion. Since hitting the depths of the recession in February 2010, almost two-thirds of the lost revenue has been recovered.
- On the national level, initial reports on Black Friday spending and the latest consumer confidence measure point to an improving economic picture. Numerous sources are reporting healthy increases in consumer spending at the start of the Christmas shopping season and The Conference Board reports consumer confidence surged in November from the month before.

“Oklahoma’s economy has consistently outperformed the national average, and there is no indication that will change going into the holiday season,” he said.

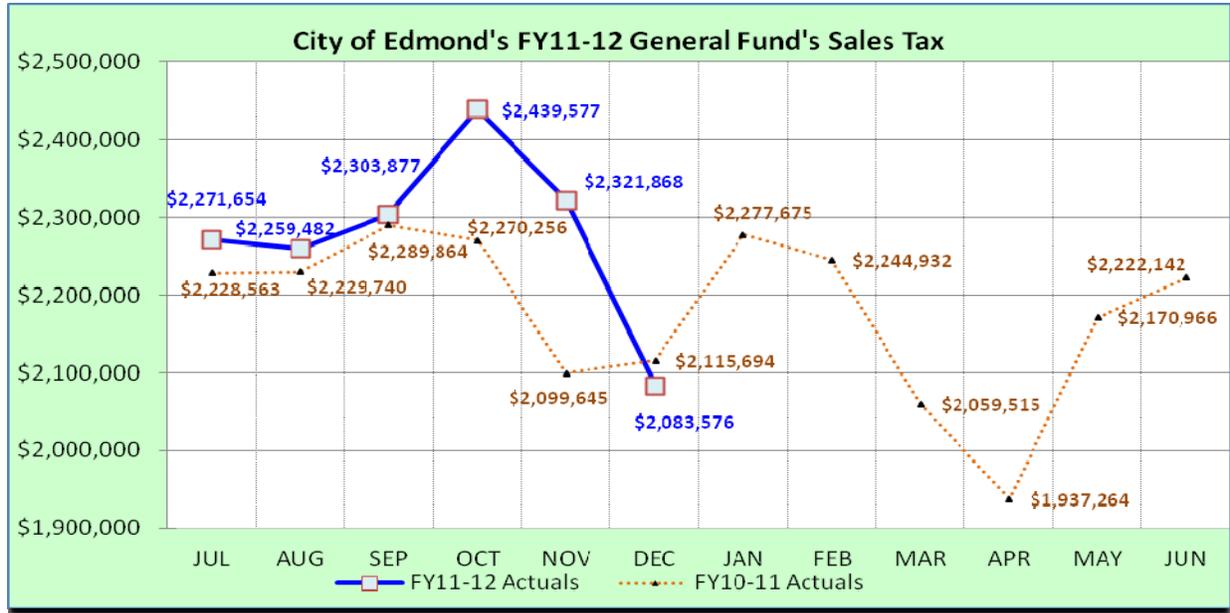
- In October, statewide unemployment was set at 6.1 percent, an increase of 0.2 percentage points from the previous month. National unemployment in October was 9.0 percent. Oklahoma's seasonally-adjusted unemployment is down by 0.8 percentage points compared to October of last year.
- The revenue report for November shows gross collections at \$803.02 million, up \$93.79 million or 13.2 percent from November of last year.
- Gross income tax collections, a combination of personal and corporate income taxes, generated \$241.45 million, an increase of \$30.54 million or 14.5 percent from the previous November.
- Personal income tax collections for the month are \$236.81 million, up \$34.71 million or 17.2 percent from the prior year. Corporate collections are \$4.64 million, a decrease of \$4.17 million or 47.4 percent.
- Sales tax collections, including remittances on behalf of cities and counties, total \$321.55 million in November. That is \$22.19 million or 7.4 percent above November of last year.
- Gross production taxes on oil and natural gas generated \$75.28 million in November, an increase of \$7.13 million or 10.5 percent from last November. Compared to October reports, gross production collections are up by \$6.92 million or 10.1 percent.
- Motor vehicle taxes produced \$49.1 million, up by \$5.49 million or 12.6 percent from the prior year.

In December, 2011, Oklahoma ranked 3rd in the nation for states that experienced the biggest economic growth since the 2008 Recession, according to an analysis by Portfolio.com.

City of Edmond highlights:

According to Location, Inc., the data/analysis company and creator of the consumer reference site NeighborhoodScout.com, Edmond was ranked as the #1 Suburb in America for 2011. Its research noted that Edmond is the sixth-largest community in Oklahoma. It has better public schools than 59% of all U.S. communities, and its public schools are better than 96% of schools in the rest of the state. The education level of Edmond ranks among the highest in the nation. Of the 25-and-older adult population in Edmond, 47.78% have at least a bachelor's degree. The typical US community has just 19.23% of its adults holding a bachelor's degree or graduate degree, and a majority are homeowners (69.7%).

The City of Edmond budgeted 2% sales tax growth for FY11-12. This was primarily based on the fact that in FY10-11, our sales tax collections improved over 3.5 % compared to the previous year's decline of 5.49%. As the chart below indicates, the first 5 months of FY11-12 have all been above last year's actual collections, but the December amount declined for last year by 1.5%. Nonetheless, the current accumulative growth is 3.37%.



	July	Aug	Sept	Oct	Nov	Dec
FY11-12 Budget	2,276,365	2,249,741	2,249,741	2,276,365	2,156,557	2,169,869
FY10-11 Actuals	2,228,563	2,229,740	2,289,864	2,270,256	2,099,645	2,115,694
FY11-12 Actuals	2,271,654	2,259,482	2,303,877	2,439,577	2,321,868	2,083,576
FY11-12 Actuals from FY10-11 Actuals	43,091	29,742	14,013	169,321	222,223	(32,118)

- Edmond's unemployment rate of 4.4% (up from last year's 4.2%) continues to remain significantly lower than the state unemployment rate of 6.1% as reported by the U.S. Department of Labor through October, 2011.
- Edmond public schools enrollment for school year 2011-12 reached an all time high of 21,960 students enrolled compared to last year's 21,358 and 20,786 in 2009-10.
- Edmond's cost of living for the 3rd quarter of the calendar year 2011 ranked 92.3 according to information provided by American Chambers of Commerce Research Association (ACCRA), which rates Edmond 7.7% below the national average.

Edmond's FY11-12 Budget

The FY11-12 Budget totals \$215,345,305, which is a 2.53% reduction from the previous year's budget of \$220,940,592 - the second year in a row that the overall budget has decreased.

The Plan continues to reflect what we believe is the *New Economic Reality* for the City of Edmond. This new reality acknowledges that future sales tax growth will increase from 2 to 5% annually instead of the 7 to 10% annual growth that this organization and our community became accustomed to for many years.

However, we also believe that there are some encouraging signs that indicate our local economic recovery has been underway for most of the current fiscal year. This recovery has been and will continue to be very gradual, and the Plan reflects this limited improvement.

Highlights include:

- \$35,000 is included in the City Manager's FY2011-12 budget for a new Citizens Survey to be conducted. This survey provides important feedback concerning how our citizens evaluate the services we provide, and it also provides valuable comparisons with cities around the country with similar demographics.
- Two events occurred in late 2010 which provided nearly \$8M of unanticipated revenue into the 2000 Capital Improvements Sales Tax Fund for FY2011-12:
 - The Engineering Department was able to secure grant funds for improvements on Covell Parkway which was not anticipated, and this provided a savings to this fund of nearly \$7M.
 - The other occurrence was the refinancing of our 2001 Sales Tax Revenue Bond which resulted in lower bond payments, reduced reserve fund, and provided \$1M in additional revenue for the fund. This unanticipated revenue provided additional resources which are proposed to be directed to our Intelligent Traffic System (ITS) improvements and additional work on Covell Parkway.
- \$780,000 in trail funding has been reestablished for the trail construction project, restoring the original amount allocated for trail construction.
- A Bicycle Plan will be prepared as an addition to the comprehensive Transportation Plan at a budgeted allocation of \$150,000.
- During the first year and ten months of operation free to citizens city-operated public transportation bus system, the ridership increase has been impressive (16,188 riders for the month of September, 2010 compared to 21,151 riders in September, 2011). In the first year this transportation service was used by 60% more people than under our previous arrangement as part of the regional service, and in the first nine months of this year the average monthly ridership numbers have increased by another 60%. These totals certainly speak well for our enhanced service, which features six local routes, two express routes to and from OKC and an on-demand paratransit vehicle.
- The City's Employee Pension Fund saw significant investment gains as compared to the previous year.

2000 Capital Improvements Sales Tax Fund

- The 2000 Capital Improvement Fund, funded by a dedicated 3/4cent sales tax, includes funding for the future MAC expansion partnership project with the YMCA and Edmond Public Schools,

the adult softball complex at the 4th Community Park, the first phase of the Covell Parkway from Marilyn Williams Drive to Thomas Drive, Kelly Avenue widening from Danforth to Covell.

- \$780,000 in trail funding has been reestablished for the trail construction project, restoring the original amount allocated for trail construction.
- A Bicycle Plan will be prepared as an addition to the comprehensive Transportation Plan at a budgeted allocation of \$150,000.

Capital Improvements Fund—General Fund

- Some limited funding for a few capital needs will continue to be available through this fund. In the 2011-12 budget these projects will include ongoing work in compliance projects for the American with Disabilities Act (ADA), primarily next year involving improvements in the accessibility of the CITYLINK program as discussed earlier. There will also be some repairs to the sprinkler system at the Cross Timbers Complex, and additional school zone improvement projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's office at 100 East First, P.O. Box 2970, Edmond, OK 73083-2970 or phone at (405) 348-8830.

BASIC FINANCIAL STATEMENTS

City of Edmond, Oklahoma
Statement of Net Assets
June 30, 2011

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Historic Preservation Trust</u>	<u>Economic Development Authority</u>
ASSETS					
Current Assets:					
Cash and equivalents	\$ 5,182,357	\$ 3,750,803	\$ 8,933,160	\$ 63,823	\$ 146,403
Investments	74,795,974	45,857,325	120,653,299	-	308,296
Restricted assets:					
Cash and equivalents	4,392,706	4,358,689	8,751,395	-	40,733
Investments	1,578,220	7,074,613	8,652,833	-	-
Accrued interest receivable	178,429	134,773	313,202	-	-
Accounts receivable, net of allowance	1,455,392	14,201,477	15,656,869	-	-
Internal Balances	(4,251,254)	4,251,254	-	-	-
Due from other governments	7,629,942	108,550	7,738,492	-	-
Inventory	730,304	2,366,526	3,096,830	-	-
Total Current Assets	<u>91,692,070</u>	<u>82,104,010</u>	<u>173,796,080</u>	<u>63,823</u>	<u>495,432</u>
Non-current Assets:					
Restricted assets:					
Cash and equivalents	4,038,467	6,431,151	10,469,618	-	-
Investments	2,973,869	-	2,973,869	-	-
Derivative instruments	2,298,801	1,876,129	4,174,930	-	-
Capital Assets:					
Non-depreciable	30,540,116	10,481,943	41,022,059	100,450	-
Depreciable, net of depreciation	188,775,038	188,016,495	376,791,533	245,027	10,796
Unamortized debt issuance costs	782,031	708,413	1,490,444	-	-
Total Non-current Assets	<u>229,408,322</u>	<u>207,514,131</u>	<u>436,922,453</u>	<u>345,477</u>	<u>10,796</u>
Total Assets	<u>321,100,392</u>	<u>289,618,141</u>	<u>610,718,533</u>	<u>409,300</u>	<u>506,228</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued expenses	3,928,035	8,683,512	12,611,547	-	3,091
Accrued interest payable	1,498,034	1,354,901	2,852,935	-	-
Amounts held in escrow	597,597	-	597,597	-	-
Matured revenue bonds payable	3,370,000	-	3,370,000	-	-
Meter deposit liability	-	3,720,413	3,720,413	-	-
Unearned revenue	241,779	36,821	278,600	-	-
Current portion:					
Notes payable	-	1,090,470	1,090,470	-	-
Revenue bonds payable	4,095,000	4,070,000	8,165,000	-	-
Compensated absences	262,302	49,528	311,830	-	2,161
Estimated liability for claims	1,177,444	-	1,177,444	-	-
Total Current Liabilities	<u>15,170,191</u>	<u>19,005,645</u>	<u>34,175,836</u>	<u>-</u>	<u>5,252</u>
Non-current Liabilities:					
Compensated absences	2,360,725	445,745	2,806,470	-	19,452
Unfunded OPEB obligation	699,854	226,307	926,161	-	-
Unfunded pension obligation	128,565	36,154	164,719	-	-
Revenue bonds payable, net	63,246,506	46,373,483	109,619,989	-	-
Notes payable	-	19,006,237	19,006,237	-	-
Claims and judgments	1,367,482	-	1,367,482	-	-
Total Non-current Liabilities	<u>67,803,132</u>	<u>66,087,926</u>	<u>133,891,058</u>	<u>-</u>	<u>19,452</u>
Total Liabilities	<u>82,973,323</u>	<u>85,093,571</u>	<u>168,066,894</u>	<u>-</u>	<u>24,704</u>
DEFERRED INFLOWS					
Accumulated increase in fair value of hedging derivatives	2,298,801	1,876,129	4,174,930	-	-
NET ASSETS					
Invested in capital assets, net of related debt	152,755,679	130,307,669	283,063,348	345,477	10,796
Restricted by:					
Enabling legislation	8,349,367	-	8,349,367	-	40,733
Statutory requirements	1,078,910	-	1,078,910	-	-
External contracts	57,288,345	11,102,953	68,391,298	-	-
Unrestricted	16,355,967	61,237,819	77,593,786	63,823	429,995
Total net assets	<u>\$ 235,828,268</u>	<u>\$ 202,648,441</u>	<u>\$ 438,476,709</u>	<u>\$ 409,300</u>	<u>\$ 481,524</u>

See accompanying notes to the basic financial statements.

**City of Edmond, Oklahoma
Statement of Activities
For the Year Ended June 30, 2011**

Functions/Programs Primary government	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenue			Primary Government			Historic		Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Preservation Trust	Economic Development Authority		
Expenses	\$ 5,031,798	\$ 394,884	\$ 305,665	\$ 3,272,944	\$ -	\$ 3,272,944	\$ -	\$ -	-	
General government	39,468,789	4,154,748	17,498	(34,349,774)	-	(34,349,774)	-	-	-	
Public safety	10,186,548	641,470	4,719,387	(4,818,491)	-	(4,818,491)	-	-	-	
Streets and highways	5,419,709	126,256	104,626	(4,469,100)	-	(4,469,100)	-	-	-	
Cultural, parks and recreation	2,879,900	1,167,687	-	(1,482,497)	-	(1,482,497)	-	-	-	
Health and welfare	-	-	29,786	29,786	-	29,786	-	-	-	
Economic Development	3,060,764	-	-	(3,060,764)	-	(3,060,764)	-	-	-	
Interest on long-term debt	66,047,508	5,547,074	5,176,962	(44,877,896)	-	(44,877,896)	-	-	-	
Total governmental activities	65,755,607	65,175,715	-	-	(576,259)	(576,259)	-	-	-	
Business-type activities	16,360,858	20,660,467	1,822,819	-	6,122,428	6,122,428	-	-	-	
Electric operations	5,351,923	7,150,976	1,826,801	-	3,847,536	3,847,536	-	-	-	
Water operations	6,673,527	7,409,205	-	-	735,678	735,678	-	-	-	
Wastewater operations	1,255,232	868,456	-	-	(386,603)	(386,603)	-	-	-	
Sanitation operations	953,486	1,625,597	-	-	672,111	672,111	-	-	-	
Lake operations	1,914,021	1,879,253	-	-	(34,768)	(34,768)	-	-	-	
Drainage operations	64,215	49,240	-	-	(14,975)	(14,975)	-	-	-	
Golf course operations	412,000	-	-	-	(412,000)	(412,000)	-	-	-	
Cooperative purchasing services	98,740,869	104,818,909	3,649,620	-	9,953,148	9,953,148	-	-	-	
Economic development	164,788,377	\$ 115,264,485	\$ 8,826,582	(44,877,896)	9,953,148	(34,924,748)	(39,850)	(432,986)	-	
Total primary government	39,850	\$ 42,439	\$ -	(44,877,896)	9,953,148	(34,924,748)	(39,850)	(432,986)	-	
Cultural, parks and recreation	475,425	\$ -	\$ -	-	-	-	(39,850)	(432,986)	-	
Economic development	515,275	\$ 42,439	\$ -	-	-	-	(39,850)	(432,986)	-	
Total component units	-	\$ -	\$ -	-	-	-	-	-	-	
General revenues:										
Taxes:										
Sales and use taxes				28,917,747	-	28,917,747	-	-	-	
Sales and use taxes - Restricted for public safety				4,914,564	-	4,914,564	-	-	-	
Sales and use taxes - Restricted for park and recreation				1,638,188	-	1,638,188	-	-	-	
Sales and use taxes - Restricted for capital improvements				9,829,129	-	9,829,129	-	-	-	
Hotel/motel taxes				344,968	-	344,968	-	-	-	
Franchise taxes				2,304,910	-	2,304,910	-	-	-	
Payment from City of Edmond				-	-	-	24,362	412,000	-	
Grants and contributions not restricted to specific programs				1,299,271	991,181	2,290,452	391	4,921	-	
Unrestricted investment earnings				242,196	176,357	418,553	(1,090)	-	-	
Miscellaneous				1,066,444	(1,066,444)	-	-	-	-	
Transfers				51,538,909	101,094	51,640,003	23,663	416,921	-	
Total general revenues and transfers				6,661,013	10,054,242	16,715,255	(16,187)	(16,065)	-	
Change in net assets				229,167,255	192,594,199	421,761,454	425,487	497,589	-	
Net assets - beginning, restated				235,828,268	202,648,441	438,476,709	409,300	481,524	-	
Net assets - ending				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Fire Public Safety Limited Tax Fund	Police Public Safety Limited Tax Fund	2000 Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 372,321	\$ 425,928	\$ 269,900	\$ 10,768,614	\$ 575,616	\$ 12,412,379
Investments	6,356,296	5,625,877	3,564,983	35,484,632	12,947,687	63,979,475
Due from other funds	234,514	641,186	794,961	-	55,494	1,726,155
Due from other governments	4,748,416	592,260	270,522	1,470,779	547,965	7,629,942
Accrued interest receivable	16,499	14,604	9,254	80,147	18,028	138,532
Other receivables	1,068,456	-	-	-	44,282	1,112,738
Total assets	<u>12,796,502</u>	<u>7,299,855</u>	<u>4,909,620</u>	<u>47,804,172</u>	<u>14,189,072</u>	<u>86,999,221</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	607,982	707,899	668,640	717,458	164,846	2,866,825
Due to other funds	1,475,146	-	-	-	238,840	1,713,986
Deferred revenue	625,418	16,035	15,957	55,070	50,271	762,751
Matured interest payable	-	-	-	1,498,034	-	1,498,034
Matured revenue bonds payable	-	-	-	3,370,000	-	3,370,000
Amounts held in escrow	597,597	-	-	-	-	597,597
Total liabilities	<u>3,306,143</u>	<u>723,934</u>	<u>684,597</u>	<u>5,640,562</u>	<u>453,957</u>	<u>10,809,193</u>
Fund balances:						
Restricted	1,637,707	6,472,238	4,145,182	41,301,195	13,160,300	66,716,622
Committed	-	-	-	-	2,879	2,879
Assigned	2,702,404	103,683	79,841	862,415	571,936	4,320,279
Unassigned	5,150,248	-	-	-	-	5,150,248
Total fund balances	<u>9,490,359</u>	<u>6,575,921</u>	<u>4,225,023</u>	<u>42,163,610</u>	<u>13,735,115</u>	<u>76,190,028</u>
Total liabilities and fund balance:	<u>\$ 12,796,502</u>	<u>\$ 7,299,855</u>	<u>\$ 4,909,620</u>	<u>\$ 47,804,172</u>	<u>\$ 14,189,072</u>	<u>\$ 86,999,221</u>

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Assets
June 30, 2011

Total fund balance, governmental funds	\$ 76,190,028
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$150,982,269 and less internal service fund net assets of \$17,797,819	201,517,335
Certain other long-term assets are not available to pay current fund liabilities and therefore are deferred in the funds:	
Accrued interest receivable	93,173
Other receivables, net of allowance	357,282
Receivable from other governments	70,518
Unamortized bond issuance costs	782,031
Derivative instrument	2,298,801
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Revenue bonds payable	(66,845,000)
Unamortized debt premium	(773,350)
Unamortized loss on refunding	276,844
Accrued compensated absences	(1,898,520)
Unfunded pension benefit obligation	(128,565)
Unfunded OPEB obligation	(699,854)
Accumulated increase in fair value of hedging derivatives is a deferred inflow	(2,298,801)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, vehicle maintenance, and other such costs, to individual funds. The assets and liabilities of certain of these internal service funds are reported in governmental activities in the Statement of Net Assets:	
Internal service funds' net assets	31,193,094
Internal service fund interfund balance resulting from net revenues reported in business-type activities	(4,306,748)
Net Assets of Governmental Activities in the Statement of Net Assets	\$ 235,828,268

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Fire Public Safety Limited Tax Fund	Police Public Safety Limited Tax Fund	2000 Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Sales and use taxes	\$ 28,917,747	\$ 3,276,376	\$ 1,638,188	\$ 9,829,129	\$ 1,638,188	\$ 45,299,628
Franchise and public service taxes	2,341,305	-	-	-	-	2,341,305
Hotel/motel taxes	344,968	-	-	-	-	344,968
Intergovernmental	2,062,607	2,312,286	941,671	704,928	755,261	6,776,753
Charges for services	5,725,602	6,448	1,825	-	1,017,033	6,750,908
Fines and forfeitures	2,436,202	-	-	-	-	2,436,202
Licenses and permits	1,082,107	-	-	-	-	1,082,107
Investment income	91,822	69,857	44,383	862,415	202,853	1,271,330
Miscellaneous	262,851	27,379	33,633	-	1,092,695	1,416,558
Total revenues	<u>43,265,211</u>	<u>5,692,346</u>	<u>2,659,700</u>	<u>11,396,472</u>	<u>4,706,030</u>	<u>67,719,759</u>
EXPENDITURES						
Current:						
General government	4,537,796	-	-	212,620	632,088	5,382,504
Public safety	2,344,616	17,569,623	18,004,052	-	35,643	37,953,934
Health and sanitation	1,708,104	-	-	-	916,859	2,624,963
Culture, parks and recreation	3,288,899	-	-	-	615,941	3,904,840
Streets and highways	3,920,453	-	-	-	-	3,920,453
Debt Service:	-	-	-	-	-	-
Principal	-	-	-	3,370,000	-	3,370,000
Interest and other charges	-	-	-	2,797,592	-	2,797,592
Capital Outlay	1,017,337	44,903	11,664	7,013,693	1,981,026	10,068,623
Total Expenditures	<u>16,817,205</u>	<u>17,614,526</u>	<u>18,015,716</u>	<u>13,393,905</u>	<u>4,181,557</u>	<u>70,022,909</u>
Excess (deficiency) of revenues over expenditures	26,448,006	(11,922,180)	(15,356,016)	(1,997,433)	524,473	(2,303,150)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	-	13,900,000	-	13,900,000
Transfer to escrow agent	-	-	-	(13,667,116)	-	(13,667,116)
Transfers in	29,470,079	12,340,894	15,138,164	-	751,661	57,700,798
Transfers out	(54,796,992)	-	-	-	(267,391)	(55,064,383)
Total other financing sources and uses	<u>(25,326,913)</u>	<u>12,340,894</u>	<u>15,138,164</u>	<u>232,884</u>	<u>484,270</u>	<u>2,869,299</u>
Net change in fund balances	1,121,093	418,714	(217,852)	(1,764,549)	1,008,743	566,149
Fund balances - beginning	8,369,266	6,157,207	4,442,875	43,928,159	12,726,372	75,623,879
Fund balances - ending	<u>\$ 9,490,359</u>	<u>\$ 6,575,921</u>	<u>\$ 4,225,023</u>	<u>\$ 42,163,610</u>	<u>\$ 13,735,115</u>	<u>\$ 76,190,028</u>

See accompanying notes to the basic financial statements.

City of Edmond, 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

Net change in fund balances - total governmental fund: \$ 566,149

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while government activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	9,571,169
Capital assets donated	4,039,022
Depreciation expense	(10,311,797)
Disposal of capital asset	-
Capital assets purchased for business type activities	(1,675,896)
Capital assets donated from business type activities	105,925

Governmental funds report bond issuance costs as expenditures and bond premiums as revenue while government activities report amortization and interest expense to allocate those expenditures over the term of the bonds:

Amortization expense	(54,874)
Bond issuance cost	130,125
Interest expense	(263,172)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred revenue	(114,647)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Revenue bond principal payment	3,370,000
Bond proceeds	(13,900,000)
Bond proceeds transferred to escrow agent	13,667,116

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued compensated absences change	(23,264)
Pension benefit obligation change	176,401
OPEB obligation change	(212,602)

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in government activities on the statement of Activities:

Total change in net assets for internal service fund	1,660,401
Net revenues of internal service funds reported in business-type activities	(69,043)

Change in net assets of governmental activities:	<u>\$ 6,661,013</u>
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See accompanying notes to the basic financial statement

City of Edmond, Oklahoma
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Funds					Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 692,277	\$ 1,469,045	\$ 1,048,295	\$ 541,186	\$ 3,750,803	\$ 1,201,151
Investments	6,621,985	18,396,561	13,762,212	7,076,567	45,857,325	15,368,588
Restricted assets:						
Cash and cash equivalents	-	3,929,185	-	429,504	4,358,689	-
Investments	2,561,308	1,626,419	2,393,795	493,091	7,074,613	-
Receivables:						
Accrued interest receivable	23,738	49,359	42,200	19,476	134,773	39,897
Utility billing, net of allowance for uncollectible accounts	9,661,132	2,841,192	731,319	923,490	14,157,133	-
Due from other funds	1,770	134,125	-	230,891	366,786	47,438
Receivables from other governments	-	-	108,550	-	108,550	-
Other receivables	4,673	-	-	39,671	44,344	342,654
Inventories	2,291,783	-	-	74,743	2,366,526	730,304
Total current assets	21,858,666	28,445,886	18,086,371	9,828,619	78,219,542	17,730,032
Non-current assets:						
Restricted assets:						
Cash and cash equivalents	41,119	5,719,630	19,198	651,204	6,431,151	-
Derivative instrument	-	1,876,129	-	-	1,876,129	-
Capital Assets:						
Nondepreciable	1,188,543	5,676,696	2,267,381	1,349,323	10,481,943	787,503
Depreciable, net of accumulated depreciation	40,573,902	97,803,008	39,978,263	9,661,322	188,016,495	17,010,316
Unamortized debt issuance costs	13,278	610,903	14,005	70,227	708,413	-
Total non-current assets	41,816,842	111,686,366	42,278,847	11,732,076	207,514,131	17,797,819
Total assets	63,675,508	140,132,252	60,365,218	21,560,695	285,733,673	35,527,851
LIABILITIES						
Current Liabilities:						
Accounts payable	6,304,826	727,816	747,272	412,384	8,192,298	296,058
Salaries payable	220,251	67,703	24,758	178,502	491,214	765,153
Accrued interest payable	27,458	1,159,617	31,391	136,435	1,354,901	-
Due to other funds	420,510	-	-	1,770	422,280	4,113
Current portion:						
Compensated absences	25,996	5,414	1,967	16,151	49,528	72,450
Claims and judgments	-	-	-	-	-	1,177,444
Notes payable	-	1,090,470	-	-	1,090,470	-
Revenue bonds payable	102,826	3,368,460	128,885	469,829	4,070,000	-
Unearned revenue	6,713	9,993	15,638	4,477	36,821	-
Meter deposit liability	2,594,862	616,082	84,212	425,257	3,720,413	-
Total current liabilities	9,703,442	7,045,555	1,034,123	1,644,805	19,427,925	2,315,218
Non-current liabilities:						
Compensated absences	233,966	48,726	17,709	145,344	445,745	652,057
Claims and judgments	-	-	-	-	-	1,367,482
Unfunded OPEB obligation	95,928	41,008	12,323	77,048	226,307	-
Unfunded pension obligation	13,727	7,624	4,150	10,653	36,154	-
Notes payable	-	19,006,237	-	-	19,006,237	-
Revenue bonds payable, net	1,167,228	38,395,203	1,457,435	5,353,617	46,373,483	-
Total non-current liabilities	1,510,849	57,498,798	1,491,617	5,586,662	66,087,926	2,019,539
Total liabilities	11,214,291	64,544,353	2,525,740	7,231,467	85,515,851	4,334,757
DEFERRED INFLOWS						
Accumulated increase in fair value of hedging derivatives	-	1,876,129	-	-	1,876,129	-
NET ASSETS						
Invested in capital assets, net of related debt	40,464,826	41,602,054	43,229,985	5,010,804	130,307,669	17,797,819
Restricted for debt service	-	10,057,611	-	1,043,312	11,100,923	-
Restricted for scholarships	-	-	-	2,030	2,030	-
Unrestricted	11,996,391	22,052,105	14,609,493	8,273,082	56,931,071	13,395,275
Total net assets	\$ 52,461,217	\$ 73,711,770	\$ 57,839,478	\$ 14,329,228	\$ 198,341,693	\$ 31,193,094

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

4,306,748

Total net assets per Government-Wide financial statements

\$ 202,648,441

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds					Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 65,150,881	\$ 19,570,204	\$ 6,559,689	\$ 11,469,455	\$ 102,750,229	\$ 38,486,551
Permits and other fees	-	913,802	587,306	-	1,501,108	-
Operating grants and contributions	3,633	-	221,682	-	225,315	71,434
Miscellaneous	24,834	176,461	-	362,469	563,764	180,663
Total operating revenues	<u>65,179,348</u>	<u>20,660,467</u>	<u>7,368,677</u>	<u>11,831,924</u>	<u>105,040,416</u>	<u>38,738,648</u>
OPERATING EXPENSES						
Personal services	3,963,925	1,339,404	434,176	3,003,613	8,741,118	14,669,677
Materials and supplies	823,018	465,708	278,310	987,766	2,554,802	3,291,933
Wholesale electricity purchases	50,292,981	-	-	-	50,292,981	-
Maintenance, operations and contractual services	8,143,201	7,087,757	3,168,526	6,138,974	24,538,458	8,807,033
Economic development (payment to component unit)	412,000	-	-	-	412,000	-
Insurance premium expense	-	-	-	-	-	902,414
Claims expense	-	-	-	-	-	7,783,340
Amortization	9,743	23,419	22,699	6,499	62,360	-
Depreciation	2,525,867	4,938,493	1,400,044	427,485	9,291,889	2,080,699
Total Operating Expenses	<u>66,170,735</u>	<u>13,854,781</u>	<u>5,303,755</u>	<u>10,564,337</u>	<u>95,893,608</u>	<u>37,535,096</u>
Operating income (loss)	<u>(991,387)</u>	<u>6,805,686</u>	<u>2,064,922</u>	<u>1,267,587</u>	<u>9,146,808</u>	<u>1,203,552</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	130,764	542,838	191,310	126,269	991,181	174,672
Miscellaneous revenue	167,180	-	9,658	3,500	180,338	560,242
Interest expense	(60,836)	(2,565,111)	(76,076)	(278,618)	(2,980,641)	-
Total non-operating revenue (expenses)	<u>237,108</u>	<u>(2,022,273)</u>	<u>124,892</u>	<u>(148,849)</u>	<u>(1,809,122)</u>	<u>734,914</u>
Income before contributions and transfers	<u>(754,279)</u>	<u>4,783,413</u>	<u>2,189,814</u>	<u>1,118,738</u>	<u>7,337,686</u>	<u>1,938,466</u>
Capital contributions	-	1,822,819	1,826,801	-	3,649,620	-
Transfers in	-	27,567,561	-	686,997	28,254,558	-
Transfers out	(2,404,458)	(26,273,875)	(170,456)	(472,213)	(29,321,002)	-
Gain (Loss) on capital asset disposal	70,183	-	-	(5,846)	64,337	(278,065)
Change in net assets	<u>(3,088,554)</u>	<u>7,899,918</u>	<u>3,846,159</u>	<u>1,327,676</u>	<u>9,985,199</u>	<u>1,660,401</u>
Total net assets - beginning, restated	<u>55,549,771</u>	<u>65,811,852</u>	<u>53,993,319</u>	<u>13,001,552</u>	<u>188,356,494</u>	<u>29,532,693</u>
Total net assets - ending	<u>\$ 52,461,217</u>	<u>\$ 73,711,770</u>	<u>\$ 57,839,478</u>	<u>\$ 14,329,228</u>	<u>\$ 198,341,693</u>	<u>\$ 31,193,094</u>
Change in net assets, per above					9,985,199	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities					69,043	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements						<u>\$ 10,054,242</u>

See accompanying notes to the basic financial statements.

CITY OF EDMOND, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2011

	Enterprise Funds					Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 64,610,164	\$ 19,274,043	\$ 7,081,057	\$ 11,900,467	\$ 102,865,731	\$ 39,002,391	
Payments to suppliers	(58,313,450)	(6,888,815)	(2,758,636)	(7,120,275)	(75,081,176)	(13,125,664)	
Payments to employees	(3,927,674)	(1,350,765)	(437,363)	(2,968,393)	(8,684,195)	(14,683,322)	
Payments to component unit	(412,000)	-	-	-	(412,000)	-	
Receipts of customer meter deposits	360,632	85,623	11,704	58,962	516,921	-	
Refunds of customer meter deposits	(325,460)	(43,529)	(27,863)	(33,280)	(430,132)	-	
Claims and judgments paid	-	-	-	-	-	(7,380,072)	
Interfund payments	(453,526)	(11,057)	(51,171)	(85,455)	(601,209)	(10,466)	
Interfund receipts	49,401	15,150	44,363	389,941	498,855	-	
Net cash provided by (used in) operating activities	<u>1,588,087</u>	<u>11,080,650</u>	<u>3,862,091</u>	<u>2,141,967</u>	<u>18,672,795</u>	<u>3,802,867</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	-	27,567,561	-	686,997	28,254,558	-	
Transfers to other funds	(2,404,458)	(26,273,875)	(170,456)	(366,288)	(29,215,077)	-	
Net cash provided by (used in) noncapital financing activities	<u>(2,404,458)</u>	<u>1,293,686</u>	<u>(170,456)</u>	<u>320,709</u>	<u>(960,519)</u>	<u>-</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	(2,947,474)	(8,484,413)	(2,610,177)	(299,245)	(14,341,309)	(2,211,072)	
Proceeds from sale of capital assets	220,140	-	-	-	220,140	-	
Principal paid on capital debt	(182,769)	(3,964,771)	(327,019)	(476,150)	(4,950,729)	-	
Interest paid on capital debt	(67,660)	(2,592,591)	(91,631)	(287,435)	(3,039,317)	-	
Net cash provided by (used in) capital and related financing activities	<u>(2,977,763)</u>	<u>(15,041,775)</u>	<u>(3,028,827)</u>	<u>(1,062,830)</u>	<u>(22,111,215)</u>	<u>(2,211,072)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	3,797,789	4,167,531	(414,054)	(1,319,811)	(1,733,865)	(1,218,731)	
Proceeds from sale and maturities of investments	130,744	531,772	175,440	233,506	8,198,826	85,629	
Interest and dividends	-	-	-	121,060	959,016	172,705	
Net cash provided by (used in) investing activities	<u>3,928,533</u>	<u>4,699,303</u>	<u>(238,614)</u>	<u>(965,245)</u>	<u>7,423,977</u>	<u>(960,397)</u>	
Net increase (decrease) in cash and cash equivalents	<u>134,379</u>	<u>2,031,864</u>	<u>424,194</u>	<u>434,601</u>	<u>3,025,038</u>	<u>631,398</u>	
Balances - beginning of year	<u>599,017</u>	<u>9,085,996</u>	<u>643,299</u>	<u>1,187,293</u>	<u>11,515,605</u>	<u>569,753</u>	
Balances - end of year	<u>\$ 733,396</u>	<u>\$ 11,117,860</u>	<u>\$ 1,067,493</u>	<u>\$ 1,621,894</u>	<u>\$ 14,540,643</u>	<u>\$ 1,201,151</u>	
Reconciliation to Statement of Net Assets:							
Cash and cash equivalents	\$ 692,277	\$ 1,469,045	\$ 1,048,295	\$ 541,186	\$ 3,750,803	\$ 1,201,151	
Restricted cash and cash equivalents-current	-	3,929,185	-	429,504	4,358,689	-	
Restricted cash and cash equivalents-noncurrent	41,119	5,719,630	19,198	651,204	6,431,151	-	
Total cash and cash equivalents, end of year	<u>\$ 733,396</u>	<u>\$ 11,117,860</u>	<u>\$ 1,067,493</u>	<u>\$ 1,621,894</u>	<u>\$ 14,540,643</u>	<u>\$ 1,201,151</u>	

(Continued)

CITY OF EDMOND, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2011
(Continued)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS	
	ELECTRIC	WATER	WASTEWATER	OTHER		TOTAL
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (991,387)	\$ 6,805,686	\$ 2,064,922	\$ 1,267,587	\$ 9,146,808	\$ 1,203,552
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	2,535,610	4,961,912	1,422,743	433,984	9,354,249	2,080,699
Other non-operating revenues/expenses	167,180	-	9,658	3,500	180,338	560,242
Change in assets and liabilities:						
Receivables, net	(739,698)	(1,386,424)	(190,981)	65,043	(2,252,060)	4,763
Other receivables	3,334	-	-	-	3,334	(225,383)
Inventories	109,657	-	-	(12,853)	96,804	(79,305)
Due from other governments	-	-	(106,297)	-	(106,297)	-
Due from other funds	49,401	15,150	44,363	388,171	497,085	-
Pension benefit obligation	(18,751)	(10,460)	(5,693)	(14,617)	(49,521)	(14,579)
OPEB obligation	29,379	12,815	3,824	24,042	70,060	-
Accounts and other payables	855,984	666,053	691,664	43,565	2,257,266	415,098
Customer meter deposits payable	35,172	42,094	(16,159)	25,682	86,789	-
Due to other funds	(453,526)	(11,057)	(51,171)	(83,685)	(599,439)	4,113
Deferred revenue	-	-	-	-	-	(75,879)
Accrued compensated absences	5,732	(15,119)	(4,782)	1,548	(12,621)	(70,454)
Net cash provided by (used in) operating activities	\$ 1,588,087	\$ 11,080,650	\$ 3,862,091	\$ 2,141,967	\$ 18,672,795	\$ 3,802,867
Non-cash Activities:						
Capital assets donated	-	1,822,819	1,826,801	-	3,649,620	-
Capital assets transferred to other funds	-	-	-	(105,925)	(105,925)	-
Net Non-cash Activities	\$ -	\$ 1,822,819	\$ 1,826,801	\$ (105,925)	\$ 3,543,695	\$ -

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 101,737
Receivables:		
Interest and Dividends	57,886	-
Other receivables	113,918	-
Total receivables	171,804	-
Investments	49,677,082	1,343,935
Total assets	\$ 49,848,886	\$ 1,445,672
LIABILITIES		
Refunds payable and others	\$ 82	\$ 1,445,672
Total liabilities	82	\$ 1,445,672
NET ASSETS		
Held in trust for benefits and other purposes	\$ 49,848,804	

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 1,811,247
Plan Members	1,135,098
Total contributions	2,946,345
Investment earnings:	
Net increase (decrease) in fair value of investments	4,222,902
Interest	5,002,230
Investment activity expense	(120,728)
Total net investment earnings	9,104,404
Total additions	12,050,749
DEDUCTIONS	
Benefits	1,466,057
Refunds of contributions	715,389
Administrative	14,301
Miscellaneous expense	10,868
Total deductions	2,206,615
Change in net assets	9,844,134
Net assets - beginning	40,004,670
Net assets - ending	\$ 49,848,804

See accompanying notes to the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. FINANCIAL REPORTING ENTITY
- B. BASIS OF PRESENTATION
- C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
- D. ASSETS, LIABILITIES AND NET ASSETS
- E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES
- F. REVENUES, EXPENDITURES AND EXPENSES
- G. USE OF ESTIMATES
- H. NEW ACCOUNTING PRONOUNCEMENT

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. DEFICIT FUND BALANCES OR NET ASSETS
- B. DEPOSITS AND INVESTMENTS REQUIREMENTS
- C. DEBT RESTRICTIONS AND COVENANTS

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

- A. DEPOSIT AND INVESTMENT RISKS
- B. RECEIVABLES
- C. RESTRICTED ASSETS
- D. CAPITAL ASSETS
- E. LONG-TERM DEBT
- F. INTERFUND BALANCES AND ACTIVITIES
- G. FUND BALANCES, NET ASSETS, AND PRIOR PERIOD RESTATEMENTS

NOTE 4. OTHER NOTES

- A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS
- B. RISK MANAGEMENT
- C. COMMITMENTS AND CONTINGENCIES
- D. SUBSEQUENT EVENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In accordance with GASB Statement Nos. 20, 34, and 39, for its governmental and business-type activities, enterprise funds and similar discretely presented component units the City has elected to apply Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Edmond
Blended Component Unit:	Edmond Public Works Authority
Discretely Presented Component Units:	Edmond Economic Development and Redevelopment Authority Edmond Historic Preservation Trust

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, 34, and 39, and includes all component units of which the City is fiscally accountable.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

BLENDED COMPONENT UNITS

Blended component units are separate legal entities that meet the GASB 14 component unit criteria and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

One component unit is blended into the primary government's fund types as presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>
Edmond Public Works Authority (EPWA)	<p>Created October 6, 1970, to finance, develop and operate the water, sewer, garbage, electric, lake and drainage facilities. Also, the Authority operates and maintains the City's golf course facility. The current City Council serves as the governing body (Trustees) of the EPWA. The City is able to impose its will on the EPWA because, by state law, all EPWA issuances of debt require a two-thirds approval of the City Council.</p> <p>The EPWA funds are reported as enterprise funds within the primary government presentation.</p>

DISCRETELY PRESENTED COMPONENT UNITS

Discretely presented component units are separate legal entities that meet the GASB 14 component unit criteria but do not meet the criteria for blending. The City has two component units that are discretely presented in the City's report as presented below:

Edmond Economic Development and Redevelopment Authority (EEDA)	<p>Created June 17, 1969, to promote and encourage the general economic and social development within or near the City of Edmond, Oklahoma. The Authority provides financing to businesses for the purpose of acquiring facilities for industrial, manufacturing, and charitable enterprises in or near the City. The EEDA governing body is appointed by the full City Council. All issuances of debt require a two-thirds approval of the City Council and the EEDA Trustees.</p> <p>Complete financial statements of the Economic Development Authority component unit can be obtained from:</p> <p>Edmond Economic Development and Redevelopment Authority 825 E. 2nd, Suite 200 Edmond, OK 73034</p>
Edmond Historic Preservation Trust (EHPT)	<p>Created November 15, 1982 to preserve the qualities relating to the history of the City in order to promote the economic and general welfare of the people of the City of Edmond and to ensure the harmonious, orderly and efficient growth and development of the municipality. The EHPT governing body is appointed by the current City Council. The City is able to impose its will on the EHPT because, pursuant to state law, all issuance of EHPT debt requires a two-thirds approval of the City Council. The EHPT component unit does not issue separate financial statements.</p>

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The statement of net assets and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity except for fiduciary activities. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the three major fund categories: governmental, proprietary and fiduciary. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

Governmental Funds

The City reports four major governmental funds:

- General Fund**
- Fire Public Safety Limited Tax Fund**
- Police Public Safety Limited Tax Fund**
- 2000 Capital Improvement Fund**

General Fund

The **General Fund** is the primary operating fund of the City. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund is reported as a major governmental fund. The General Fund main sources of revenue include sales tax, franchise and public service taxes, and charge for services related to governmental activities. Due to GASB 54 for financial reporting purposes, the General Fund also includes the activity of the Real Property Fund, Edmond Electric Economic Development Fund, and the Park Special Events Fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue funds:

Major Funds:

Fire Public Safety Limited Tax Fund – used to account for restricted taxes and other dedicated revenues used to finance the operations of the City’s fire department

Police Public Safety Limited Tax Fund – used to account for restricted taxes and other dedicated revenues used to finance the operations of the City’s police department

Nonmajor Funds:

CDBG Entitlement Fund
Asset Forfeiture Fund
Senior Center Fund
EECBG Grant Fund
Convention & Visitors Bureau
Hospital Sale Trust Fund
Ambulatory Service Fund

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:

Major Fund:

2000 Capital Improvement Tax Fund – used to account for the proceeds of a voter-restricted limited purpose sales tax to be used for capital improvements

Nonmajor Funds:

Capital Improvement Fund
Roadway Improvement
1996 Capital Improvement Tax Fund
Cemetery Care Fund
Park Sales Tax Fund
Art in Public Places Fund

Proprietary Funds

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Nonoperating revenues of the proprietary funds include such items as investment earnings, interest expense and subsidies. The reporting entity includes the following enterprise funds and internal service funds:

Enterprise Funds

The City reports three major enterprise funds:

- Electric Fund** – used to account for the operation and maintenance of the City electric utility services
- Water Fund** – used to account for the operation and maintenance of the City water utility services
- Wastewater Fund** - used to account for the operation and maintenance of the City wastewater utility services

Nonmajor enterprise funds include:

- Sanitation Fund
- Arcadia Lake Fund
- Drainage Fund
- Kickingbird Golf Course Fund
- YourGovShop Fund

Internal Service Funds

Internal service funds include:

- Employee Group Insurance
- Vehicle Maintenance
- Liability/Tort Claim Fund
- Fleet Management Fund
- Field Services Fund
- Administrative Support Services Fund

Fiduciary Funds

The City's fiduciary funds are used to report net assets and changes therein of assets held by the City in a trustee or fiduciary capacity. These net assets are not available for operations of the City. The City reports two types of fiduciary funds: Pension Trust Fund and Agency Funds. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of changes in net assets.

Pension Trust Fund – used to account for the net assets and changes therein of the Edmond Employee Retirement System

Agency Funds – used to account for assets held on behalf of others including the Sidewalk and Driveway Escrow and the C.L.E.E.T. Penalty Assessment Fund

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *how* transactions are recorded within the financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

Measurement Focus

Government-wide, Proprietary and Fiduciary Fund Financial Statements

In the government-wide Statement of Net Assets and the Statement of Activities, and the proprietary and fiduciary fund statements the “*economic resources*” measurement focus is applied, except for agency funds which have no measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Governmental Fund Financial Statements

In the governmental fund financial statements, a “*current financial resources*” measurement focus is applied. Under this focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

In the government-wide Statement of Net Assets and Statement of Activities, and the proprietary fund financial statements the accrual basis of accounting is applied. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental Fund Financial Statements

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City has defined “available” as collected within 60 days after year end. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

1.D. ASSETS, LIABILITIES AND NET ASSETS

Cash and Cash Equivalents

Cash and cash equivalents include all demand accounts, savings accounts, money market investment in trust accounts, certificates of deposit and short-term investments with an original maturity of three months or less. Investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds’ current share prices.

Investments

Investments are reported at fair value using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value as estimated by a broker/dealer. Investments of the pension trust fund are also carried at fair value. Securities of the pension trust fund traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All non-negotiable long-term certificates of deposit are carried at cost.

Receivables

Material receivables in governmental fund types and governmental activities include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. These are reported as *Due From Other Governments*. Non-exchange transactions collectible but not available are deferred in the fund financial statements.

Material receivables in proprietary type funds and business-type activities consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. They are reported net of allowances for uncollectible accounts.

Inventories

Inventories are valued at average cost. The cost of governmental funds inventories are recorded as expenditures when consumed rather than when purchased because they are immaterial.

Restricted Assets

Restricted assets include current assets of enterprise funds and business-type activities that are legally restricted as to their use. The primary restricted assets are related to revenue bond and promissory note trustee accounts restricted for debt service and deposits held for refund. Restricted assets of the component unit consist of program income from revolving grants restricted as to use.

Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. The City's capitalization threshold is \$5,000. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

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Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15 - 50 years
Other Improvements	5 - 50 years
Infrastructure	50-100 years
Equipment and vehicles	2 - 40 years
Water rights	25-50 years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, general obligation bonds payable, and revenue bonds payable. This long-term debt is reported net of unamortized premiums, discounts, and amounts deferred from refundings.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

Under 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 accumulated vacation. Upon retirement, 33-1/3% of accumulated sick leave up to a maximum of 30 days is converted to vacation time for non-union employees, subject to certain limitations.

For firemen, any hours in excess of 750 for sick leave are converted three to one to vacation hours not to exceed 400 hours at retirement. For police officers, sick leave hours are converted three to one with a maximum of 300 hours.

The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees; however, the compensated absences obligation is reported as a fund balance reserve in compliance with the State Constitution.

Equity Classifications

Government-Wide and Proprietary Fund Financial Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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- b. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the City’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy that expenditures for which more than one category of fund balance could be used, that the order of use if: restricted, committed, assigned and unassigned.

In an effort to ensure the continuance of sound financial management of public resources, the City of Edmond's *Unassigned Fund Balance* within the General Fund will be maintained to provide the city with sufficient working capital and a comfortable margin of safety to address emergencies, sudden loss of revenue or operating needs, and unexpected downturns.

This policy establishes the amounts the City will strive to maintain in its General Fund Unassigned balance, the conditions under which fund balance may be spent, and the method by which fund balance will be restored. These amounts are expressed as goals, recognizing that fund balance levels can fluctuate from year to year in the normal course of operations for any local government. The City will strive to maintain an *Unassigned Fund Balance* in the General Fund of ten percent (10%). This is determined by adding all new budgeted revenues, plus the Edmond Public Works Authority’s transfers-in, divided by the *Unassigned Fund Balance*.

It is management’s expressed intent to identify a “not-to-exceed” amount of \$1,000,000 as part of the 10% minimum fund balance for unexpected, large-scale events where damage in excess of \$250,000 is incurred and immediate, remedial action must be taken to protect the health and safety of residents (e.g. floods, fires, storm damage). And though the \$1,000,000 is part of the General Fund’s Unassigned Fund Balance, it is management’s intent to not use any portion of this balance unless such emergencies occur.

It is the goal of the City to limit use of any Unassigned Fund balances less than 10% to address non-recurring needs, unless otherwise approved by the City Council. Unassigned Fund balances of less than the 10% minimum as described above shall not normally be applied to recurring annual operating expenditures. Unassigned balances within the General Fund may, however, be used to allow time for the city to restructure its operations in a deliberate manner, but such use will only take place in the context of long-term financial planning.

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide financial, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds are not eliminated in the statement of activities.
- c. Primary government and component unit activity and balances - resource flows between the primary government (the City and EPWA) and the discretely-presented component units (the Historical Preservation Trust and EEDA) are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary fund and fiduciary categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City levies a three and one-fourth cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The sales tax is recorded as follows:

2 cents recorded as revenue within the General Fund then transferred to the Water Enterprise Fund as required by the bond indenture for debt service. Any unused portion is transferred back to the General Fund.

1/8 cent recorded as revenue within the Park Sales Tax Fund to account for operations and facility improvement costs of the City's park and recreation system.

3/4 cent recorded as revenue within the 2000 Capital Improvement Tax Fund to account for capital improvements as recommended to the City Council by the Capital Financing Task Force.

1/4 cent recorded as revenue within the Fire Public Safety Limited Tax Fund to account for improvements to the fire department per voter approval.

1/8 cent recorded as revenue within the Police Public Safety Limited Tax Fund to account for improvements to the police department per voter approval.

Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and is included under the caption *Due from Other Governments* because they represent taxes on sales occurring during the reporting period.

Police and Fire Public Safety Funds Revenue

An ordinance passed and approved by the citizens of Edmond requires that 30% of General Fund revenues (defined as taxes, licenses and permits, fines and forfeitures, charges for services, interest and miscellaneous revenues) be used for funding fire department operations and that 36.8% of these same General Fund revenues be used for funding police department operations. Effective July 1, 2001 all fire and police expenditures were accounted for in the limited purpose sales tax special revenue funds. The special revenue funds also receive sales tax (approved in the same ordinance referenced above) of one-fourth percent for the fire department and one-eighth percent for the police department. Those sales taxes can only be expended for additional personnel and equipment for additional personnel, additional equipment for firefighting and law enforcement purposes, and also for competitive compensation and benefits for existing and retired firefighters and officers. The ordinance further states that expenditures will not be charged against the sales tax revenues until the General Fund revenues have first been used or encumbered.

Hospital Sales Trust Fund Principal and Income

In 1981, the City sold the Edmond Memorial Hospital for approximately \$7,200,000. The majority of the proceeds are invested in a trust account. According to trust agreement terms, the earnings and interest of the trust funds can be used by the City for capital improvements. The principal of the trust must also be used for capital improvements, but its use must first be approved by a vote of the citizens of the City.

Pension Contributions

Employer and plan member contributions are made in accordance with the Employees Retirement System ordinance and are recognized in the period the contributions are due. Benefits and refunds are recognized when due and payable

in accordance with the terms of the ordinance.

Property Tax

Under State law municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. At the present time the City levies a property tax for court-assessed judgments only.

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged three-fourth cents (or 23%) of future sales tax revenues to repay \$90,000,000 of Series 2003, 2004, 2005 and 2010 Sales Tax and Utility System Bonds. Proceeds from the bonds provided financing for capital assets. The bonds are payable from pledged sales tax revenues and further secured by net electric, water, wastewater, and sanitation revenues. The bonds are payable through 2023, 2024, 2026, and 2021 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$89,348,765. Pledged sales taxes received in the current year were \$9,804,846 and the net utility revenues were \$19,694,684. Debt service payments of \$6,177,592 for the current fiscal year were 63% of the pledged sales taxes and 6% of both pledged sales taxes and utility revenues.

Utility Net Revenues Pledge – The City has also pledged future net electric, water, wastewater, and sanitation revenues to repay \$94,850,000 of 1999, 2003, 2004, and 2005 Series Utility System Revenue Bonds and \$25,853,573 of 2005 and 2006 Series OWRB Notes Payable. Proceeds from the bonds and notes provided financing for utility system capital assets. The bonds are payable through 2009, 2010, 2014, and 2025 while the notes are payable through 2024 and 2026. The total principal and interest payable for the remainder of the life of these bonds and notes is \$91,867,269. The bonds are payable from the above-mentioned utility net revenues and are additionally secured with two cents (or 61%) of future sales tax revenues. If the net utility revenues are sufficient to service the debt, the pledged sales taxes are transferred back to the General Fund. The total pledged sales taxes for the current fiscal year of \$26,146,255 was returned to the General Fund. The debt service payments on the bonds and notes this year were \$7,900,903 which was 43% of pledged net utility revenues of \$18,468,580 and 18% of both pledged utility revenues and pledged sales taxes.

Expenditures and Expenses

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity. Fiduciary funds report additions and deductions to net assets.

1.G. 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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

1.H. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement Number 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. The requirements of this Statement were effective July 1, 2010, causing a change in the fund balance section of governmental funds and the reclassification of some special revenue funds.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET ASSETS

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2011, the City reported no individual fund deficits.

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts either insured or secured with acceptable collateral with in-state financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. Negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments and bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator, debentures issued by the Federal Housing Administrator and obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC that include investments mentioned in the previous paragraphs a., b., c., and d.

Public trusts and pension trust funds are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

2.C. DEBT RESTRICTIONS AND COVENANTS

Notes Payable

The loan agreement with the Oklahoma Water Resources Board relating to the interim construction note payable of the Edmond Public Works Authority contains a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts and a note payable debt service coverage requirement. The note agreement requires net revenues of the system plus pledged and transferred sales tax to be at least 125% of maximum annual debt service.

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Revenue Bond Debt

The bond indentures relating to the revenue and sales tax bond issues of the Edmond Public Works Authority and the City contain a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirement. The 2003, 2004, and 2005 series bond indentures require (1) a reserve account balance maintained at \$5,983,670, and (2) net revenues plus pledged and transferred sales tax to be at least 130% of the maximum annual debt service requirements. The 2003, 2004, 2005 and 2010 series sales tax and utility revenue bond indentures require (1) a reserve account balance \$6,788,051 and (2) net revenues plus pledged and transferred sales tax to be at least 100% of the maximum annual debt service requirements. The City complied with these covenants for the fiscal year ended June 30, 2011.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. DEPOSIT AND INVESTMENT RISKS

Primary Government:

The City of Edmond, including its blended component unit held the following deposits and investments at June 30, 2011.

Type	Fair Value	Credit Rating	Maturities in Years			
			On Demand	Less Than One	1 - 5	6 - 10
Demand accounts	\$ 9,318,538	n/a	\$ 9,318,538	\$ -	\$ -	\$ -
Time deposits	92,645,700	n/a	-	82,645,700	10,000,000	-
Money market account	19,456,393	n/a	19,456,393	-	-	-
U.S. Obligations	7,914,862	n/a (1)	-	1,899,677	6,015,185	-
U.S. Government sponsored entities	32,783,746	AAA (1)	-	9,131,473	23,652,273	-
Mutual Funds - fixed income	4,707,015	AAA	-	-	-	4,707,015
Mutual Funds - fixed income	12,109,696	not rated	-	-	-	12,109,696
Sub-total	178,935,950		\$ 28,774,931	\$ 93,676,850	\$ 39,667,458	\$ 16,816,711
Mutual Funds:						
Alternative	5,272,035	n/a				
Equity Funds	27,348,943	n/a				
Total Investments and Deposits	\$ 211,556,928					
Reconciliation to Statement of Net Assets:						
Cash and cash equivalents	\$ 8,933,160					
Investments	120,653,299					
Current restricted cash and cash equivalents	8,751,395					
Current restricted investments	8,652,833					
Noncurrent restricted cash and cash equivalents	10,469,618					
Noncurrent restricted investments	2,973,869					
Pension retirement fund assets	49,677,082					
Agency fund cash and investments	1,445,672					
	\$ 211,556,928					

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CITY OF EDMOND, OKLAHOMA
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- (1) Securities backed by the full faith and credit of the United States Government have historically been considered risk free and were not subject to credit risk ratings for disclosure purposes. In August 2011, Standard and Poor's (S&P) downgraded these securities to AA, or one level below their highest ratings. Additionally, S&P downgraded debt securities issued by U.S. government sponsored entities to AA because of their implicit reliance on the United States government. Concurrent with this downgrade, the other rating agencies, Moody's and Fitch, reaffirmed their highest credit ratings for these securities. Aggregate holdings as of June 30, 2011, subsequently downgraded by S&P totaled \$40,698,608.

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 102% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2011, the City was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The City's investment policy limits investments to those allowed in state law applicable to municipalities. These investment limitations are described in Note 2B. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. The credit ratings of other City investments are listed in the schedule above.

The fair value of the City's forward sales agreements are fully exposed to credit risk. The forward sales agreements require the counterparty to notify the trustee, EPWA, and the bond insurer if any of the long-term unsecured outstanding debt of the guarantor falls below A- by S&P and below A3 by Moody's or is unrated by either rating agency. Upon such notice, the trustee or EPWA may (1) direct the counterparty to either assign the agreements to an acceptable transferee, (2) provide a guaranty issued by an acceptable guarantor, or (3) terminate the agreements without penalty.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy limits investments to those with a maturity no more than three years from the date of purchase, except for reserve funds, as a means of managing exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The derivative instruments mature between 6 and 15 years.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

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At June 30, 2011, the City had concentration of credit risk in the following investments: FHLB 5.08% and FNMA 6.62%.

Pension Plan Investments:

The Plan policy provides that assets be invested to provide for total return. The plan shall be invested in a diversified portfolio, consisting primarily of common stocks, bonds, cash equivalents, and other investments, which may reflect varying rates of return. The overall rate of return objective of the portfolio is a reasonable “real” rate, consistent with the risk levels established by the Pension Board. The minimum acceptable long-term rate of return over a full market cycle (3 to 5 years) is that which equals or exceeds the actuarial assumptions. The Pension Board has also established a target return objective, which may be changed from time to time, but is currently 7.6 percent, net of fees.

Asset allocation guidelines for the Plan are as follows:

Class	Target Percent	June 2011 Percent
Large Cap Equities	20%	19.5%
Small Cap Equities	6%	6%
International Equities	22%	22%
Real Estate	6%	7%
Fixed Income	35%	34%
Commodities	11%	11%
Cash	0%	.5%

At June 30, 2011, the City had complied with the investment policies as defined above.

Component Units:

Total bank deposits of the EEDA component unit were \$454,699 at June 30, 2011 and were fully collateralized. In addition, deposits of the Historical Preservation Trust of \$63,823 were fully collateralized.

Derivatives - Investment Securities Forward Sale Contract:

The City has entered into multiple forward contracts for the continuous investment of various debt service and reserve funds in “eligible securities”. “Eligible securities” are defined in the various forward contracts as those securities generally allowable as investments by municipalities under Oklahoma law. By entering into these agreements, the City seeks to ensure fixed rates of return while providing cash flow streams to match related principal and interest payments. No cash was paid or received when the contracts were initiated.

The notional (or contract) amounts vary over the life of the contracts along with the balances in the funds. With regards to debt service funds, the notional amount at each delivery date is the amount the City is required to maintain on deposit in the Debt Service Fund pursuant to the bond indenture of the associated debt. The notional amount for forward contracts related to reserve funds is the reserve fund balance available for investment; not to exceed the reserve requirement of the associated debt. The change in fair value is reported as deferred inflow of resources the fair value is reported as investment.

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

Associated Debt	Effective Date	Termination Date	Contract Interest Rate	Change in Fair Value	Fair Value at June 30, 2011	Counterparty	Credit Rating
Governmental activities:							
2001 Sales Tax & Utility Revenue Bonds:							
Reserve Fund	5/13/2003	7/1/2021	4.570%	(\$679,251)	\$ 0.00	JPMorgan	AAA
2003 Sales Tax & Utility Revenue Bonds:							
Reserve Fund	5/13/2003	7/1/2021	4.650%	(51,675)	635,392	JPMorgan	AAA
2004 Sales Tax & Utility Revenue Bonds:							
Debt Service	8/24/2004	7/1/2024	4.500%	(15,687)	297,498	JPMorgan	AAA
Reserve Fund	8/24/2004	7/1/2024	4.876%	(52,215)	820,753	JPMorgan	AAA
2005 Sales Tax & Utility Revenue Bonds:							
Debt Service	2/23/2006	7/1/2015	4.410%	(62,843)	104,578	JPMorgan	AAA
Reserve Fund	2/23/2006	7/1/2015	4.740%	(102,222)	440,580	JPMorgan	AAA
Total governmental activities:				(\$963,893)	\$2,298,801		
Business-type Activities:							
2004 Utility System Revenue Bonds:							
Debt Service	8/24/2004	7/1/2024	4.500%	(11,550)	218,136	JPMorgan	AAA
Reserve Fund	8/24/2004	7/1/2024	4.86%	(38,111)	599,053	JPMorgan	AAA
2005 Utility System Revenue Bonds:							
Debt Service	2/23/2006	7/1/2015	4.590%	(65,242)	298,007	JPMorgan	AAA
Reserve Fund	2/23/2006	7/1/2015	4.770%	(176,547)	760,933	JPMorgan	AAA
Total business-type activities:				(\$291,450)	\$1,876,129		
Total				(\$1,255,343)	\$4,174,930		

Fair value was determined using expected cash flows discounted to the Treasury Curve at June 30, 2011.

Credit risk - The counterparty to the forward sale contract derivative agreements is JPMorgan serving as guarantor. At June 30, 2011, the counterparty's credit ratings were AAA.

Termination risk – The City or its counterparties are subject to termination risk if the bonds for which the debt service and reserve funds relate are redeemed, refunded, or defeased. If the bonds are redeemed, refunded or defeased in whole, then immediately upon payment of the termination value then the agreement shall terminate. If the bonds are redeemed or defeased in part, then the Termination Value shall be determined based on the portion of the agreement which will terminate and immediately upon payment of the termination value, this agreement shall terminate in part and the balance of this agreement shall remain in effect, the Reserve Requirement shall be amended to reflect that portion of the agreement that has been terminated.

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

3.B. RECEIVABLES

Accounts Receivable

Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines, other taxes, and miscellaneous receivables as follows:

Business-Type Activities:

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total
Utilities Receivable	\$9,737,241	\$2,863,291	\$735,845	\$794,578	\$134,719	\$14,265,674
Less: allowance for uncollectible accounts	(76,109)	(22,099)	(4,526)	(4,776)	(1,031)	(108,541)
Utilities receivable, net of allowance	<u>\$9,661,132</u>	<u>\$2,841,192</u>	<u>\$731,319</u>	<u>\$789,802</u>	<u>\$133,688</u>	<u>\$14,157,133</u>
Other Receivables - Business-Type Activities						\$44,344
Total Accounts Receivable - Business-Type Activities						<u>\$14,201,477</u>

Governmental Activities:

	Fines Receivable	Other Taxes Receivable	Park & Recreation Receivable	Miscellaneous Receivables	Total
Other receivables	\$1,471,294	\$389,673	\$ 94,835	\$567,682	\$2,523,484
Less: allowance for uncollectible accounts	(1,068,092)	-	-	-	(1,068,092)
Other receivables, net of allowance	<u>\$403,202</u>	<u>\$389,673</u>	<u>\$ 94,835</u>	<u>\$567,682</u>	<u>\$1,455,392</u>

3.C. RESTRICTED ASSETS

The amounts reported as restricted assets of the governmental activities and business-type activities are comprised of assets held by the trustee bank on behalf of the EPWA related to their required revenue note and bond accounts, deposits held for refund and EEDA restricted accounts related to revolving loan program income. Governmental activity restricted assets are comprised of assets held by a trustee bank on behalf of the City related to required revenue bond accounts.

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

	Current		Noncurrent		Total
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments	
Primary Government:					
Governmental Activities:					
Revenue bond trustee accounts	\$ 4,392,706	\$ 1,578,220	\$ 4,038,467	\$ 2,973,869	\$ 12,983,262
Total Governmental Activities	<u>\$ 4,392,706</u>	<u>\$ 1,578,220</u>	<u>\$ 4,038,467</u>	<u>\$ 2,973,869</u>	<u>\$ 12,983,262</u>
Business-type Activities:					
Revenue bond trustee accounts	\$ 4,142,669	\$ 946,740	\$ 6,431,151	\$ -	\$ 11,520,560
Deposits held for refund	-	3,720,413	-	-	3,720,413
Deposits held for construction	216,020	2,407,460	-	-	2,623,480
Total Business-type Activities	<u>\$ 4,358,689</u>	<u>\$ 7,074,613</u>	<u>\$ 6,431,151</u>	<u>\$ -</u>	<u>\$ 17,864,453</u>

Component Unit:

The Edmond Economic Development and Redevelopment Authority (EEDA) restricted assets at year end included the following:

Cash and cash equivalents, program income	Current \$ 40,733
Total	<u>\$ 40,733</u>

3.D. CAPITAL ASSETS

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

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

	Restated, Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
Governmental activities:				
Non-depreciable:				
Land	\$ 9,455,526	\$ 1,664,039	\$ (425,363)	\$ 10,694,202
Construction-in-progress	20,815,577	9,036,808	(10,006,471)	19,845,914
Total non-depreciable assets at historical cost	<u>30,271,103</u>	<u>10,700,847</u>	<u>(10,431,834)</u>	<u>30,540,116</u>
Depreciable:				
Buildings	59,261,368	2,352,151	(372,943)	61,240,576
Improvements	22,420,944	1,978,722	(1,405,695)	22,993,971
Machinery and equipment	39,769,245	2,695,250	(2,191,497)	40,272,998
Infrastructure	221,338,763	8,282,688	-	229,621,451
Total depreciable assets at historical cost	<u>342,790,320</u>	<u>15,308,811</u>	<u>(3,970,135)</u>	<u>354,128,996</u>
Less accumulated depreciation				
Buildings	(8,415,960)	(1,834,224)	133,917	(10,116,267)
Improvements	(11,440,521)	(1,927,713)	337,431	(13,030,803)
Machinery and equipment	(19,110,622)	(2,465,900)	1,894,186	(19,682,336)
Infrastructure	(116,359,893)	(6,164,659)	-	(122,524,552)
Total accumulated depreciation	<u>(155,326,996)</u>	<u>(12,392,496)</u>	<u>2,365,534</u>	<u>(165,353,958)</u>
Net depreciable assets	<u>187,463,324</u>	<u>2,916,315</u>	<u>(1,604,601)</u>	<u>188,775,038</u>
Governmental activities capital assets, net	<u>\$ 217,734,427</u>	<u>\$ 13,617,162</u>	<u>\$ (12,036,435)</u>	<u>\$ 219,315,154</u>
Business-type activities				
Non-depreciable:				
Land	\$ 1,607,188	\$ 743,734		\$ 2,350,922
Construction-in-progress	4,480,097	11,309,388	(7,658,464)	8,131,021
Total non-depreciable assets at historical cost	<u>6,087,285</u>	<u>12,053,122</u>	<u>(7,658,464)</u>	<u>10,481,943</u>
Depreciable:				
Buildings	30,682,941	86,324	(5,262)	30,764,003
Improvements	6,443,622	1,239,401	(11,099)	7,671,924
Machinery and equipment	5,570,538	623,008	(9,997)	6,183,549
Intangible water rights	30,954,585	-	-	30,954,585
Utility property	231,494,173	11,541,617	(220,140)	242,815,650
Totals depreciable assets at historical cost	<u>305,145,859</u>	<u>13,490,350</u>	<u>(246,498)</u>	<u>318,389,711</u>
Less accumulated depreciation				
Buildings	(3,812,235)	(939,334)	525	(4,751,044)
Improvements	(3,533,714)	(405,600)	-	(3,939,314)
Machinery and equipment	(3,763,369)	(225,736)	18,986	(3,970,119)
Intangible water rights	(12,895,328)	(644,232)	-	(13,539,560)
Utility property	(97,166,375)	(7,076,987)	70,183	(104,173,179)
Total accumulated depreciation	<u>(121,171,021)</u>	<u>(9,291,889)</u>	<u>89,694</u>	<u>(130,373,216)</u>
Net depreciable assets	<u>183,974,838</u>	<u>4,198,461</u>	<u>(156,804)</u>	<u>188,016,495</u>
Business-type capital assets, net	<u>\$ 190,062,123</u>	<u>\$ 16,251,583</u>	<u>\$ (7,815,268)</u>	<u>\$ 198,498,438</u>

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
COMPONENT UNITS:				
Historical Preservation Trust:				
Non-depreciable:				
Land	\$ 100,450	\$ -	\$ -	\$ 100,450
Capital assets, non-depreciable	100,450	-	-	100,450
Depreciable:				
Buildings	235,787	64,708	-	300,495
Totals at historical cost	235,787	64,708	-	300,495
Less accumulated depreciation:				
Machinery and equipment	(30,343)	(25,125)	-	(55,468)
Total accumulated depreciation	(30,343)	(25,125)	-	(55,468)
Capital assets, depreciable net	205,444	39,583	-	245,027
Capital assets, net	<u>\$ 305,894</u>	<u>\$ 39,583</u>	<u>\$ -</u>	<u>\$ 345,477</u>
Edmond Economic Development and Redevelopment Authority:				
Depreciable:				
Machinery and equipment	80,801	1,832	(45,970)	36,663
Totals at historical cost	80,801	1,832	(45,970)	36,663
Less accumulated depreciation:				
Machinery and equipment	(64,415)	(6,636)	45,184	(25,867)
Total accumulated depreciation	(64,415)	(6,636)	45,184	(25,867)
Capital assets, net	<u>\$ 16,386</u>	<u>\$ (4,804)</u>	<u>\$ (786)</u>	<u>\$ 10,796</u>

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:

General government	\$ 755,336
Public safety	1,441,362
Streets and highways	6,346,768
Culture and recreation	1,510,939
Health and welfare	257,392

In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets

2,080,699

Total governmental activities depreciation expense \$ 12,392,496

Depreciation expense charged to business-type activities:

Electric	\$ 2,525,867
Water	4,938,493
Sanitation	8,222
Wastewater	1,400,044
Arcadia Lake	199,926
Drainage	66,375
Golf Course	152,962

Total business-type activities depreciation expense \$ 9,291,889

Component Units:

Economic Development	\$ 6,636
Total depreciation expense for component unit activities	<u><u>\$ 6,636</u></u>

Historical Preservation Trust	\$ 25,125
Total depreciation expense for component unit activities	<u><u>\$ 25,125</u></u>

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

3.E. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities, business-type activities and component units.

Governmental Activities Long-Term Debt

As of June 30, 2011, the governmental activities long-term debt consisted of the following:

Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave.

Current portion	\$ 262,302
Non-current portion	<u>2,360,725</u>
Total Accrued Compensated Absences	<u>\$ 2,623,027</u>

Revenue Bonds Payable:

2003 Series Sales Tax and Utility System Bonds, dated January 1, 2003, issued by the Edmond Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 2.5% to 4.75%, final maturity July 1, 2023. The bond's debt service is currently paid with the restricted sales tax.	\$13,810,000
2004 Series Sales Tax and Utility System Bonds, dated June 1, 2004, issued by the Edmond Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 3.25% to 5.0% final maturity July 1, 2024. The bond's debt service is currently paid with the restricted sales tax.	14,795,000
2005 Series Sales Tax and Utility System Bonds, dated December 1, 2006, issued by the Edmond Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 3.5% to 5.0%, final maturity July 1, 2026. The bond's debt service is currently paid with the restricted sales tax.	24,905,000
2010 Series Sales Tax and Utility System Bonds, dated December 30, 2010, issued by the Edmond Public Works Authority, secured by utility revenues and pledged sales tax, interest rates at 2.84%, final maturity July 1, 2021. The bond's debt service is currently paid with the restricted sales tax.	<u>13,335,000</u>
Total Revenue Bonds Payable	\$ 66,845,000
Add: Unamortized Bond Premium	773,350
Less: Unamortized Loss on Refunding	<u>(276,844)</u>
Total Revenue Bonds Payable (Net)	<u>\$ 67,341,506</u>
Current portion, net	\$ 4,095,000
Non-current portion, net	<u>63,246,506</u>
Total Revenues Bonds Payable, net	<u>\$ 67,341,506</u>

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

Business-type Activities Long-Term Debt

As of June 30, 2011, the long-term debt payable from enterprise fund resources consisted of the following:

Revenue Bonds Payable:

2003A Utility System Refunding Bonds, original issue amount of \$6,615,000, dated November 1, 2003, issued by Edmond Public Works Authority, secured by utility revenues, interest rates from 2.0% to 3.75%, final maturity January 1, 2014.	\$2,225,000
2003B Utility System Revenue Bonds, original issue amount of \$2,120,000, dated November 1, 2003, issued by Edmond Public Works Authority, secured by utility revenues, interest rates from 2.0% to 4.85%, final maturity January 1, 2024.	1,555,000
2004 Utility System Revenue Bonds, original issue amount of \$14,700,000, dated June 1, 2004, issued by Edmond Public Works Authority, secured by utility revenues, interest rates from 3.25% to 4.875%, final maturity January 1, 2024.	11,485,000
2005 Utility System Revenue Bonds, original issue amount of \$40,435,000, dated October 1, 2005, issued by Edmond Public Works Authority, secured by utility revenues, interest rates from 3.25% to 5.0%, final maturity July 1, 2024.	<u>35,430,000</u>
Total Revenues Bonds Payable	50,695,000
Plus: Unamortized Premium	1,038,238
Unamortized charge on refunding	<u>(1,289,755)</u>
Total Revenues Bonds Payable (Net of unamortized discount)	<u>\$ 50,443,483</u>
Current portion, net	\$ 4,070,000
Non-current portion, net	<u>46,373,483</u>
Total Revenues Bonds Payable, net	<u>\$ 50,443,483</u>

Notes Payable:

2005 C Series Interim Construction Drinking Water SRF Promissory Note to Oklahoma Water Resources Board, original issue amount of \$3,726,484, secured by utility revenues and pledged sales tax, interest rate of 3.25% and administrative fee of .5%, final maturity September 15, 2024.	\$ 2,579,874
2005 A Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount of \$7,620,000, secured by utility revenues and pledged sales tax, interest rate of 3% and administrative fee of .5%, final maturity of March 15, 2026	6,151,071
2005 B Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount of \$7,597,844 secured by utility revenues and pledged sales tax, interest rate of 3% and administrative fee of .5%, final maturity of March 15, 2026	5,967,831

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

2005 D Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount of \$3,068,246 secured by utility revenues and pledged sales tax, interest rate of 3% and administrative fee of .5%, final maturity of March 15, 2026	2,407,810
2006 A Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount of \$3,713,142 secured by utility revenues and pledged sales tax, interest rate of 3% and administrative fee of .5%, final maturity of September 15, 2026	<u>2,990,121</u>
	<u>\$ 20,096,707</u>
Current portion	\$ 1,090,470
Non-current portion	<u>19,006,237</u>
Total Note Payable	<u>\$ 20,096,707</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave:

Current portion	\$ 49,528
Non-current portion	<u>445,745</u>
Total Accrued Compensated Absences	<u>\$495,273</u>

Component Unit Long-Term Debt

Accrued Compensated Absences:

Accrued compensated absences reported as a fund liability within the EEDA component unit statement of net assets at June 30, 2011, are as follows:

Current portion	\$ 2,161
Non-current portion	<u>19,452</u>
Total Accrued Compensated Absences	<u>\$21,613</u>

Changes in Long-Term Debt - Primary Government and Component Units

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2011</u>	Amount due <u>in one year</u>
Governmental Activities:					
Revenue Bonds Payable	\$ 69,390,000	\$ 13,900,000	\$ 16,445,000	\$ 66,845,000	\$ 4,095,000
Accrued Compensated Absences	2,670,217	2,108,237	2,155,427	2,623,027	262,302
	<u>\$ 72,060,217</u>	<u>\$ 16,008,237</u>	<u>\$ 18,600,427</u>	<u>\$ 69,468,027</u>	<u>\$ 4,357,302</u>
Business-type Activities:					
Note Payable	\$ 21,156,506	\$ -	\$ 1,059,799	\$ 20,096,707	\$ 1,090,470
Revenue Bonds Payable	54,590,000	-	3,895,000	50,695,000	4,070,000
Accrued Compensated Absences	507,894	398,072	410,693	495,273	49,528
	<u>\$ 76,254,400</u>	<u>\$ 398,072</u>	<u>\$ 5,365,492</u>	<u>\$ 71,286,980</u>	<u>\$ 5,209,998</u>
Component Units:					
Accrued Compensated Absences	\$ 22,663	\$ 16,832	\$ 17,882	\$ 21,613	\$ 2,161

Accrued compensated absences liability is liquidated by the General Fund, Police Public Safety Limited Tax Fund, and the Fire Public Safety Limited Tax Fund.

Debt Service Requirements to Maturity - Primary Government

The annual debt service requirements to maturity for long-term debt as of June 30, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental-Type Activities</u>	
	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,095,000	\$ 2,862,904
2013	4,270,000	2,697,031
2014	4,445,000	2,525,176
2015	4,630,000	2,347,642
2016	4,815,000	2,161,265
2017-2021	27,215,000	7,692,584
2022-2026	17,375,000	2,217,163
Total	<u>\$ 66,845,000</u>	<u>\$ 22,503,765</u>

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

<u>Year Ending June 30,</u>	<u>Notes Payable</u>		<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,090,470	\$ 618,161	\$ 4,070,000	\$ 2,275,440
2013	1,122,223	585,404	4,225,000	2,103,695
2014	1,155,098	551,561	4,435,000	1,904,733
2015	1,189,133	516,557	3,845,000	1,693,788
2016	1,224,369	480,376	4,035,000	1,503,610
2017-2021	6,695,511	1,813,576	16,300,000	4,858,120
2022-2026	7,496,271	702,658	13,785,000	1,465,719
2027	123,632	2,164		
Total	\$ 20,096,707	\$ 5,270,457	\$ 50,695,000	\$ 15,805,105

Advanced Refunding

On December 30, 2010 the City issued \$13.9 million series 2010 Sales Tax and Utility System Revenue Bonds with an interest rate of 2.84 percent to advance refund \$13,075,000 of outstanding 2001 Series Sales Tax and Utility Revenue Bonds with an average interest rate of 4.25 percent. The net proceeds of \$12,724,851 (after payment of \$130,125 of issuance cost and \$1,045,024 to a construction account) plus an additional \$942,265 of 2001 Series fund monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Series bonds. As a result, the 2001 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$290,027. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the straight line method. The City completed the advance refunding to reduce its total debt service payments over the next ten years by \$629,653 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$943,558.

Defeased Bonds Outstanding

The City, through its various public trusts, has in substance defeased a number of outstanding bond issues by placing deposits in irrevocable trusts (escrow accounts) for the purchase of U.S. government securities to pay the principal and interest on the refunded bonds as they become due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased bonds were as follows:

	<u>Outstanding at June 30, 2011</u>
Primary Government:	
Sales tax and Utility Revenue Bonds, Series 2001	\$13,075,000
Utility System Revenue Bonds, Series 1977	235,000
Utility System Revenue Bonds, Series 1998	14,270,000
Utility System Revenue Bonds, Series 1999	<u>22,025,000</u>
Total Outstanding Defeased Bonds	<u>\$49,605,000</u>

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

Component Unit - Conduit Debt

The Edmond Economic Development and Redevelopment Authority has issued bonds for various industrial development projects. The following bonds were outstanding at June 30, 2011:

	<u>Original Issue</u>	<u>Outstanding June 30, 2010</u>
EEDA - Student Housing Revenue Bonds 1998A (Collegiate Housing Foundation)	\$14,185,000	\$11,580,000
EEDA - Student Housing Revenue Bonds 2001A (UCO Student Housing Foundation)	8,305,000	7,760,000
EEDA - Revenue Note 2000 (UCO Music Lab Project) (UCO Foundation)	1,135,000	848,827
	<u>\$23,625,000</u>	<u>\$20,188,827</u>

The bonds and notes payable comprising the Authority's indebtedness are not indebtedness of the State of Oklahoma, nor of the City of Edmond, nor is it a personal obligation of the Edmond Economic Development Authority trustees. These bonds are a limited obligation of the Authority payable solely from a portion of the Trust Estate consisting of the Authority bond and related Financing Agreement and other security outlined in the Mortgage Indenture.

This debt is considered non-commitment (conduit) debt to the City and Authority since the debt payments are made solely from the notes receivable or financing agreement proceeds from Collegiate Foundation and UCO. Payments are made directly by the Collegiate Foundation and UCO to trustee banks who pay the bondholders. In the event of default by the Collegiate Foundation and UCO, the City or Authority has no obligation, in substance, to make any payments on the debt since the notes receivable, financing agreements and mortgages on the property with the industrial occupant are the only security for the debt.

As a result of the non-commitment determination, the Authority's indebtedness and related receivables from industrial occupants are not recorded in the financial statements.

3.F. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at June 30, 2011 consist of the following:

CITY OF EDMOND, OKLAHOMA
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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>	
Fire Public Safety	General Fund	\$ 641,186	To cover actual revenue transfer	
General Fund	Convention and Visitors Bureau	55,727	To cover actual revenue transfer	
Police Public Safety	General Fund	786,522	To cover actual revenue transfer	
Police Public Safety	CDBG	8,439	To cover negative pooled cash	
General Fund	EEDBG Grant	1,200	To correct misposting	
General Fund	CDBG	31,304	To cover negative pooled cash	
General Fund	EEDBG Grant	80,450	To cover negative pooled cash	
General Fund	Capital Improvement Fund	61,145	To cover negative pooled cash	
General Fund	Administration Support Services	4,113	To cover negative pooled cash	
General Fund	EEDBG Grant	575	To cover negative pooled cash	
Ambulatory Service Fund	Electric Fund	55,494	Utility receivables posted to incorrect fund	
Administration Support Services	General Fund	47,438	To correct misposting	
Water Fund	Electric Fund	134,125	Utility receivables posted to incorrect fund	
Drainge	Electric Fund	115,485	Utility receivables posted to incorrect fund	
Electric	Golf	1,770	To correct claim on cash	
Sanitation	Electric Fund	115,406	Utility receivables posted to incorrect fund	
Total		<u>\$ 2,140,379</u>		
		Due From	Due To	Net Internal
		<u>Other Funds</u>	<u>Other Funds</u>	<u>Balances</u>
Reconciliation to Fund Financial Statements:				
Governmental Funds		\$ 1,726,155	\$ 1,713,986	\$ 12,169
Proprietary Funds		366,786	422,280	(55,494)
Internal Service Funds		47,438	4,113	43,325
Total		<u>\$ 2,140,379</u>	<u>\$ 2,140,379</u>	<u>\$ -</u>
Reconciliation to Statement of Net Assets:				
Net Internal Balances		\$ (55,494)		
Internal Service Fund Activity reported in Business-type Activities		4,306,748		
Net Internal Balance		<u>\$ 4,251,254</u>		

Interfund transfers for the year ended June 30, 2011 were as follows:

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
* PWA Electric	* General Fund	\$ 2,370,320	Budgeted annual operating transfer
* PWA Water	* General Fund	182,454	Budgeted annual operating transfer
PWA Sanitation	* General Fund	322,204	Budgeted annual operating transfer
* PWA Wastewater	* General Fund	193,846	Budgeted annual operating transfer
* PWA Water	* General Fund	26,146,255	Return of pledged sales tax
* General Fund	* PWA Water	26,146,255	Pledged sales tax - bond indenture
* General Fund	* Fire Public Safety Limited Tax	12,340,894	Dedicated sales tax - ordinance
* General Fund	* Police Public Safety Limited Tax	15,138,164	Dedicated sales tax - ordinance
* General Fund	Capital Improvement Fund	293,855 A	Budgeted annual funding
* General Fund	Convention and Visitors Bureau	344,968 A	Hotel tax ordinance transfer
* General Fund	Art in Public Places	95,446 A	Funding for public art
* General Fund	PWA Arcadia Lake	432,410	Debt service payments
* General Fund	Park Special Events	5,000	Special Project Funding
Drainage Fund	Governmental Funds	105,923	Capital assets
Park Sales Tax Fund	Art in Public Places	17,391 A/B	Funding for public art
Hospital Sales Trust	* General Fund	250,000 B	Annual funding for real estate
		<u>\$ 84,385,385</u>	

* Denotes major fund.

Sum A	751,660	Transfers to nonmajor fund
Sum B	267,391	Transfers from nonmajor funds

<u>Reconciliation to fund financial statements:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
Governmental Funds:		
General Fund	\$ 54,796,992	\$ 29,470,079
Fire Public Safety Limited Tax Fund	-	12,340,894
Police Public Safety Limited Tax Fund	-	15,138,164
Other Governmental Funds	267,391	751,661
Total Governmental Funds	<u>55,064,383</u>	<u>57,700,798</u>
Proprietary Funds:		
Enterprise Funds:		
Electric	2,404,458	-
Water	26,273,875	27,567,561
Wastewater	170,456	-
Other Enterprise Funds	472,213	686,997
Total Enterprise Funds	<u>29,321,002</u>	<u>28,254,558</u>
Totals	<u>\$ 84,385,385</u>	<u>\$ 85,955,356</u>

<u>Reconciliation to Statement of Activities:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Transfer of Capital Assets</u>	<u>Net Transfers</u>
Net transfers for governmental activities:				
Governmental Funds	\$ (55,064,383)	\$ 57,700,798	\$ (1,569,971)	\$ 1,066,444
Internal Service Funds	-	-	-	-
Total Net transfers for governmental activities	<u>\$ (55,064,383)</u>	<u>\$ 57,700,798</u>	<u>\$ (1,569,971)</u>	<u>\$ 1,066,444</u>
Net transfers for business-type activities:				
Enterprise Funds	\$ (29,321,002)	\$ 28,254,558	\$ -	\$ (1,066,444)
Total Net transfers for business-type activities	<u>\$ (29,321,002)</u>	<u>\$ 28,254,558</u>	<u>\$ -</u>	<u>\$ (1,066,444)</u>

Transfers between the primary government and component units for the year ended June 30, 2010 were as follows:

CITY OF EDMOND, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
PWA Electric	EEDA	\$ 412,000	Operating subsidy
General Fund	Historic Preservation Trust	24,362	Capital project

3.G. FUND BALANCES AND NET ASSETS

The following table shows the net assets restricted for other purposes shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Hospital Trust	Enabling legislation	\$ 7,925,158
Ambulatory Fund	Enabling legislation	424,209
		<u>\$ 8,349,367</u>
Asset Forfeiture	Statutory requirements	\$ 1,009,677
Cemetery Care Fund	Statutory requirements	69,233
		<u>\$ 1,078,910</u>
General Fund	External contracts	\$ 1,637,707
Fire Public Safety Limited Tax Fund	External contracts	6,472,238
Police Public Safety Limited Tax Fund	External contracts	4,145,182
2000 Capital Improvement Tax Fund	External contracts	41,301,195
CDBG Entitlement Fund	External contracts	27,950
Senior Center Fund	External contracts	221,016
EECBG Fund	External contracts	13,792
Park Sales Tax Fund	External contracts	1,413,089
Art in Public Places fund	External contracts	46,288
Roadway Improvement Fund	External contracts	36,658
1996 Capital Improvement Fund	External contracts	1,960,915
Convention and Visitors Bureau Fund	External contracts	12,315
		<u>\$ 57,288,345</u>

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

CITY OF EDMOND, OKLAHOMA
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	Major Governmental Funds			Other Governmental Fund	Total
	General Fund	Fire Public Safety Tax	Police Public Safety Tax		
Fund Balance:					
Restricted For:					
Police operations		-	4,145,182	-	4,145,182
Fire operations	-	6,472,238	-	-	6,472,238
Hospital sale trust	-	-	-	7,925,158	7,925,158
Ambulance services	-	-	-	424,209	424,209
Economic development	-	-	-	12,315	12,315
Capital improvements	-	-	-	1,960,915	43,262,110
Street improvements	-	-	-	36,658	36,658
Art in public places	-	-	-	46,288	46,288
Culture and rec programs	-	-	-	1,413,089	1,413,089
Energy efficient grant programs	-	-	-	13,792	13,792
Cemetery improvements	-	-	-	69,233	69,233
Senior center programs	-	-	-	221,016	221,016
Police - drug programs	-	-	-	1,009,677	1,009,677
CDBG grant programs	-	-	-	27,950	27,950
Juvenile court programs	641,317	-	-	-	641,317
Street and alley operations	750,553	-	-	-	750,553
Transportation	11,140	-	-	-	11,140
Roadway widening	234,697	-	-	-	234,697
Sub-total restricted	<u>1,637,707</u>	<u>6,472,238</u>	<u>4,145,182</u>	<u>41,301,195</u>	<u>13,160,300</u>
Committed for:					
Senior center programs	-	-	-	2,879	2,879
Assigned for:					
Capital improvements	1,263,681	-	-	862,415	380,511
Culture and rec programs	2,055	-	-	-	159,859
Cemetery improvements	-	-	-	-	581
Art in public places	-	-	-	-	716
Street improvements	-	-	-	-	368
Police operations	-	-	79,841	-	79,841
Fire operations	-	103,683	-	-	103,683
Economic development	617,211	-	-	-	16,194
Police - drug programs	-	-	-	-	8,651
Senior center programs	-	-	-	-	2,292
Ambulance services	-	-	-	-	2,764
Supplement of next fiscal years budget	819,457	-	-	-	819,457
Sub-total assigned	<u>2,702,404</u>	<u>103,683</u>	<u>79,841</u>	<u>862,415</u>	<u>571,936</u>
Unassigned:	5,150,248	-	-	-	5,150,248
TOTAL FUND BALANCE	<u>\$ 9,490,359</u>	<u>\$ 6,575,921</u>	<u>\$ 4,225,023</u>	<u>\$ 42,163,610</u>	<u>\$ 13,732,236</u>
	<u>\$ 76,187,149</u>				

Restatements:

The City restated beginning net assets and fund balance are shown below:

CITY OF EDMOND, OKLAHOMA
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	Government Wide	Fund Level
Statement of Activities:		
Governmental Activities:		
Beginning net assets as previously reported	\$250,416,745	
Add: Overstatement of accumulated depreciation	1,747,438	
Understatement of internal service fund capital assets	239,160	
Less: Overstatement of capital assets	(23,236,290)	
Beginning net assets, restated	\$229,167,053	
Business-Type Activities:		
Beginning net assets as previously reported	\$209,344,724	\$205,107,019
Add: Overstatement of accumulated depreciation	2,456,752	2,456,752
Less: Overstatement of capital assets	(19,207,277)	(19,207,277)
Beginning net assets, restated	\$192,594,199	\$188,356,494
Internal Service Funds:		
Beginning net assets as previously reported		\$29,293,533
Add: Understatement of capital assets		239,160
Beginning net assets, restated		\$29,532,693

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City participates in three employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
City of Edmond Employees' Retirement System	Single Employer - Defined Benefit Plan

Oklahoma Police and Firefighter's Pension and Retirement Systems

The City of Edmond, as the employer, participates in two statewide cost-sharing multiple employer defined benefit plans on behalf of the police officers and firefighters. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

CITY OF EDMOND, OKLAHOMA
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	Oklahoma Police Pension and Retirement System	Oklahoma Firefighter Pension and Retirement System
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Firefighters Pension & Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	8%
City's contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in Louisiana Plan.	Yes, 20 years credited service with continued service for a maximum of 30 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

B. Trend Information

CITY OF EDMOND, OKLAHOMA
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The state made on-behalf payments for the police pension system of \$744,215 and for the fire pension system of \$2,201,227. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year. City contributions required by State statute:

Fiscal Year	Oklahoma Police <u>Pension and Retirement System</u>		Oklahoma Firefighters <u>Pension and Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$920,930	100%	\$1,062,056	100%
2010	\$992,683	100%	\$1,134,457	100%
2011	\$977,239	100%	\$1,163,237	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their respective separate annual financial reports.

C. Related Party Investments

As of June 30, 2011, the Systems held no related-party investments of the City or of its related entities.

Edmond Employees Retirement System - Single-Employer, Defined Benefit Pension Plan

A. Plan Description, Contribution Information, and Funding Policies

The City contributes to the City of Edmond Employees' Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of Edmond Administrative Committee. All non-union full-time City employees are eligible to participate in the System. The City's retirement ordinance requires that actuarial valuations be performed in each even-numbered year to determine if the City's fixed contribution rate is adequate to fund the actuarially determined contribution requirement. The System does not issue separate annual financial statements.

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority	1966; City Council Ordinance
Determination of Contribution requirements	City Ordinance; actuarially determined
Employer	8.38% (See paragraph D)
Plan members	5.25%
Funding of administrative costs	Investment earnings
Period required to vest	7 years
Eligibility for distribution	Age 65, or age 55 with seven years credited service
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Plan Membership:

Non-vested active members	164
Fully vested active members	<u>266</u>
Total	<u>430</u>

CITY OF EDMOND, OKLAHOMA
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B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - Disclosures of the System's financial condition are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as System revenues in the period in which they are due to the plan per the plan agreement. Benefits and refunds are recognized when due and payable per plan provisions.

Method Used to Value Investments - Values of System assets are reported at fair value which approximates market. As of June 30, 2011, the System held no related party investments or individual investments (other than U.S. government and U.S. government guaranteed securities) whose market value exceeds five percent or more of the net assets available for benefits.

C. Annual Pension Cost, Net Pension Obligation, and Reserves

Current year annual pension costs for the System are shown in the trend information provided in the Trend Information section. Annual required contributions were made by the plan. The net pension benefit obligation decreased for the year ended June 30, 2011, as shown in the schedule below, based on the employer choosing to contribute 8.47% instead of the actuarial contribution percentage of 8.38%. See further explanation in paragraph D below.

Annual Required Contributions (ARC)	\$	1,803,185
Interest on NPO		12,746
ARC Adjustment		(15,772)
Amortization Factor		-
Annual pension cost for 2010 plan year		1,800,159
Actual contributions made		(1,811,247)
Increase/(decrease) in net pension obligation		(11,088)
Beginning of year net pension obligation		175,807
End of year net pension obligation	\$	164,719

There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions. The following governmental funds contributed to the liquidation for the net pension obligation: General Fund, Fire Public Safety Sales Tax, and Police Public Safety Sales Tax.

The governmental fund used to liquidated the net pension obligation is the general fund.

D. Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Costs</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>
2006	\$1,230,614	*100%	\$114,089
2007	\$1,319,505	104%	\$58,599
2008	\$1,135,240	124%	\$(214,752)
2009	\$1,679,316	75%	\$205,270
2010	\$1,823,758	101.4%	\$175,807
2011	\$1,791,395	101.1%	\$164,719

* - The prior year actuary report gave the City two options for the actuarially determined employer contribution rate as follows: 7.56% using the asset smoothing value for actuarial asset value or 7.13% using market value for actuarial

CITY OF EDMOND, OKLAHOMA
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asset value The City chose the lower of the two rates and contributed 100% of that lower rate.

Actuarial valuation information for the current year is as follows (expressed in millions of dollars):

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>-- Projected Unit</u>	Unfunded <u>AAL</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	Unfunded AAL as a Percentage of <u>Covered Payroll</u>
7/1/11	\$48.0	\$50.6	\$2.6	93.7%	\$21.6	14.8%

The schedule of funding progress, presented as the RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial assumptions

Valuation date	July 1, 2011
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Dollar
Amortization period	30 years (rolling-open)
Actuarial asset valuation method	Actuarial write-up method
Inflation rate	3.00%
Investment rate of return	7.25%
Projected salary increases	5.00%
Post retirement benefit increases	Updated plan experience

Other Post-Employment Benefits

Plan Description: City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the city and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. As of June 30, 2011, approximately 36 retired employees are receiving benefits under this plan.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the City contributed \$144,403 to the plan. Plan members receiving benefits contributed \$232,663, or approximately 100 percent of the total premiums, through their required contribution of \$435.89 per month for retiree-only coverage and \$608.42 for retiree and spouse medical coverage. Retirees who elected dental coverage contributed \$37.19 for retiree only and \$45.63 for retiree and spouse coverage per month. Retirees who elected vision coverage contributed \$6.68 for retiree only

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coverage and \$7.11 for retiree and spouse coverage per month. The following governmental funds contributed to the liquidation for the OPEB obligation: General Fund, Fire Public Safety Sales Tax, and Police Public Safety Sales Tax.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2011:

Annual required contribution	\$476,946
Interest on net OPEB obligation	31,368
Adjustment to annual required contribution	(81,249)
Annual OPEB cost (expense)	427,065
Contributions made	(144,403)
Increase in net OPEB obligation	282,662
Net OPEB obligation—beginning of year	643,499
Net OPEB obligation—end of year	\$926,161

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2011 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Unfunded OPEB Obligation
6/30/09	\$445,942	31%	\$308,390
6/30/10	\$461,362	31%	\$643,499
6/30/11	\$443,179	33%	\$926,161

Funded Status and Funding Progress. As of October 27, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3.8 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$33.1 million, and the ratio of the UAAL to the covered payroll was 11 percent.

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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF EDMOND, OKLAHOMA
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The schedule of funding progress, presented as the RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability 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 the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 27, 2011, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, a discount rate of 5.0 percent, and an annual healthcare cost trend rate of 6.5 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2014, based upon dependent rates the same trend is applied to retiree contributions. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments, open. The remaining amortization period at June 30, 2011, was thirty years. The plan does not issue a separate financial statement. Information concerning the projected salary increases, post-retirement benefit increases, and inflation rate were not made available in the actuarial report.

4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. General Liability: - Torts - Errors and omissions - Police liability - Vehicle	City has insurance coverage for General Liability coverage. All claims are submitted to the insurance provider for determination of liability. Claims below deductible accounted for within the Liability Tort Claim Fund.	City retains risk of losses up to \$100,000 deductible per occurrence with excess coverage up to \$5,000,000
b. Physical Property: - Theft - Damage to assets - Natural disasters	City has insurance coverage for Property & Contents and Boiler & Machinery. Claims for losses are submitted to insurance provider for reimbursement of losses.	City retains risk of loss up to the deductible amount of \$10,000 for property and \$50,000 for B & M. Coverage amounts vary by type of loss.
c. Workers Compensation: - Employee injuries	Self-insured with third-party administration of the claims process. Liability Tort Claim Fund used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Administered by Gallagher Bassett.	City retains risk of loss for first \$400,000 or \$750,000 of damage per occurrence depending on job classification. Stop loss insurance carried for damages above the City deductible up to a maximum aggregate of \$2,000,000 per occurrence.

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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

d. Health and Life:	Self-insured with City paying a portion of	Claims up to \$140,000 per
- Medical	health care premiums, and all of life and	individual self-funded with
- Dental	disability premiums. Administered by	stop-loss insurance up to
- Vision	United Healthcare and Sunlife.	\$1,000,000 per person.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 5., 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. The City has elected to report its estimated claim liability at the discounted net present value of future payments. For the internal service self-insurance funds, changes in the claims liability for the City from July 1, 2008, to June 30, 2011, are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Tort</u>	<u>Total</u>
Claim liability, June 30, 2008	\$ 562,000	\$ 212,478	\$ 586,000	\$ 1,360,478
Claims and changes in estimates	641,991	5,126,742	207,452	5,976,185
Claims payments	(409,991)	(5,216,168)	(109,452)	(5,735,611)
Claim liability, June 30, 2009	<u>794,000</u>	<u>123,052</u>	<u>684,000</u>	<u>1,601,052</u>
Claims and changes in estimates	1,012,554	6,318,949	69,517	7,401,020
Claims payments	(880,554)	(5,864,343)	(115,517)	(6,860,414)
Claim liability, June 30, 2010	<u>926,000</u>	<u>577,658</u>	<u>638,000</u>	<u>2,141,658</u>
Claims and changes in estimates	1,514,441	6,301,367	264,227	8,080,035
Claims payments	(1,104,441)	(6,421,099)	(151,227)	(7,676,767)
Claim liability, June 30, 2011	<u>\$ 1,336,000</u>	<u>\$ 457,926</u>	<u>\$ 751,000</u>	<u>\$ 2,544,926</u>
Reconciliation to Statement of Net Assets:				
Current portion				\$ 1,177,444
Noncurrent portion				<u>1,367,482</u>
Total				<u>\$ 2,544,926</u>

4.C. COMMITMENTS AND CONTINGENCIES

The City maintains a stop-loss policy for plans to limit risk associated with the plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The commitments in governmental funds are the appropriations in the subsequent fiscal year and reported as a designation of fund balance on the governmental fund's balance sheet.

Construction Commitments

At June 30, 2011, the City had awarded construction contracts totaling \$9,103,691 for various City and EPWA projects and of this amount, \$4,387,254 was outstanding and payable from various funds.

Contingencies

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to

year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency to ensure compliance with specific provisions of the grant or loan. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. This statutory taxing ability is not available to the City's public trusts (Authorities).

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

4.D. SUBSEQUENT EVENTS

Edmond voters approved a half-cent sales tax on October 11, 2011 to build a \$25.5 million Public Safety Center. The tax is a five-year half-cent sales tax effective April 1, 2012 increasing the total rate to 8.25 percent. A public safety center will be designed to combine the Edmond Police Department with Central Communications and Emergency Management into a new 75,000 square-foot building

In addition, the citizens approved to allow the City to loan itself money out of the \$7.2 million Hospital Trust Fund, but is contingent upon paying the borrowed funds back with interest.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EDMOND, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the fiscal year ended June 30, 2011

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
TAXES:				
Sales tax	\$ 25,510,209	\$ 26,913,529	\$ 26,211,010	\$ (702,519)
Use tax	2,042,023	2,042,023	2,706,737	664,714
Franchise tax	1,890,944	1,890,944	344,968	(1,545,976)
Hotel/motel tax	400,695	400,695	2,301,455	1,900,760
Liquor tax	34,107	34,107	39,850	5,743
Total Taxes	29,877,978	31,281,298	31,604,020	322,722
INTERGOVERNMENTAL:				
Grant Revenues	100,000	174,290	693,702	519,412
Alcoholic Beverage	104,777	104,777	104,085	(692)
Cigarette tax	591,675	591,675	623,350	31,675
Vehicle Tax	462,743	462,743	490,919	28,176
Gasoline Tax	150,071	150,071	150,551	480
Total Intergovernmental	1,409,266	1,483,556	2,062,607	579,051
CHARGES FOR SERVICES:				
Swimming pool fees	407,707	407,707	456,994	49,287
Recreational Program Fees	66,727	66,727	58,683	(8,044)
Right-of-way use fees	4,684,916	4,684,916	4,684,916	-
Cemetery fees	99,984	99,984	190,049	90,065
Curb cut fees	5,958	5,958	7,200	1,242
Animal Welfare fees	46,286	46,286	44,606	(1,680)
Filing fees	34,791	34,791	39,673	4,882
911 fees	50,613	50,613	46,909	(3,704)
Transportation fees	179,327	179,327	179,327	-
Miscellaneous charges	7,771	7,771	8,652	881
Total Charges for Services	5,584,080	5,584,080	5,717,009	132,929
FINES AND FORFEITURES	2,288,878	2,288,878	2,436,202	147,324
LICENSES AND PERMITS	982,296	982,296	1,082,105	99,809
INVESTMENT INCOME	85,000	85,000	73,564	(11,436)
MISCELLANEOUS	217,312	252,312	259,931	7,619
Total Revenues	40,444,810	41,957,420	43,235,439	1,278,019
OTHER FINANCING SOURCES:				
Transfers from other funds	28,367,446	29,003,491	29,215,078	211,587
Total Other Financing Sources	28,367,446	29,003,491	29,215,078	211,587
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 68,812,256	\$ 70,960,911	\$ 72,450,517	\$ 1,489,606

(Continued)

CITY OF EDMOND, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the fiscal year ended June 30, 2011
 (Continued)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
GENERAL GOVERNMENT:				
General:				
Other services and charges	\$ 9,000	\$ 56,588	\$ 38,431	\$ 18,157
Capital Outlay	-	65,000	65,000	-
Total General	9,000	121,588	103,431	18,157
City Council:				
Personal services	24,545	24,545	24,083	462
Materials and supplies	5,450	8,250	5,422	2,828
Other services and charges	126,050	123,250	60,763	62,487
Total City Council	156,045	156,045	90,268	65,777
Municipal Court:				
Personal services	649,694	652,886	635,421	17,465
Materials and supplies	20,000	20,000	11,282	8,718
Other services and charges	247,060	215,474	121,520	93,954
Capital Outlay	-	129,040	5,994	123,046
Total Judicial	916,754	1,017,400	774,217	243,183
Edmond-Guthrie Regional Airport:				
Other services and charges	229,000	229,000	89,749	139,251
Cemetery:				
Personal services	106,713	110,146	110,263	(117)
Materials and supplies	9,275	9,275	9,075	200
Other services and charges	44,245	44,245	34,918	9,327
Total Cemetery	160,233	163,666	154,256	9,410
Planning and Zoning:				
Personal services	478,843	484,978	478,056	6,922
Materials and supplies	6,700	6,700	4,293	2,407
Other services and charges	24,475	24,475	16,158	8,317
Total Planning and Zoning	510,018	516,153	498,507	17,646
Downtown Community Center:				
Personal services	77,769	66,618	57,160	9,458
Materials and supplies	9,025	9,025	4,791	4,234
Other services and charges	44,500	56,050	38,361	17,689
Total Downtown Community Center	131,294	131,693	100,312	31,381
TOTAL GENERAL GOVERNMENT	\$ 2,112,344	\$ 2,335,545	\$ 1,810,740	\$ 524,805
ECONOMIC DEVELOPMENT:				
CityLink:				
Personal services	\$ -	\$ 30,140	\$ 28,411	\$ 1,729
Materials and supplies	90,000	104,000	103,312	688
Other services and charges	865,128	956,313	932,238	24,075
Total CityLink	955,128	1,090,453	1,063,961	26,492
Community Image:				
Personal services	441,004	444,818	444,698	120
Materials and supplies	42,200	42,200	41,565	635
Other services and charges	309,215	278,316	229,798	48,518
Capital Outlay	-	30,899	30,899	-
Total Community Image	792,419	796,233	746,960	49,273
TOTAL ECONOMIC DEVELOPMENT	\$ 1,747,547	\$ 1,886,686	\$ 1,810,921	\$ 75,765
PUBLIC SAFETY:				
Emergency Management:				
Personal services	\$ 183,415	\$ 183,814	\$ 180,776	\$ 3,038
Materials and supplies	24,750	24,750	11,396	13,354
Other services and charges	152,250	122,430	54,412	68,018
Total Emergency Management	360,415	330,994	246,584	84,410
Building Department:				
Personal services	955,803	959,793	954,474	5,319
Materials and supplies	57,470	43,470	25,682	17,788
Other services and charges	63,740	77,740	51,615	26,125
Total Building Department	1,077,013	1,081,003	1,031,771	49,232
TOTAL PUBLIC SAFETY	\$ 1,437,428	\$ 1,411,997	\$ 1,278,355	\$ 133,642

(Continued)

CITY OF EDMOND, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the fiscal year ended June 30, 2011
 (Continued)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
STREETS AND HIGHWAYS:				
Materials and supplies	\$ -	\$ 65,000	\$ 64,989	\$ 11
Capital outlay	716,500	1,115,500	915,444	200,056
TOTAL STREETS AND HIGHWAYS	716,500	1,180,500	980,433	200,067
PARKS AND RECREATION:				
Parks and Recreation:				
Personal services	1,189,653	1,194,441	1,114,991	79,450
Materials and supplies	253,200	253,200	190,067	63,133
Other services and charges	499,775	499,979	440,685	59,294
Total Parks and Recreation	1,942,628	1,947,620	1,745,743	201,877
Senior Center:				
Personal services	274,679	275,876	259,811	16,065
Materials and supplies	21,350	21,350	14,395	6,955
Other services and charges	61,700	61,700	43,359	18,341
Total Senior Citizens	357,729	358,926	317,565	41,361
Festival Marketplace:				
Personal services	47,250	47,250	21,491	25,759
Materials and supplies	5,525	5,525	2,416	3,109
Other services and charges	33,200	33,200	18,399	14,801
Total Festival Marketplace	85,975	85,975	42,306	43,669
Historical Society:				
Materials and supplies	2,000	2,000	748	1,252
Other services and charges	250,500	250,500	234,539	15,961
Total Historical Society	252,500	252,500	235,287	17,213
TOTAL PARKS AND RECREATION	2,638,832	2,645,021	2,340,901	304,120
OUTSIDE AGENCIES:				
Materials and supplies	500	500	-	500
Other services and charges	517,500	517,500	509,063	8,437
TOTAL OUTSIDE AGENCIES	518,000	518,000	509,063	8,937
TOTAL EXPENDITURES	9,170,651	9,977,749	8,730,414	1,247,335
OTHER FINANCING USES:				
Transfers to other funds	61,107,341	63,279,585	62,868,665	410,920
Total Other Financing Uses	61,107,341	63,279,585	62,868,665	410,920
TOTAL EXPENDITURES AND OTHER FINANCING USES	70,277,992	73,257,334	71,599,079	1,658,255
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (1,465,736)	\$ (2,296,423)	\$ 851,438	\$ 3,147,861

**CITY OF EDMOND, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
FIRE PUBLIC SAFETY LIMITED TAX FUND
For the fiscal year ended June 30, 2011**

FIRE PUBLIC SAFETY LIMITED TAX FUND				
	BUDGETED AMOUNTS		Actual	Variance Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 3,188,776	\$ 3,188,776	\$ 3,276,376	\$ 87,600
Intergovernmental	-	-	111,059	111,059
Charges for services	6,000	6,000	6,448	448
Investment income	150,000	150,000	69,857	(80,143)
Miscellaneous	1,319	1,319	27,379	26,060
Total Revenues	3,346,095	3,346,095	3,491,119	145,024
Expenditures:				
Public Safety:				
Personal services	12,853,027	12,906,021	12,089,338	816,683
Materials and supplies	770,250	784,562	543,457	241,105
Other services and charges	601,000	617,198	357,952	259,246
Capital outlay	82,000	93,664	44,902	48,762
Total Public Safety	14,306,277	14,401,445	13,035,649	1,365,796
Total Expenditures	14,306,277	14,401,445	13,035,649	1,365,796
Revenues over (under) expenditures	(10,960,182)	(11,055,350)	(9,544,530)	1,510,820
Other financing sources (uses):				
Transfers from other funds	11,710,663	11,710,663	12,340,894	630,231
Transfers to other funds	(2,345,766)	(2,386,766)	(2,377,649)	9,117
Revenues and other sources over (under) expenditures and other uses	\$ (1,595,285)	\$ (1,731,453)	\$ 418,715	\$ 2,150,169

CITY OF EDMOND, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR SPECIAL REVENUE FUNDS
 POLICE PUBLIC SAFETY LIMITED TAX FUND
 For the fiscal year ended June 30, 2011

POLICE PUBLIC SAFETY LIMITED TAX FUND				
	BUDGETED AMOUNTS		Actual	Variance Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 1,591,388	\$ 1,594,388	\$ 1,638,188	\$ 43,800
Intergovernmental	-	58,400	197,456	139,056
Charges for Services	1,417	1,417	1,825	408
Investment income	100,000	100,000	44,383	(55,617)
Miscellaneous	5,800	5,800	33,633	27,833
Total Revenues	1,698,605	1,760,005	1,915,485	155,480
Expenditures:				
Public Safety:				
Personal services	12,930,849	13,017,922	12,366,237	651,684
Materials and supplies	701,250	728,160	586,873	141,287
Other services and charges	507,300	528,718	364,906	163,812
Capital outlay	-	11,664	11,664	-
Total Public Safety	14,139,399	14,286,464	13,329,680	956,784
Total Expenditures	14,139,399	14,286,464	13,329,680	956,784
Revenues over (under) expenditures	(12,440,794)	(12,526,459)	(11,414,195)	1,112,264
Other financing sources (uses):				
Transfers from other funds	14,365,080	14,365,080	15,138,164	773,084
Transfers to other funds	(3,993,842)	(3,993,842)	(3,941,619)	52,223
Revenues and other sources over (under) expenditures and other uses	\$ (2,069,556)	\$ (2,155,221)	\$ (217,650)	\$ 1,937,571

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the expenditure category within a department level within a fund.

The City Manager may only transfer appropriations within expenditure categories within a department without City council approval. Transfers between expenditure categories of a department or fund and budget supplements made during the year are recommended by the City Manager and must be approved by the City Council. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Budgetary Accounting

The City prepares its budgets for all governmental fund types on a budgetary basis of accounting which differs from the modified accrual basis of accounting in the following areas:

- Grants that do not result in cash flow and the related expenditures are not budgeted
- Internal service fund charges for services are recorded as transfers in the budgetary basis.

The following is a reconciliation of those differences:

CITY OF EDMOND, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULES
For the fiscal year ended June 30, 2011

	Per Statement of Revenues, Expenditures, and Changes in Fund Balance	Internal Service Fund Transfers	Non-Cash Grant Activity	Fund Combined for Reporting Purposes	Per Budgetary Comparison Schedule
General Fund:					
Total Revenues	\$ 43,265,211	\$ -	\$ (5)	\$ (29,767)	\$ 43,235,439
Transfers In	29,470,079	-	(1)	(255,000)	29,215,078
Total Revenues and Other Financing Sources	<u>72,735,290</u>	<u>-</u>	<u>(6)</u>	<u>(284,767)</u>	<u>72,450,517</u>
Total Expenditures	16,817,205	(8,071,673)	(74)	(15,044)	8,730,414
Transfers Out	54,796,992	8,071,673	-	-	62,868,665
Total Expenditures and Other Financing Uses	<u>71,614,197</u>	<u>-</u>	<u>(74)</u>	<u>(15,044)</u>	<u>71,599,079</u>
Net Change in Fund Balance	<u>\$ 1,121,093</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ (269,723)</u>	<u>\$ 851,438</u>
Fire Public Safety Limited Tax Fund:					
Total Revenues	\$ 5,692,346	\$ -	\$ (2,201,228)	\$ -	\$ 3,491,118
Transfers In	12,340,894	-	-	-	12,340,894
Total Revenues and Other Financing Sources	<u>18,033,240</u>	<u>-</u>	<u>(2,201,228)</u>	<u>-</u>	<u>15,832,012</u>
Total Expenditures	17,614,526	(2,377,649)	(2,201,229)	-	13,035,648
Transfers Out	-	2,377,649	-	-	2,377,649
Total Expenditures and Other Financing Uses	<u>17,614,526</u>	<u>-</u>	<u>(2,201,229)</u>	<u>-</u>	<u>15,413,297</u>
Net Change in Fund Balance	<u>\$ 418,714</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 418,715</u>
Police Public Safety Limited Tax Fund:					
Total Revenues	\$ 2,659,700	\$ -	\$ (744,215)	\$ -	\$ 1,915,485
Transfers In	15,138,164	-	-	-	15,138,164
Total Revenues and Other Financing Sources	<u>17,797,864</u>	<u>-</u>	<u>(744,215)</u>	<u>-</u>	<u>17,053,649</u>
Total Expenditures	18,015,716	(3,941,619)	(744,417)	-	13,329,680
Transfers Out	-	3,941,619	-	-	3,941,619
Total Expenditures and Other Financing Uses	<u>18,015,716</u>	<u>-</u>	<u>(744,417)</u>	<u>-</u>	<u>17,271,299</u>
Net Change in Fund Balance	<u>\$ (217,852)</u>	<u>\$ -</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ (217,650)</u>

All governmental funds of the city are required to have annual budgets. The city prepared and adopted a legal annual budget for all governmental funds.

The City utilizes encumbrances accounting under which purchase orders, contracts and other commitments for the expenditure funds are recorded in order to reserve a portion of the applicable appropriation. Encumbered appropriations at year end are lapsed and encumbrances to be honored are reappropriated in the following budget year.

CITY OF EDMOND, OKLAHOMA
SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
FUNDING SCHEDULES
June 30, 2011

I. Schedule of Funding Progress (in millions of dollars)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Projected Unit	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll
7/1/04	\$28.3	\$29.7	\$1.4	95.5%	\$15.0	9.3%
7/1/05	\$30.7	\$33.0	\$2.3	93.1%	\$16.1	14.3%
7/1/06	\$33.6	\$35.6	\$2.0	94.6%	\$17.6	11.4%
7/1/07	\$37.6	\$36.3	\$(1.4)	103.8%	\$18.5	(7.4)%
7/1/08	\$41.4	\$41.5	\$0.1	99.9%	\$19.7	0.1%
7/1/09	\$39.4	\$44.3	\$4.9	88.9%	\$20.0	24.5%
7/1/10	\$43.0	\$48.4	\$5.4	88.8%	\$22.5	24.2%
7/1/11	\$48.0	\$50.6	\$2.6	93.7%	\$21.6	14.8%

II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
2003	\$718,263	100%
2004	\$928,405	100%
2005	\$1,132,223	90%
2006	\$1,230,614	100%
2007	\$1,326,747	104%
2008	\$1,135,240	124%
2009	\$1,262,492	75%
2010	\$1,823,758	101.4%
2011	\$1,791,395	101.1%

III. Notes to Required Supplementary Information Pension Plan Funding Schedules

- (1) Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.
- (2) The actuarial value of assets was changed from market value to the actuarial write-up method effective with the July 1, 2002 valuation. The smoothing factor is 20% and the market value corridor is plus or minus 15%. The actual fair value of plan assets at June 30, 2011 is \$49,848,722.
- (3) Actuarial assumptions used in the above schedules are as follows:

Valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Dollar
Amortization period	30 years (rolling)
Actuarial asset valuation method	Actuarial write-up method
Investment rate of return	7.25%
Projected salary increases	5.00%
Post retirement benefit increases	Updated plan experience

Required Supplementary Information

The funded status and funding progress of the City's defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2009	July 1, 2010
Actuarial accrued liability - AAL (a)	\$3,414,776	\$3,770,440
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	3,414,776	3,770,440
Funded ratio (b)/(a)	0%	0%
Covered payroll (c)	28,744,000	\$33,132,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	12%	11%

Three year trend information is not available.

OTHER SUPPLEMENTARY INFORMATION

General Fund

Under GASB Statement 54 certain funds no longer met the definition to be presented as Special Revenue Funds. Those funds became accounts of the General Fund for reporting purpose. For reporting purposes, the General Fund contains the following subfund accounts:

GENERAL FUND - The primary operating fund of the City. The General Fund is reported as a major governmental fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

REAL PROPERTY FUND - The Real Property Fund has been established to accumulate resources for future real property acquisitions of the City. Financing is provided by transfers of investment earnings from the Hospital Sale Trust Fund.

EDMOND ELECTRIC ECONOMIC DEVELOPMENT FUND – The Economic Development Fund has been established to stimulate the growth of Edmond's economy by offering services that facilitate the growth and expansion of new and existing businesses and generating opportunities to increase the sales tax base of the City of Edmond.

PARK SPECIAL EVENTS – The Park Special Events Fund has been established to account for donations and fees related to culture and recreation events.

City of Edmond, Oklahoma
Balance Sheet
General Fund Accounts
June 30, 2011

	<u>General Fund</u>	<u>Real Property Fund</u>	<u>Edmond Electric Economic Development</u>	<u>Park Special Events</u>	<u>Total General Fund</u>
ASSETS					
Cash and cash equivalents	\$ 239,898	\$ 88,871	\$ 43,407	\$ 145	\$ 372,321
Investments	4,607,191	1,173,857	573,339	1,909	6,356,296
Due from other funds	234,514	-	-	-	234,514
Due from other governments	4,748,416	-	-	-	4,748,416
Accrued interest receivable	11,960	3,047	1,488	4	16,499
Other receivables	1,068,456	-	-	-	1,068,456
Total assets	<u>10,910,435</u>	<u>1,265,775</u>	<u>618,234</u>	<u>2,058</u>	<u>12,796,502</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	607,982	-	-	-	607,982
Due to other funds	1,475,146	-	-	-	1,475,146
Deferred revenue	622,298	2,094	1,023	3	625,418
Amounts held in escrow	597,597	-	-	-	597,597
Total liabilities	<u>3,303,023</u>	<u>2,094</u>	<u>1,023</u>	<u>3</u>	<u>3,306,143</u>
Fund balances:					
Restricted	1,637,707	-	-	-	1,637,707
Assigned	819,457	1,263,681	617,211	2,055	2,702,404
Unassigned	5,150,248	-	-	-	5,150,248
Total fund balances	<u>7,607,412</u>	<u>1,263,681</u>	<u>617,211</u>	<u>2,055</u>	<u>9,490,359</u>
Total liabilities and fund balances	<u>\$ 10,910,435</u>	<u>\$ 1,265,775</u>	<u>\$ 618,234</u>	<u>\$ 2,058</u>	<u>\$ 12,796,502</u>

See accompanying notes to the basic financial statements.

City of Edmond, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund Accounts
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Real Property Fund</u>	<u>Edmond Electric Economic Development</u>	<u>Park Special Events</u>	<u>Total General Fund</u>
REVENUES					
Sales and use taxes	\$ 28,917,747	\$ -	\$ -	\$ -	\$ 28,917,747
Franchise and public service taxes	2,341,305	-	-	-	2,341,305
Hotel/motel taxes	344,968	-	-	-	344,968
Intergovernmental	2,062,607	-	-	-	2,062,607
Charges for services	5,717,010	-	-	8,592	5,725,602
Fines and forfeitures	2,436,202	-	-	-	2,436,202
Licenses and permits	1,082,107	-	-	-	1,082,107
Investment income	73,564	11,902	6,355	1	91,822
Miscellaneous	259,933	-	-	2,918	262,851
Total revenues	<u>43,235,443</u>	<u>11,902</u>	<u>6,355</u>	<u>11,511</u>	<u>43,265,211</u>
EXPENDITURES					
Current:					
General government	4,537,208	377	211	-	4,537,796
Public safety	2,344,616	-	-	-	2,344,616
Health and sanitation	1,708,104	-	-	-	1,708,104
Culture, parks and recreation	3,274,443	-	-	14,456	3,288,899
Streets and highways	3,920,453	-	-	-	3,920,453
Capital Outlay	1,017,337	-	-	-	1,017,337
Total Expenditures	<u>16,802,161</u>	<u>377</u>	<u>211</u>	<u>14,456</u>	<u>16,817,205</u>
Excess (deficiency) of revenues over expenditures	<u>26,433,282</u>	<u>11,525</u>	<u>6,144</u>	<u>(2,945)</u>	<u>26,448,006</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	29,215,079	250,000	-	5,000	29,470,079
Transfers out	(54,796,992)	-	-	-	(54,796,992)
Total other financing sources and uses	<u>(25,581,913)</u>	<u>250,000</u>	<u>-</u>	<u>5,000</u>	<u>(25,326,913)</u>
Net change in fund balances	851,369	261,525	6,144	2,055	1,121,093
Fund balances - beginning	6,756,043	1,002,156	611,067	-	8,369,266
Fund balances - ending	<u>\$ 7,607,412</u>	<u>\$ 1,263,681</u>	<u>\$ 617,211</u>	<u>\$ 2,055</u>	<u>\$ 9,490,359</u>

See accompanying notes to the basic financial statements.

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUNDS COMBINED
For the fiscal year ended June 30, 2011

	REAL PROPERTY			EDMOND ELECTRIC ECONOMIC DEVELOPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	25,000	11,902	(13,098)	12,500	6,355	(6,145)
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>25,000</u>	<u>11,902</u>	<u>(13,098)</u>	<u>12,500</u>	<u>6,355</u>	<u>(6,145)</u>
Expenditures:						
General Government:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	500	376	124	350	211	139
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total General Government	<u>500</u>	<u>376</u>	<u>124</u>	<u>350</u>	<u>211</u>	<u>139</u>
Public Safety:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and Recreation:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>500</u>	<u>376</u>	<u>124</u>	<u>350</u>	<u>211</u>	<u>139</u>
Revenues over (under) expenditures	24,500	11,526	(12,974)	12,150	6,144	(6,006)
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	250,000	250,000	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	274,500	261,526	(12,974)	12,150	6,144	(6,006)
Fund Balance - beginning of year	992,001	1,002,156	10,155	613,032	611,067	(1,965)
Fund Balance - end of year	<u>\$ 1,266,501</u>	<u>\$ 1,263,682</u>	<u>\$ (2,819)</u>	<u>\$ 625,182</u>	<u>\$ 617,211</u>	<u>\$ (7,971)</u>

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUNDS COMBINED
For the fiscal year ended June 30, 2011
(Continued)

PARKS SPECIAL EVENTS FUND			
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	13,650	8,592	(5,058)
Investment income	500	1	(499)
Miscellaneous	5,000	2,918	(2,082)
Total Revenues	19,150	11,511	(7,639)
Expenditures:			
General Government:			
Personal services	-	-	-
Materials and supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total General Government	-	-	-
Street:			
Personal services	-	-	-
Materials and supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Street	-	-	-
Parks and Recreation:			
Personal services	-	-	-
Materials and supplies	8,150	6,192	1,958
Other services and charges	16,000	8,264	7,736
Capital outlay	-	-	-
Total Parks and Recreation	24,150	14,456	9,694
Total Expenditures	24,150	14,456	9,694
Revenues over (under) expenditures	(5,000)	(2,945)	2,055
Other financing sources (uses):			
Proceeds from sale of judgment	-	-	-
Transfers from other funds	5,000	5,000	-
Transfers to other funds	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	2,055	2,055
Fund Balance - beginning of year	-	-	-
Fund Balance - end of year	\$ -	\$ 2,055	\$ 2,055

Special Revenue

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are normally restricted to expenditures for specified purposes.

CDBG ENTITLEMENT - This fund was established by the City to account for the grants received from the Federal government through the Oklahoma Department of Commerce under various Community Development Block Grant programs.

ASSET FORFEITURE FUND - The Asset Forfeiture Fund has been established to account for assets that are equitably distributed by the Drug Enforcement Administration to state and local agencies that directly participate in the law enforcement effort that leads to the seizure of assets used in illegal drug activities. The assets received must be for only law enforcement purposes such as enhancements to future investigations, law enforcement training, equipment, operations and overtime for enforcement activities.

SENIOR CITIZENS FUND - This fund was established to account for dedicated revenues received for the benefit of senior citizens, including grants, donations and other resources. The expenditures of the fund are administratively restricted for the benefit of senior citizens' activities or programs.

EECBG GRANT FUND - This fund was established to account for grant funds related to energy efficiency.

CONVENTION & VISITORS BUREAU – The Convention & Visitors Bureau Fund accounts for the Hotel/Motel tax that the City collects. The revenue is initially recorded in the General Fund and then is transferred over. It is restricted for tourism, conventions, and visitors bureau.

HOSPITAL SALE TRUST FUND –The Hospital Sale Trust Fund was established in 1981 to account for the proceeds of approximately \$7,200,000 received from the sale of the Edmond Memorial Hospital to the Hospital Corporation of America. Use of the trust principal must first be approved by a vote of the citizens of the City. Investment earnings from the trust may be appropriated without voter approval but are restricted to capital improvements.

AMBULATORY SERVICE FUND – The Ambulatory Service Fund provides funding of the City of Edmond’s Ambulance Services through the regional Emergency Medical Services Authority (EMSA). It primarily covers those citizens who have elected to participate in the TotalCare Program which is a monthly fee of \$3.00 paid through utility billing which began in FY09-10.

(continued)

Capital Project Funds

The Capital Project Funds have been established to account for all major capital improvements, except those accounted for in proprietary type funds, which are financed by the City's sales tax revenue bond issues, General Fund transfers, and other designated sources.

CAPITAL IMPROVEMENT FUND - The Capital Improvement Fund was established to account for major capital improvements that are financed by the General Fund and other designated sources which are outlined in the City's five year Capital Improvements program. The fund is funded primarily from General Fund transfers.

ROADWAY IMPROVEMENT FUND - The Roadway Improvement Fund has been established to account for street construction and improvement projects as approved by the voters on May 10, 1994. The improvements are financed by a temporary seven-eighths cent sales tax which ended in FY1995. The remainder of funds are planned to be expended on street improvements.

1996 CAPITAL IMPROVEMENT TAX FUND - The 1996 Capital Improvements Tax Fund has been established to account for various capital improvements as recommended by the Citizens Capital Improvements Planning Committee and approved by the voters on August 27, 1996. The improvements are being financed by a three-fourths cent sales tax for a five year period beginning November 1, 1996. Funded from the tax are street improvements, radio communication system and computer aided dispatch, water treatment plant expansion, library expansion, senior citizens center, and a city wide sidewalk project.

CEMETERY CARE FUND - The Cemetery Care Fund has been established to account for 12.5% of all monies received from the sale of lots and interments in accordance with state law. Monies received must be used to purchase lands for cemeteries and for making capital improvements. Interest earned may be used for improving, caring for, and embellishing cemetery property.

PARK SALES TAX FUND - The Park Sales Tax Fund has been established to account for operations and facility improvement costs of the City's park and recreation system. Financing is provided by a permanent one-eighth cent sales tax approved by the voters in September 1992 and expanded in 2000 to include all city parks.

ART IN PUBLIC PLACES FUND - The Art in Public Places Fund has been established to account for art acquisitions by the City. Financing is provided by donations, investment earnings and other City funds as determined by the City Council.

City of Edmond, Oklahoma
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

		SPECIAL REVENUE FUNDS						
	CDBG Entitlement Fund	Asset Forfeiture Fund	Senior Center Fund	EECBG Grant	Convention and Visitor's Bureau Fund	Hospital Sale Trust Fund	Ambulatory Service Fund	
ASSETS								
Cash and cash equivalents	-	\$ 71,883	\$ 15,956	-	-	\$ 181,377	\$ 23,011	
Investments	-	949,474	210,751	-	-	7,740,351	303,899	
Due from other funds	-	-	-	-	-	-	55,494	
Due from other governments	99,977	-	-	162,957	-	-	-	
Accrued interest receivable	-	2,465	547	-	239	4,511	789	
Other receivable	-	-	-	-	-	-	44,282	
Total assets	<u>99,977</u>	<u>1,023,822</u>	<u>227,254</u>	<u>162,957</u>	<u>99,092</u>	<u>7,926,239</u>	<u>427,515</u>	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	32,284	3,800	691	67,515	14,682	-	-	
Due to other funds	39,743	-	-	81,650	55,727	-	-	
Deferred revenue	-	1,694	376	-	164	1,081	542	
Total liabilities	<u>72,027</u>	<u>5,494</u>	<u>1,067</u>	<u>149,165</u>	<u>70,583</u>	<u>1,081</u>	<u>542</u>	
Fund balances:								
Restricted	27,950	1,009,677	221,016	13,792	12,315	7,925,158	424,209	
Committed	-	-	2,879	-	-	-	-	
Assigned	-	8,651	2,292	-	16,194	-	2,764	
Total fund balances	<u>27,950</u>	<u>1,018,328</u>	<u>226,187</u>	<u>13,792</u>	<u>28,509</u>	<u>7,925,158</u>	<u>426,973</u>	
Total liabilities and fund balances	<u>\$ 99,977</u>	<u>\$ 1,023,822</u>	<u>\$ 227,254</u>	<u>\$ 162,957</u>	<u>\$ 99,092</u>	<u>\$ 7,926,239</u>	<u>\$ 427,515</u>	

City of Edmond, Oklahoma
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

CAPITAL PROJECT FUNDS

	Cemetery Care	Park Sales Tax Fund	Art in Public Places Fund	Capital Improvement Fund	Roadway Improvement Fund	1996 CIP Tax Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 4,910	\$ 95,280	\$ 4,673	\$ 29,674	\$ 2,603	\$ 139,292	\$ 575,616
Investments	64,851	1,258,505	61,731	391,949	34,395	1,839,845	12,947,687
Due from other funds	-	-	-	-	-	-	55,494
Due from other governments	-	285,031	160	1,017	89	4,776	547,965
Accrued interest receivable	168	3,267	-	-	-	-	18,028
Other receivable	-	-	-	-	-	-	44,282
Total assets	69,929	1,642,083	66,564	422,640	37,087	1,983,913	14,189,072
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	26,414	19,450	-	-	-	164,846
Due to other funds	-	575	-	61,145	-	-	238,840
Deferred revenue	115	42,146	110	700	61	3,282	50,271
Total liabilities	115	69,135	19,560	61,845	61	3,282	453,957
Fund balances:							
Restricted	69,233	1,413,089	46,288	-	36,658	1,960,915	13,160,300
Committed	-	-	-	-	-	-	2,879
Assigned	581	159,859	716	360,795	368	19,716	571,936
Total fund balances	69,814	1,572,948	47,004	360,795	37,026	1,980,631	13,735,115
Total liabilities and fund balances	69,929	1,642,083	66,564	422,640	37,087	1,983,913	14,189,072

City of Edmond, Oklahoma
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	SPECIAL REVENUE FUNDS						
	CDBG Entitlement Fund	Asset Forfeiture Fund	Senior Center Fund	EECBG Grant	Convention and Visitor's Bureau Fund	Hospital Sale Trust Fund	Ambulatory Service Fund
REVENUES							
Sales and use taxes	424,570	6,435	-	-	-	-	-
Inergovernmental	103	-	-	324,256	-	-	-
Charges for services	-	8,651	2,879	-	-	-	988,360
Investment earnings	-	798,535	69,944	-	1,634	146,384	2,764
Miscellaneous	-	813,621	75,115	324,256	14,561	-	-
Total revenues	<u>424,673</u>	<u>1,626,242</u>	<u>145,139</u>	<u>648,512</u>	<u>16,195</u>	<u>146,384</u>	<u>991,124</u>
EXPENDITURES							
Current:							
General government	120,883	-	-	31,687	476,671	2,000	-
Public Safety	-	35,643	-	-	-	-	916,859
Health and welfare	-	-	-	-	-	-	-
Culture, parks and recreation	-	-	51,512	-	-	-	-
Capital Outlay	408,307	51,495	-	278,777	-	-	-
Total Expenditures	<u>529,200</u>	<u>87,138</u>	<u>51,512</u>	<u>310,464</u>	<u>476,671</u>	<u>2,000</u>	<u>916,859</u>
Excess (deficiency) of revenues over expenditures	<u>(104,527)</u>	<u>739,104</u>	<u>93,627</u>	<u>338,048</u>	<u>(460,476)</u>	<u>144,384</u>	<u>74,265</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	344,968	-	-
Transfers out	-	-	-	-	-	(250,000)	-
Total other financing sources and uses	<u>(104,527)</u>	<u>(726,483)</u>	<u>23,603</u>	<u>13,792</u>	<u>(115,508)</u>	<u>(105,616)</u>	<u>74,265</u>
Net change in fund balances	<u>132,477</u>	<u>291,845</u>	<u>202,584</u>	<u>13,792</u>	<u>144,017</u>	<u>8,030,774</u>	<u>352,708</u>
Fund balances - beginning	<u>27,950</u>	<u>1,018,328</u>	<u>226,187</u>	<u>13,792</u>	<u>28,509</u>	<u>7,925,158</u>	<u>426,973</u>
Fund balances - ending	<u>\$ 160,427</u>	<u>\$ 1,310,173</u>	<u>\$ 428,771</u>	<u>\$ 27,584</u>	<u>\$ 28,509</u>	<u>\$ 8,033,932</u>	<u>\$ 799,681</u>

City of Edmond, Oklahoma
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	CAPITAL PROJECT FUNDS						
	Cemetery Care	Park Sales Tax Fund	Art in Public Places Fund	Capital Improvement Fund	Roadway Improvement Fund	1996 CIP Tax Fund	Total-Other Governmental Funds
REVENUES							
Sales and use taxes	-	1,638,188	-	-	-	-	1,638,188
Intergovernmental	-	-	-	-	-	-	755,261
Charges for services	25,691	-	-	-	-	-	1,017,033
Investment earnings	581	15,029	716	4,029	381	20,392	202,853
Miscellaneous	100	144,830	64,725	-	-	-	1,092,695
Total revenues	<u>26,372</u>	<u>1,798,047</u>	<u>65,441</u>	<u>4,029</u>	<u>381</u>	<u>20,392</u>	<u>4,706,030</u>
EXPENDITURES							
Current:							
General government	17	-	-	131	13	676	632,088
Public Safety	-	-	-	-	-	-	35,643
Health and welfare	-	-	-	-	-	-	916,659
Culture, parks and recreation	-	560,000	4,429	-	-	-	615,941
Capital Outlay	-	838,775	224,786	178,886	-	-	1,981,026
Total Expenditures	<u>17</u>	<u>1,398,775</u>	<u>229,215</u>	<u>179,017</u>	<u>13</u>	<u>676</u>	<u>4,181,557</u>
Excess (deficiency) of revenues over expenditures	26,355	399,272	(163,774)	(174,988)	368	19,716	524,473
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	112,838	293,855	-	-	751,661
Transfers out	-	(17,391)	-	-	-	-	(267,391)
Total other financing sources and uses	-	(17,391)	112,838	293,855	-	-	484,270
Net change in fund balances	26,355	381,881	(50,936)	118,867	368	19,716	1,008,743
Fund balances - beginning	43,459	1,191,067	97,940	241,928	36,658	1,960,915	12,726,372
Fund balances - ending	<u>69,814</u>	<u>1,572,948</u>	<u>47,004</u>	<u>360,795</u>	<u>37,026</u>	<u>1,980,631</u>	<u>13,735,115</u>

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	CDBG ENTITLEMENT			ASSET FORFEITURE FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	751,997	424,570	(327,427)	-	6,435	6,435
Charges for services	-	102	102	-	-	-
Investment income	-	-	-	6,000	8,651	2,651
Miscellaneous	-	-	-	10,000	798,535	788,535
Total Revenues	751,997	424,672	(327,325)	16,000	813,621	797,621
Expenditures:						
General Government:						
Personal services	80,440	24,805	55,635	-	-	-
Materials and supplies	700	205	495	-	-	-
Other services and charges	636,379	472,695	163,684	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total General Government	717,519	497,705	219,814	-	-	-
Public Safety:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	38,000	34,883	3,117
Other services and charges	-	-	-	5,700	760	4,940
Capital outlay	-	-	-	63,800	51,495	12,305
Total Public Safety	-	-	-	107,500	87,138	20,362
Parks and Recreation:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Parks and Recreation	-	-	-	-	-	-
Total Expenditures	717,519	497,705	219,814	107,500	87,138	20,362
Revenues over (under) expenditures	34,478	(73,033)	(107,511)	(91,500)	726,483	817,983
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(44,785)	(31,493)	(13,292)	-	-	-
Revenues and other sources over (under) expenditures and other uses	(10,307)	(104,526)	(120,803)	(91,500)	726,483	817,983
Fund Balance - beginning of year	(236,656)	132,476	(369,132)	(5,069)	291,845	(296,914)
Fund Balance - end of year	\$ (246,963)	\$ 27,950	\$ (489,935)	\$ (96,569)	\$ 1,018,328	\$ 521,069

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011
(Continued)

	SENIOR CITIZENS FUND			HOSPITAL SALE TRUST		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	4,497	2,879	(1,618)	-	-	-
Investment income	4,500	2,292	(2,208)	80,000	146,385	66,385
Miscellaneous	56,667	69,944	13,277	-	-	-
Total Revenues	65,664	75,115	9,451	80,000	146,385	66,385
Expenditures:						
General Government:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	2,000	2,000	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total General Government	-	-	-	2,000	2,000	-
Public Safety:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Public Safety	-	-	-	-	-	-
Parks and Recreation:						
Personal services	-	-	-	-	-	-
Materials and supplies	5,950	4,558	1,392	-	-	-
Other services and charges	49,050	46,954	2,096	-	-	-
Capital outlay	-	-	-	-	-	-
Total Parks and Recreation	55,000	51,512	3,488	-	-	-
Total Expenditures	55,000	51,512	3,488	2,000	2,000	-
Revenues over (under) expenditures	10,664	23,603	12,939	78,000	144,385	66,385
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	(250,000)	(250,000)	-
Revenues and other sources over (under) expenditures and other uses	10,664	23,603	12,939	(172,000)	(105,615)	66,385
Fund Balance - beginning of year	101,991	202,584	100,593	8,012,261	8,030,773	(18,512)
Fund Balance - end of year	\$ 112,655	\$ 226,187	\$ 113,532	\$ 7,840,261	\$ 7,925,158	\$ 47,873

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011
(Continued)

	CEMETERY CARE			PARK SALES TAX FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 1,594,388	\$ 1,638,188	\$ 43,800
Intergovernmental	-	-	-	-	-	-
Charges for services	11,525	25,691	14,166	-	-	-
Investment income	500	581	81	50,000	15,029	(34,971)
Miscellaneous	-	100	100	7,991	144,830	136,839
Total Revenues	12,025	26,372	14,347	1,652,379	1,798,047	145,668
Expenditures:						
General Government:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	25	17	8	-	-	-
Capital outlay	10,000	-	10,000	-	-	-
Debt service	-	-	-	-	-	-
Total General Government	10,025	17	10,008	-	-	-
Public Safety:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Public Safety	-	-	-	-	-	-
Parks and Recreation:						
Personal services	-	-	-	318,544	318,544	-
Materials and supplies	-	-	-	50,220	39,018	11,202
Other services and charges	-	-	-	198,104	163,150	34,954
Capital outlay	-	-	-	1,987,281	838,775	1,148,506
Total Parks and Recreation	-	-	-	2,554,149	1,359,487	1,194,662
Total Expenditures	10,025	17	10,008	2,554,149	1,359,487	1,194,662
Revenues over (under) expenditures	2,000	26,355	24,355	(901,770)	438,560	1,340,330
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	(57,167)	(56,679)	488
Revenues and other sources over (under) expenditures and other uses	2,000	26,355	24,355	(958,937)	381,881	1,340,817
Fund Balance - beginning of year	33,300	43,459	(10,159)	(4,461,181)	1,191,067	(5,652,248)
Fund Balance - end of year	\$ 35,300	\$ 69,814	\$ 14,196	\$ (5,420,118)	\$ 1,572,948	\$ (4,311,431)

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011
(Continued)

	ART IN PUBLIC PLACES FUND			CONVENTION AND VISITOR'S BUREAU FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	2,000	716	(1,284)	6,500	1,634	(4,866)
Miscellaneous	96,540	64,725	(31,815)	22,000	14,561	(7,439)
Total Revenues	98,540	65,441	(33,099)	28,500	16,195	(12,305)
Expenditures:						
General Government:						
Personal services	-	-	-	164,231	164,231	0
Materials and supplies	-	-	-	10,900	10,221	679
Other services and charges	-	-	-	256,594	256,593	1
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total General Government	-	-	-	431,725	431,045	680
Public Safety:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Public Safety	-	-	-	-	-	-
Parks and Recreation:						
Personal services	-	-	-	-	-	-
Materials and supplies	400	-	400	-	-	-
Other services and charges	15,000	1,523	13,477	-	-	-
Capital outlay	321,525	224,785	96,740	-	-	-
Total Parks and Recreation	336,925	226,308	110,617	-	-	-
Total Expenditures	336,925	226,308	110,617	431,725	431,045	680
Revenues over (under) expenditures	(238,385)	(160,867)	77,518	(403,225)	(414,850)	(11,625)
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	258,500	112,838	(145,662)	400,695	344,968	(55,727)
Transfers to other funds	(5,729)	(2,907)	2,822	(45,626)	(45,626)	-
Revenues and other sources over (under) expenditures and other uses	14,386	(50,936)	(65,322)	(48,156)	(115,508)	(67,352)
Fund Balance - beginning of year	186,597	97,940	(88,657)	95,583	144,017	48,434
Fund Balance - end of year	\$ 200,983	\$ 47,004	\$ (153,979)	\$ 47,427	\$ 28,509	\$ (18,918)

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011
(Continued)

	EECBG PROGRAM FUND		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	976,700	324,256	(652,444)
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	976,700	324,256	(652,444)
Expenditures:			
General Government:			
Personal services	80,000	28,798	51,202
Materials and supplies	4,300	1,689	2,611
Other services and charges	284,670	1,200	283,470
Capital outlay	607,730	278,777	328,953
Debt service	-	-	-
Total General Government	976,700	310,464	666,236
Street:			
Personal services	-	-	-
Materials and supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Street	-	-	-
Parks and Recreation:			
Personal services	-	-	-
Materials and supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Parks and Recreation	-	-	-
Total Expenditures	976,700	310,464	666,236
Revenues over (under) expenditures	-	13,792	13,792
Other financing sources (uses):			
Proceeds from sale of judgment	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	13,792	13,792
Fund Balance - beginning of year	-	-	-
Fund Balance - end of year	\$ -	\$ 13,792	\$ 13,792

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011
(Continued)

	AMBULATORY SERVICES FUND			CAPITAL IMPROVEMENT FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	960,000	988,360	28,360	-	-	-
Investment income	1,000	2,764	1,764	7,000	4,029	(2,971)
Miscellaneous	-	-	-	-	-	-
Total Revenues	961,000	991,124	30,124	7,000	4,029	(2,971)
Expenditures:						
General Government:						
Personal services	-	-	-	-	-	-
Materials and supplies	10,000	6,340	3,660	-	-	-
Other services and charges	911,500	910,519	981	150	131	19
Capital outlay	-	-	-	50,000	-	50,000
Debt service	-	-	-	-	-	-
Total General Government	921,500	916,859	4,641	50,150	131	50,019
Street:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	519,489	178,886	340,603
Total Street	-	-	-	519,489	178,886	340,603
Parks and Recreation:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Parks and Recreation	-	-	-	-	-	-
Total Expenditures	921,500	916,859	4,641	569,639	179,017	390,622
Revenues over (under) expenditures	39,500	74,265	34,765	(562,639)	(174,988)	387,651
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	-	-	-	355,000	293,855	61,145
Transfers to other funds	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	39,500	74,265	34,765	(207,639)	118,867	448,796
Fund Balance - beginning of year	44,835	352,708	-	(570,068)	241,928	61,145
Fund Balance - end of year	\$ 84,335	\$ 426,973	\$ 34,765	\$ (777,707)	\$ 360,795	\$ 509,941

(Continued)

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011
(Continued)

	<u>ROADWAY IMPROVEMENT</u>			<u>1996 CAPITAL IMPROVEMENT TAX</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	1,000	381	(619)	30,000	20,392	(9,608)
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>1,000</u>	<u>381</u>	<u>(619)</u>	<u>30,000</u>	<u>20,392</u>	<u>(9,608)</u>
Expenditures:						
General Government:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	1,000	676	324
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>676</u>	<u>324</u>
Street:						
Personal services	-	-	-	-	-	-
Materials and supplies	1,000	-	1,000	-	-	-
Other services and charges	81	13	68	-	-	-
Capital outlay	32,623	-	32,623	1,643,893	-	1,643,893
Total Street	<u>33,704</u>	<u>13</u>	<u>33,691</u>	<u>1,643,893</u>	<u>-</u>	<u>1,643,893</u>
Parks and Recreation:						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>33,704</u>	<u>13</u>	<u>33,691</u>	<u>1,644,893</u>	<u>676</u>	<u>1,644,217</u>
Revenues over (under) expenditures	(32,704)	368	33,072	(1,614,893)	19,716	1,634,609
Other financing sources (uses):						
Proceeds from sale of judgment	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(32,704)	368	33,072	(1,614,893)	19,716	1,634,609
Fund Balance - beginning of year	(65,598)	36,658	(102,256)	(4,399,525)	1,960,915	(6,360,440)
Fund Balance - end of year	<u>\$ (98,302)</u>	<u>\$ 37,026</u>	<u>\$ (69,184)</u>	<u>\$ (6,014,418)</u>	<u>\$ 1,980,631</u>	<u>\$ (4,725,831)</u>

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL CAPITAL PROJECT FUND
For the fiscal year ended June 30, 2011

2000 CAPITAL IMPROVEMENT TAX FUND			
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 9,566,328	\$ 9,829,129	\$ 262,801
Intergovernmental	-	704,928	704,928
Investment income	800,000	862,415	62,415
Miscellaneous	-	-	-
Total Revenues	10,366,328	11,396,472	1,030,144
Expenditures:			
General Government:			
Materials and supplies	200	42	158
Other services and charges	165,125	150,030	15,095
Capital outlay	4,435	1,561	2,874
Debt service	6,958,293	6,167,591	790,702
Total General Government	7,128,053	6,319,224	808,829
Public Safety:			
Capital outlay	-	-	-
Total Public Safety	-	-	-
Street:			
Capital outlay	22,051,111	5,884,859	16,166,252
Total Street	22,051,111	5,884,859	16,166,252
Parks and Recreation:			
Capital outlay	11,705,749	1,127,272	10,578,476
Total Parks and Recreation	11,705,749	1,127,272	10,578,476
Total Expenditures	40,884,913	13,331,356	27,553,557
Revenues over (under) expenditures	(30,518,585)	(1,934,884)	28,583,701
Other financing sources (uses):			
Proceeds from revenue bonds	13,797,245	13,900,000	102,755
Premium on revenue bonds	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(13,888,168)	(13,729,664)	158,504
Revenues and other sources over (under) expenditures and other uses	(30,609,508)	(1,764,548)	28,844,960
Fund Balance - beginning of year	43,928,159	43,928,159	-
Fund Balance - end of year	\$ 13,318,651	\$ 42,163,611	\$ 28,844,960

The City operates eight enterprise funds under the legal entity of the Edmond Public Works Authority ("EPWA"), a public trust created under applicable Oklahoma statutes on October 6, 1970, with the City named as the beneficiary thereof. The Electric, Water and Wastewater enterprise funds are reported as Major funds. The remaining five enterprise funds are reported as nonmajor and include the following:

SANITATION - Established to acquire and furnish sanitation services to the citizens, receive all revenues generated, pay debt service requirements on the debt issued related to the sanitation facility, pay all operating expenses, and finance future sanitation improvements.

ARCADIA LAKE - Established to account for revenues and expenses related to the operations of the Arcadia Lake and Recreation Facility.

DRAINAGE - Established to account for a fee assessed on each customer's utility bill for construction and further improvements to the City's drainage system.

KICKINGBIRD GOLF COURSE - The Golf Course Fund accounts for the costs of operating and maintaining the City's 18-hole municipal golf course. Revenues are generated through green fees, cart rentals, driving range fees and restaurant operations.

YOURGOVSHOP - The YourGovShop Fund is a cooperative purchasing service, operated by the City, which provides its partners and members the lowest competitive prices for good and services, as well as a reduction in the administrative costs of purchasing. Financing is provided by revenues generated from rebates, membership fees and General Fund transfers.

City of Edmond, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Other Enterprise Funds
For the Year Ended June 30, 2011

	PWA Sanitation Fund	PWA Arcadia Lake Fund	PWA Drainage Fund	Kickingbird Golf Course Fund	Yourgovshop Fund	Total
REVENUES						
Charges for services	\$ 7,409,205	\$ 815,299	\$ 1,625,597	\$ 1,619,354	\$ -	\$ 11,469,455
Miscellaneous	-	53,330	-	259,899	49,240	362,469
Total operating revenues	<u>7,409,205</u>	<u>868,629</u>	<u>1,625,597</u>	<u>1,879,253</u>	<u>49,240</u>	<u>11,831,924</u>
OPERATING EXPENSES						
Personal services	1,273,422	454,489	337,640	911,832	26,230	3,003,613
Materials and supplies	450,006	82,566	5,098	450,096	-	987,766
Maintenance, operations and contractual services	4,898,878	324,936	544,373	332,802	37,985	6,138,974
Amortization	6,499	-	-	-	-	6,499
Depreciation	8,222	199,926	66,375	152,962	-	427,485
Total Operating Expenses	<u>6,637,027</u>	<u>1,061,917</u>	<u>953,486</u>	<u>1,847,692</u>	<u>64,215</u>	<u>10,564,337</u>
Operating income (loss)	<u>772,178</u>	<u>(193,288)</u>	<u>672,111</u>	<u>31,561</u>	<u>(14,975)</u>	<u>1,267,587</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	24,549	35,446	48,814	15,847	1,613	126,269
Miscellaneous revenue	-	-	3,500	-	-	3,500
Operating grants and contributions	-	-	-	-	-	-
Interest expense	(24,820)	(192,205)	-	(61,593)	-	(278,618)
Miscellaneous expenses	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(271)</u>	<u>(156,759)</u>	<u>52,314</u>	<u>(45,746)</u>	<u>1,613</u>	<u>(148,849)</u>
Income (loss) before contributions and transfers	771,907	(350,047)	724,425	(14,185)	(13,362)	1,118,738
Capital contributions	-	-	-	-	-	-
Transfers in	-	686,997	-	-	-	686,997
Transfers out	(345,838)	(15,487)	(105,925)	(4,963)	-	(472,213)
Loss on capital asset disposal	-	(1,110)	-	(4,736)	-	(5,846)
Change in net assets	<u>426,069</u>	<u>320,353</u>	<u>618,500</u>	<u>(23,884)</u>	<u>(13,362)</u>	<u>1,327,676</u>
Total net assets - beginning, restated	<u>1,789,741</u>	<u>1,939,878</u>	<u>7,677,074</u>	<u>1,427,883</u>	<u>166,976</u>	<u>13,001,552</u>
Total net assets - ending	<u>\$ 2,215,810</u>	<u>\$ 2,260,231</u>	<u>\$ 8,295,574</u>	<u>\$ 1,403,999</u>	<u>\$ 153,614</u>	<u>\$ 14,329,228</u>

CITY OF EDMOND, OKLAHOMA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2011

	PWA SANITATION UTILITY	PWA ARCADIA LAKE	PWA DRAINAGE UTILITY	KICKINGBIRD GOLF COURSE	YOURGOV- SHOP	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 7,431,117	\$ 863,029	\$ 1,680,541	\$ 1,879,253	\$ 46,527	\$ 11,900,467
Payments to suppliers	(5,347,638)	(407,461)	(550,516)	(788,144)	(26,516)	(7,120,275)
Payments to employees	(1,253,576)	(440,276)	(337,226)	(911,690)	(25,625)	(2,968,393)
Receipts of customer meter deposits	34,682	-	24,270	-	-	58,962
Payment of customer meter deposits	(20,120)	-	(13,160)	-	-	(33,280)
Interfund payments	(44,363)	(41,092)	-	-	-	(85,455)
Interfund receipts	362,379	-	25,792	1,770	-	389,941
Net cash provided (used) by operating activities	<u>1,162,491</u>	<u>(25,800)</u>	<u>829,701</u>	<u>181,189</u>	<u>(5,614)</u>	<u>2,141,967</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	686,997	-	-	-	686,997
Transfers to other funds	(345,838)	(15,487)	-	(4,963)	-	(366,288)
Net cash provided (used) by noncapital financing	<u>(345,838)</u>	<u>671,510</u>	<u>-</u>	<u>(4,963)</u>	<u>-</u>	<u>320,709</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	(254,587)	(23,350)	(21,308)	-	(299,245)
Principal paid on capital debt	(98,204)	(289,306)	-	(88,640)	-	(476,150)
Interest paid on capital debt	(29,290)	(193,202)	-	(64,943)	-	(287,435)
Net cash provided (used) by capital and related financing activities	<u>(127,494)</u>	<u>(737,095)</u>	<u>(23,350)</u>	<u>(174,891)</u>	<u>-</u>	<u>(1,062,830)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	(660,713)	-	(659,098)	-	-	(1,319,811)
Sale of investments	-	186,395	-	38,386	8,725	233,506
Interest and dividends	20,705	35,548	47,394	15,854	1,559	121,060
Net cash provided (used) by investing activities	<u>(640,008)</u>	<u>221,943</u>	<u>(611,704)</u>	<u>54,240</u>	<u>10,284</u>	<u>(965,245)</u>
Net increase (decrease) in cash and cash equivalents	49,151	130,558	194,647	55,575	4,670	434,601
Balances-beginning of year	85,350	718,107	137,966	240,795	5,075	1,187,293
Balances-end of year	<u>\$ 134,501</u>	<u>\$ 848,665</u>	<u>\$ 332,613</u>	<u>\$ 296,370</u>	<u>\$ 9,745</u>	<u>\$ 1,621,894</u>
Reconciliation to Combining Statement of Net Assets:						
Cash, including time deposits	\$ 134,501	\$ 26,279	\$ 332,613	\$ 38,048	\$ 9,745	\$ 541,186
Restricted cash, including time deposits-current	-	329,220	-	100,284	-	429,504
Restricted cash, including time deposits-noncurrent	-	493,166	-	158,038	-	651,204
Total cash and cash equivalents, end of year	<u>\$ 134,501</u>	<u>\$ 848,665</u>	<u>\$ 332,613</u>	<u>\$ 296,370</u>	<u>\$ 9,745</u>	<u>\$ 1,621,894</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating income (loss)	\$ 772,178	\$ (193,288)	\$ 672,111	\$ 31,561	\$ (14,975)	\$ 1,267,587
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	14,721	199,926	66,375	152,962	-	433,984
Miscellaneous revenue	-	-	3,500	-	-	3,500
Change in assets and liabilities:						
Receivables, net	21,912	(5,600)	51,444	-	(2,713)	65,043
Inventories	-	-	-	(12,853)	-	(12,853)
Due from other funds	362,379	25,792	25,792	-	-	388,171
Accounts and other payables	8,568	8,155	739	14,506	11,597	43,565
Due to other funds	(44,363)	(41,092)	-	1,770	-	(83,685)
Customer meter deposits payable	14,572	-	11,110	-	-	25,682
Pension benefit obligation	-	-	-	(14,617)	-	(14,617)
OPEB obligation	11,324	2,411	2,717	7,365	225	24,042
Accrued compensated absences	1,200	3,688	(4,087)	-	252	1,548
Net cash provided by operating activities	<u>\$ 1,162,491</u>	<u>\$ (25,800)</u>	<u>\$ 829,701</u>	<u>\$ 181,189</u>	<u>\$ (5,614)</u>	<u>\$ 2,141,967</u>
Non-cash Activities:						
Capital assets transferred to other funds	-	-	(105,925)	-	-	(105,925)
Total Non-cash Activities	<u>\$ -</u>	<u>\$ -</u>	<u>(105,925)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(105,925)</u>

The Internal Service Funds are used to account for the financing of administrative services provided by one department or function to other departments or functions of the City on a cost reimbursement basis.

EMPLOYEE GROUP INSURANCE FUND - The Employee Group Insurance Fund has been established to account for the direct and indirect costs of administering a self-funded group health insurance plan. Financing is provided by the City, the Edmond Public Works Authority, City employees, and interest earnings on fund investments. Costs associated with the plan include the payment of employee and dependent health and dental claims, third party administrative costs, insurance premium payments for catastrophic claims, fully insured life, accidental death and dismemberment, and long term disability insurance.

LIABILITY/TORT CLAIM FUND - The Liability/Tort Claim Fund has been established to account for direct and indirect costs for the payment of judgments and settled claims relating to torts and worker's compensation. Financing is provided through billings to user departments.

VEHICLE MAINTENANCE FUND - The Vehicle Maintenance Fund has been established to account for expenditures necessary to maintain City vehicles. Financing is provided through billings to user departments.

FLEET MANAGEMENT FUND - The Fleet Management Fund has been established to accumulate resources for the replacement of vehicles and other equipment on a systematic basis. Financing is provided by fleet lease assessments to the General Fund, Park Sales Tax Fund, Administrative Support Services Fund, Edmond Public Works Authority, Fire Public Safety Limited Tax Fund and the Police Public Safety Limited Tax Fund.

FIELD SERVICES FUND - The Field Services Fund has been established to provide street maintenance, water/wastewater line maintenance and traffic control systems maintenance. Financing is provided by the General Fund, Water and Wastewater Fund based upon applicable cost accounting methods.

ADMINISTRATIVE SUPPORT SERVICES FUND - The Administrative Support Services Fund has been established to account for and allocate administrative overhead costs to user departments of the City. Financing is provided through billings to user departments based upon applicable cost accounting methods.

City of Edmond, Oklahoma
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Group Insurance Fund	Vehicle Maintenance Fund	Liability/Tort Claim Fund	Fleet Management Fund	Field Services Fund	Administrative Support Services Fund	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 328,109	\$ 33,179	\$ 242,116	\$ 255,905	\$ 29,801	\$ 312,041	\$ 1,201,151
Investments	4,333,833	438,250	2,386,298	3,380,118	393,631	4,436,458	15,368,588
Due from other funds	-	-	-	-	-	47,438	47,438
Receivables:							
Accrued interest	11,250	1,138	6,195	8,775	1,022	11,517	39,897
Receivables from other governments	-	-	-	-	-	-	-
Other receivables	-	-	342,132	-	-	522	342,654
Inventories	-	137,015	-	-	545,452	47,837	730,304
Total current assets	4,673,192	609,582	2,976,741	3,644,798	969,906	4,855,813	17,730,032
Non-current assets:							
Capital Assets:							
Nondepreciable	-	-	-	-	-	787,503	787,503
Depreciable, net of accumulated depreciation	-	-	-	12,810,488	-	4,199,828	17,010,316
Total non-current assets	-	-	-	12,810,488	-	4,987,331	17,797,819
Total assets	4,673,192	609,582	2,976,741	16,455,286	969,906	9,843,144	35,527,851
LIABILITIES							
Current Liabilities:							
Accounts payable	10,642	89,298	36,717	5,250	49,908	104,243	296,058
Salaries payable	-	33,280	-	-	197,315	534,558	765,153
Due to other funds	-	-	-	-	-	4,113	4,113
Compensated absences	-	4,640	665	753	15,374	51,018	72,450
Claims and judgments	343,444	-	834,000	-	-	-	1,177,444
Total current liabilities	354,086	127,218	871,382	6,003	262,597	693,932	2,315,218
Non-current liabilities:							
Compensated absences	-	41,757	5,984	6,780	138,366	459,170	652,057
Capital Lease Obligation	-	-	-	-	-	-	-
Claims and judgments	114,482	-	1,253,000	-	-	-	1,367,482
Total non-current liabilities	114,482	41,757	1,258,984	6,780	138,366	459,170	2,019,539
Total liabilities	468,568	168,975	2,130,366	12,783	400,963	1,153,102	4,334,757
NET ASSETS							
Invested in capital assets, net of related debt	-	-	-	12,810,488	-	4,987,331	17,797,819
Unrestricted	4,204,624	440,607	846,375	3,632,015	568,943	3,702,711	13,395,275
Total net assets	\$ 4,204,624	\$ 440,607	\$ 846,375	\$ 16,442,503	\$ 568,943	\$ 8,690,042	\$ 31,193,094

City of Edmond, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	Group Insurance Fund	Vehicle Maintenance Fund	Liability/Tort Claim Fund	Fleet Management Fund	Field Services Fund	Administrative Support Services Fund	Total
OPERATING REVENUES							
Charges for services	\$ 7,737,119	\$ 2,883,404	\$ 2,214,793	\$ 2,077,898	\$ 8,119,309	\$ 15,454,028	\$ 38,486,551
Operating grants and contributions	-	-	-	-	-	71,434	71,434
Miscellaneous	-	-	180,663	-	-	-	180,663
Total operating revenues	<u>7,737,119</u>	<u>2,883,404</u>	<u>2,395,456</u>	<u>2,077,898</u>	<u>8,119,309</u>	<u>15,525,462</u>	<u>38,738,648</u>
OPERATING EXPENSES							
Personal services	-	683,923	227,318	62,829	3,754,137	9,941,470	14,669,677
Materials and supplies	1,253	1,735,217	8,197	3,988	902,047	641,231	3,291,933
Other services and charges	760,655	476,847	327,937	148,655	3,373,717	3,719,222	8,807,033
Insurance premium expense	306,550	-	595,864	-	-	-	902,414
Claims expense	6,004,672	-	1,778,668	-	-	-	7,783,340
Depreciation	-	-	-	1,736,965	-	343,734	2,080,699
Total operating expenses	<u>7,073,130</u>	<u>2,895,987</u>	<u>2,937,984</u>	<u>1,952,437</u>	<u>8,029,901</u>	<u>14,645,657</u>	<u>37,535,096</u>
Operating income (loss)	<u>663,989</u>	<u>(12,583)</u>	<u>(542,528)</u>	<u>125,461</u>	<u>89,408</u>	<u>879,805</u>	<u>1,203,552</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	48,858	4,018	26,617	37,178	4,306	53,695	174,672
Miscellaneous revenue	-	4,102	342,132	71,251	73,902	68,855	560,242
Total non-operating revenue (expenses)	<u>48,858</u>	<u>8,120</u>	<u>368,749</u>	<u>108,429</u>	<u>78,208</u>	<u>122,550</u>	<u>734,914</u>
Income (loss) before contributions and transfers	712,847	(4,463)	(173,779)	233,890	167,616	1,002,355	1,938,466
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	(275,997)	-	(2,068)	(278,065)
Change in net assets	<u>712,847</u>	<u>(4,463)</u>	<u>(173,779)</u>	<u>(42,107)</u>	<u>167,616</u>	<u>1,000,287</u>	<u>1,660,401</u>
Total net assets - beginning, restated	3,491,777	445,070	1,020,154	16,484,610	401,327	7,689,755	29,532,693
Total net assets - ending	<u>\$ 4,204,624</u>	<u>\$ 440,607</u>	<u>\$ 846,375</u>	<u>\$ 16,442,503</u>	<u>\$ 568,943</u>	<u>\$ 8,690,042</u>	<u>\$ 31,193,094</u>

CITY OF EDMOND, OKLAHOMA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2011

	EMPLOYEE GROUP INSURANCE FUND	VEHICLE MAINTENANCE FUND	LIABILITY/TORT CLAIM FUND	FLEET MANAGEMENT FUND	FIELD SERVICES FUND	ADMINISTRATIVE SUPPORT SERVICES FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 7,737,119	\$ 2,887,506	\$ 2,395,456	\$ 2,149,149	\$ 8,238,211	\$ 15,594,950	\$ 39,002,391
Payments to suppliers	(1,066,406)	(2,206,349)	(924,208)	(209,006)	(4,317,256)	(4,402,439)	(13,125,664)
Payments to employees	(6,124,404)	(674,279)	(225,494)	(62,423)	(3,747,333)	(9,973,793)	(14,683,322)
Claims and judgments paid	-	-	(1,255,668)	-	-	-	(7,380,072)
Interfund payments	-	-	-	-	-	(10,466)	(10,466)
Net cash provided by (used in) operating activities	<u>546,309</u>	<u>6,878</u>	<u>(9,914)</u>	<u>1,877,720</u>	<u>173,622</u>	<u>1,208,252</u>	<u>3,802,867</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Sale of capital assets	-	-	-	-	-	-	-
Purchase of capital assets	-	-	-	(1,657,123)	-	(553,949)	(2,211,072)
Net cash provided by (used in) capital and related financing activities				<u>(1,657,123)</u>		<u>(553,949)</u>	<u>(2,211,072)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(411,195)	-	-	(122,195)	(156,512)	(528,889)	(1,218,791)
Sale of investments	-	5,633	79,796	37,073	-	85,629	85,629
Interest and dividends	48,068	4,060	26,964	37,073	3,930	52,610	172,705
Net cash provided by (used in) investing activities	<u>(363,127)</u>	<u>9,693</u>	<u>106,760</u>	<u>(85,062)</u>	<u>(152,582)</u>	<u>(476,279)</u>	<u>(960,397)</u>
Net increase (decrease) in cash and cash equivalents	183,182	16,771	96,846	135,535	21,040	178,024	631,398
Balances-beginning of year	144,927	16,408	145,270	120,370	8,761	134,017	569,753
Balances-end of year	<u>\$ 328,109</u>	<u>\$ 33,179</u>	<u>\$ 242,116</u>	<u>\$ 255,905</u>	<u>\$ 29,801</u>	<u>\$ 312,041</u>	<u>\$ 1,201,151</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities							
Operating Income (Loss)	\$ 663,989	\$ (12,583)	\$ (542,528)	\$ 125,461	\$ 89,408	\$ 879,805	\$ 1,203,552
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	-	-	-	1,736,965	-	343,734	2,080,699
Miscellaneous nonoperating revenue (expense)	-	4,102	342,132	71,251	73,902	66,855	560,242
Change in assets and liabilities:							
Receivables, net	-	-	-	-	4,763	-	4,763
Other receivable	-	-	(342,132)	-	45,000	71,749	(225,389)
Inventory	-	(39,209)	-	-	(37,599)	(2,497)	(79,306)
Due from other funds	-	-	-	-	-	(14,579)	(14,579)
Accounts and other payables	-	-	-	-	-	2,938	2,938
Due to other funds	(117,680)	46,353	530,790	(56,363)	9,060	4,113	415,098
Deferred revenue	-	-	-	-	(4,763)	4,113	-
Accrued compensated absences	-	8,215	(74,750)	406	(6,149)	(71,116)	(75,879)
Net cash provided by operating activities	<u>\$ 546,309</u>	<u>\$ 6,878</u>	<u>\$ (9,914)</u>	<u>\$ 1,877,720</u>	<u>\$ 173,622</u>	<u>\$ 1,208,252</u>	<u>\$ 3,802,867</u>

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

SIDEWALK AND DRIVEWAY ESCROW FUND accounts for contractor performance deposits held by the City on various City construction projects. The deposits are refunded after the projects have been satisfactorily completed.

CLEET ASSESSMENT FUND accounts for the receipt of a State mandated penalty assessment on all City fines and forfeitures to be collected by the City and remitted quarterly to the State for its law enforcement training fund.

CITY OF EDMOND, OKLAHOMA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30,2011

<u>ASSETS</u>	<u>SIDEWALK AND DRIVEWAY ESCROW FUND</u>	<u>C.L.E.E.T. PENALTY ASSESSMENT FUND</u>	<u>TOTALS</u>
Cash and investments	\$ 1,426,508	\$ 19,164	\$ 1,445,672
Total Assets	<u>\$ 1,426,508</u>	<u>\$ 19,164</u>	<u>\$ 1,445,672</u>
<u>LIABILITIES</u>			
Due to other governments	\$ -	\$ 19,164	\$ 19,164
Refundable deposits	<u>1,426,508</u>	<u>-</u>	<u>1,426,508</u>
Total Liabilities	<u>1,426,508</u>	<u>19,164</u>	<u>1,445,672</u>

CITY OF EDMOND, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the fiscal year ended June 30, 2011

<u>SIDEWALK AND DRIVEWAY ESCROW</u>	<u>BALANCE JUNE 30, 2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2011</u>
Assets:				
Cash and investments	\$ 302,378	\$ 1,375,050	\$ 250,920	\$ 1,426,508
Total Assets	<u>\$ 302,378</u>	<u>\$ 1,375,050</u>	<u>\$ 250,920</u>	<u>\$ 1,426,508</u>
Liabilities:				
Refundable deposits	\$ 302,378	\$ 250,920	\$ 1,375,050	\$ 1,426,508
Total Liabilities	<u>\$ 302,378</u>	<u>\$ 250,920</u>	<u>\$ 1,375,050</u>	<u>\$ 1,426,508</u>
 <u>CLEET FUND</u>				
Assets:				
Cash and investments	\$ 18,498	\$ 262,924	\$ 262,258	\$ 19,164
Total Assets	<u>\$ 18,498</u>	<u>\$ 262,924</u>	<u>\$ 262,258</u>	<u>\$ 19,164</u>
Liabilities:				
Due to other governments	\$ 18,498	\$ 264,118	\$ 264,784	\$ 19,164
Total Liabilities	<u>\$ 18,498</u>	<u>\$ 264,118</u>	<u>\$ 264,784</u>	<u>\$ 19,164</u>
 <u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 320,876	\$ 1,637,974	\$ 513,178	\$ 1,445,672
Total Assets	<u>\$ 320,876</u>	<u>\$ 1,637,974</u>	<u>\$ 513,178</u>	<u>\$ 1,445,672</u>
Liabilities:				
Due to other governments	\$ 18,498	\$ 264,118	\$ 264,784	\$ 19,164
Refundable deposits	302,378	250,920	1,375,050	1,426,508
Total Liabilities	<u>\$ 320,876</u>	<u>\$ 515,038</u>	<u>\$ 1,639,834</u>	<u>\$ 1,445,672</u>

The revenue bond and note agreements and indentures contain certain financial related covenants dealing with minimum requirements for net pledged revenue and minimum reserve account balance requirements. The following schedules are presented to indicate the level of compliance by the City or its public trusts with these covenants.

Schedule of Revenue Bond/Note Debt Service Coverage

This schedule compares the net revenues generated from revenues sources pledged for the payment of principal and interest of revenue bond and notes to the maximum annual debt service requirements on the debt.

Schedule of Reserve Account Balances

This schedule compares the amount of assets held in trust as reserve accounts related to revenue bonds and notes to the required balances to be maintained in these accounts as required by the debt covenants.

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF REVENUE BOND/NOTE DEBT SERVICE COVERAGE
For the fiscal year ended June 30, 2011

	OWRB Notes Payable Series 2005 and 2006	Sales Tax and Utility Revenue Bonds Series 2001, 2003 2004 and 2005	Utility Revenue Bonds Series 1998, 1999, 2003, 2004, and 2005
GROSS REVENUES OF THE SYSTEM:			
Charges for services	\$ 100,191,087	\$ 100,191,087	\$ 100,191,087
Intergovernmental	218,049	218,049	218,049
Investment income	889,461	889,461	889,461
Miscellaneous income	<u>201,295</u>	<u>201,295</u>	<u>201,295</u>
Total Gross Revenues of the System	101,499,892	101,499,892	101,499,892
OPERATION AND MAINTENANCE EXPENSES:			
Personal services	7,010,927	6,667,809	6,667,809
Materials and supplies	2,017,042	2,004,054	2,004,054
Maintenance, operations and contractual services	74,003,343	65,380,338	65,380,338
Debt service on prior lien utility system revenue bonds	<u>-</u>	<u>17,557,853</u>	<u>-</u>
Total Operation and Maintenance Expenses	<u>83,031,312</u>	<u>91,610,054</u>	<u>74,052,201</u>
Total Gross Revenues of the System in Excess of Total Operation and Maintenance Expenses	18,468,580	9,889,838	27,447,691
Add: Pledged sales tax revenue	26,146,255	9,804,846	26,146,255
Net Revenues of the System plus pledged sales tax revenue	<u>\$ 44,614,835</u>	<u>\$ 19,694,684</u>	<u>\$ 53,593,946</u>
Maximum Debt Service Requirements on Liabilities	<u>\$ 8,443,233</u>	<u>\$ 6,990,269</u>	<u>\$ 8,443,233</u>
Computed Coverage	<u>528%</u>	<u>282%</u>	<u>635%</u>
Coverage Requirement	<u>125%</u>	<u>100%</u>	<u>130%</u>

NOTE: Revenues and expenses include only amounts related to the electric, water, wastewater, and sanitation funds.
Operating expenses exclude depreciation, amortization and other non-cash items, in accordance with the terms
of the applicable bond indentures.

Maximum Debt Service Requirements on Liabilities is based on the following:

Sales Tax and Utility System Revenue Bonds total debt service for the 2003, 2004, 2005 and 2010 series bonds in fiscal year 2021.

Utility System Revenue Bonds total debt service for the 2003, 2004, and 2005 series bonds and OWRB notes payable in fiscal year 2009.

CITY OF EDMOND, OKLAHOMA
SCHEDULE OF RESERVE ACCOUNT BALANCES
June 30,2011

	<u>REQUIRED RESERVES</u>	<u>RESERVE BALANCE JUNE 30, 2011</u>	<u>EXCESS BALANCE OVER REQUIRED RESERVES</u>
Required Balance:			
Series 2003 Utility Revenue Bonds	\$824,775	\$824,775	-
Series 2004 Utility Revenue Bonds	1,115,395	1,276,558	\$161,163
Series 2005 Utility Revenue Bonds	4,043,500	4,329,818	286,318
Series 2003 Sales Tax and Utility Revenue Bonds	1,518,875	1,588,912	70,037
Series 2004 Sales Tax and Utility Revenue Bonds	1,523,170	1,559,892	36,722
Series 2005 Sales Tax and Utility Revenue Bonds	2,356,006	2,411,223	55,217
Series 2010 Sales Tax and Utility Revenue Bonds	1,390,000	1,452,309	62,309

Additional information for the discretely presented component unit referred to in the notes to the financial statements is provided.

HISTORIC PRESERVATION TRUST Created November 15, 1982 to preserve the qualities relating to the history of the City in order to promote the economic and general welfare of the people of the City of Edmond and to ensure the harmonious, orderly and efficient growth and development of the municipality. The EHPT governing body is appointed by the current City Council. The City is able to impose its will on the EHPT because, pursuant to state law, all issuance of EHPT debt requires a two-thirds approval of the City Council. The EHPT component unit does not issue separate financial statements.

**CITY OF EDMOND, OKLAHOMA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2011**

		HISTORIC PRESERVATION TRUST
ASSETS		
Cash and cash equivalents	\$	63,823
Total Assets	<u>\$</u>	<u>63,823</u>
LIABILITIES AND FUND BALANCES		
Fund Balances:		
Unreserved	\$	63,823
Total Liabilities and Fund Balances	<u>\$</u>	<u>63,823</u>
 Reconciliation to Statement of Net Assets:		
Fund balance	\$	63,823
Amounts reported for the discretely presented component unit in the statement of net assets are different because:		
Capital assets used in governmental activities of \$345,477 are not financial resources and, therefore, are not reported in the funds.		345,477
Net assets of component unit	<u>\$</u>	<u>409,300</u>

CITY OF EDMOND, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2011

	HISTORIC PRESERVATION TRUST
Revenues:	
Investment income	\$ 391
Miscellaneous	(1,090)
Total Revenues	(699)
Expenditures:	
Current:	
Culture, parks and recreation	14,725
Total Expenditures	14,725
Revenues over (under) expenditures	(15,424)
Other financing sources:	
Payment from the City of Edmond	24,362
Net change in fund balance	8,938
Fund balances - beginning	119,592
Fund balances - ending	\$ 128,530
 Reconciliation to Statement of Activities:	
Net Change in fund balance	8,938
Amounts reported for the discretely presented component unit in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation expense	(25,125)
Capital assets donated	-
Capital asset purchases capitalized	-
Change in net assets - component unit	\$ (16,187)

STATISTICAL SECTION

This part of the City of Edmond'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

Such statistical information includes:

FINANCIAL TRENDS – 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 – These schedules contain information to help the reader assess the city's most significant local revenue sources, gas and sales tax revenues.

DEBT CAPACITY – 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 – 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 – 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.

CITY OF EDMOND, OKLAHOMA
NET ASSETS BY COMPONENT
Last Nine Fiscal Years
TABLE 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related dept	\$ 58,815,656	\$ 55,201,553	\$ 82,123,621	\$ 79,410,940	\$ 123,811,001	\$ 135,777,034	\$ 170,169,033	\$ 186,474,825	\$ 152,755,649
Restricted	64,670,476	72,500,268	56,495,369	79,102,301	60,258,055	63,676,420	66,653,990	66,138,688	66,787,140
Unrestricted	17,381,089	19,337,449	18,020,922	20,871,764	22,342,098	22,118,829	4,246,686	(2,196,769)	16,285,449
Total governmental activities net assets	\$ 140,867,221	\$ 147,039,270	\$ 156,639,912	\$ 179,385,005	\$ 206,411,154	\$ 221,572,283	\$ 241,068,709	\$ 250,416,745	\$ 235,828,238
Business-type activities									
Invested in capital assets, net of related dept	\$ 52,997,652	\$ 68,161,440	\$ 77,189,233	\$ 95,399,770	\$ 111,991,043	\$ 119,144,031	\$ 129,103,305	\$ 133,914,111	\$ 130,307,669
Restricted	7,510,850	8,827,180	9,517,278	9,140,116	10,181,517	10,563,415	10,899,446	11,431,161	11,102,953
Unrestricted	34,451,241	34,427,729	36,272,522	35,419,323	51,072,155	55,106,883	61,950,616	63,999,452	61,237,819
Total business-type activities net assets	\$ 94,959,743	\$ 111,416,349	\$ 122,979,033	\$ 139,959,209	\$ 173,244,715	\$ 184,814,329	\$ 201,953,367	\$ 209,344,724	\$ 202,648,441
Primary government									
Invested in capital assets, net of related dept	\$ 111,813,308	\$ 123,362,993	\$ 159,312,854	\$ 174,810,710	\$ 235,802,044	\$ 254,921,065	\$ 299,271,338	\$ 320,388,936	\$ 283,063,318
Restricted	72,181,326	81,327,448	66,012,647	88,242,417	70,439,572	74,239,835	77,553,436	77,569,849	77,890,093
Unrestricted	51,832,330	53,765,178	54,293,444	56,291,087	73,414,253	77,225,712	66,197,302	61,802,884	77,523,268
Total primary government net assets	\$ 235,826,964	\$ 258,455,619	\$ 279,618,945	\$ 319,344,214	\$ 379,655,869	\$ 406,386,612	\$ 443,022,076	\$ 459,761,469	\$ 438,476,679

NOTE: Data is only presented for years including and subsequent to implementation of GASB 34.

CITY OF EDMOND, OKLAHOMA
CHANGES IN NET ASSETS
Last Nine Fiscal Years
TABLE 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Government activities:									
Government government	\$ 6,265,143	\$ 4,949,985	\$ 5,581,001	\$ 4,577,821	\$ 4,613,635	\$ 3,478,447	\$ 6,481,160	\$ 10,973,617	\$ 5,031,798
Public Safety	20,880,379	22,034,799	24,035,130	26,728,378	33,046,090	36,253,944	36,973,162	37,861,256	39,468,587
Streets and highways	8,818,751	8,427,250	9,281,426	7,774,914	6,621,593	7,758,419	9,037,694	10,628,715	10,186,548
Cultural, parks and recreation	2,358,522	2,764,522	3,643,976	4,120,945	4,384,149	4,875,902	5,108,657	5,460,930	5,419,709
Health and welfare	1,540,093	1,207,273	1,135,963	1,194,613	1,334,982	1,429,278	1,788,220	2,568,303	2,879,900
Economic development	360,000	487,873	520,058	666,286	846,548	-	-	-	-
Interest on long-term debt	1,265,340	1,656,226	2,468,989	3,132,985	3,696,158	3,575,609	3,446,624	3,303,605	3,060,764
Total governmental activities expenses	41,488,228	41,527,928	46,666,543	48,195,942	54,553,155	57,371,599	62,835,517	70,796,426	66,047,306
Business-type activities:									
Electric operations	39,134,407	43,043,748	45,129,392	58,990,366	57,623,476	55,694,109	58,763,582	60,634,285	65,755,607
Water operations	9,793,319	10,821,394	11,494,331	13,719,684	13,081,626	14,909,423	15,248,010	15,676,576	16,360,858
Wastewater operations	3,461,041	3,555,723	3,594,586	4,268,955	4,649,588	5,554,642	5,744,638	5,614,980	5,351,923
Sanitation operations	4,389,252	4,694,956	4,828,661	5,255,315	5,311,871	6,100,704	5,999,807	6,279,124	6,673,527
Lake operations	1,209,987	1,190,558	1,147,316	1,207,149	1,117,566	1,194,252	1,251,923	1,174,818	1,255,232
Drainage operations	445,699	473,978	438,084	556,395	626,863	814,071	822,836	934,104	953,486
Golf course operations	1,574,650	1,620,775	1,674,073	1,753,249	1,717,156	1,786,557	1,931,136	1,762,760	1,914,021
Cooperative purchasing services	-	26,327	43,042	68,587	67,989	63,194	58,693	41,299	64,215
Economic development (payment to EEDA)	39,383	382,050	382,050	393,511	405,305	417,459	430,000	442,900	412,000
Total business-type activities expenses	60,047,738	65,809,509	68,731,535	86,213,211	84,601,450	86,534,411	90,250,625	92,560,846	98,740,889
Total primary government expenses	\$ 101,535,966	\$ 107,337,437	\$ 115,398,078	\$ 134,409,153	\$ 139,154,605	\$ 143,906,010	\$ 153,086,142	\$ 163,357,272	\$ 164,788,175
Program Revenues									
Government activities:									
Charges for services:									
General government	\$ 5,323,831	\$ 5,363,012	\$ 5,445,449	\$ 5,519,015	\$ 6,452,852	\$ 7,308,113	\$ 7,108,368	\$ 7,370,016	\$ 7,604,193
Public Safety	1,002,146	1,394,636	1,233,048	1,289,125	1,310,158	1,194,312	821,340	831,720	946,769
Streets and highways	82,960	100,320	99,960	107,304	9,030	7,650	104,770	228,097	7,200
Cultural, parks and recreation	353,249	326,024	284,663	404,770	419,224	538,322	538,937	514,150	719,757
Health and welfare	-	-	-	-	-	-	-	-	1,167,687
Operating grants and contributions	3,069,896	1,618,299	1,484,734	1,360,892	5,233,942	4,902,301	4,036,616	4,878,847	5,547,074
Capital grants and contributions	112,603	5,079,879	5,758,056	13,737,184	16,974,830	5,988,765	17,642,392	16,112,303	5,176,962
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	9,944,685	13,882,170	14,305,910	22,418,230	30,400,036	19,909,463	30,252,423	30,624,466	21,169,642

(Continued)

CITY OF EDMOND, OKLAHOMA
TABLE 2
(Continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Electric operations	\$ 44,204,645	\$ 49,179,513	\$ 49,303,502	\$ 62,385,534	\$ 59,686,400	\$ 57,936,121	\$ 64,787,581	\$ 63,074,399	\$ 65,175,715
Water operations	11,012,153	12,644,704	12,061,865	17,111,308	16,065,410	15,876,990	16,132,835	15,309,866	20,660,467
Wastewater operations	5,147,331	5,353,591	5,688,575	5,988,079	6,368,772	6,887,906	6,562,672	6,231,244	7,150,976
Sanitation operations	5,281,603	5,248,703	5,456,330	5,783,171	6,089,940	6,221,070	7,005,326	7,246,382	7,409,205
Lake operations	615,093	594,541	643,897	719,833	694,523	640,316	770,288	764,675	868,456
Drainage operations	748,483	757,760	793,311	813,767	841,717	1,571,298	1,579,935	1,630,168	1,625,597
Golf course operations	1,196,719	1,482,148	1,512,383	1,674,485	1,634,283	1,731,594	1,809,868	1,771,166	1,879,253
Cooperative purchasing service	-	87,824	39,083	84,184	111,752	107,870	63,693	49,240	53,641
Operating grants and contributions	-	210,066	-	-	-	107,870	82,117	2,717	225,488
Capital grants and contributions	945	3,264,449	5,902,464	9,760,255	14,079,770	5,360,805	8,309,381	3,537,407	3,649,620
Total business-type activities program revenues	68,206,972	78,623,299	81,401,410	103,920,616	105,572,507	96,404,055	107,103,696	99,561,665	108,694,017
Total primary government program revenues	\$ 78,151,657	\$ 92,705,469	\$ 95,707,320	\$ 126,338,906	\$ 135,972,543	\$ 116,313,518	\$ 137,356,119	\$ 130,186,131	\$ 129,863,659
Net (Expense)/Revenue									
Government activities	\$ (31,543,543)	\$ (27,645,758)	\$ (32,360,633)	\$ (25,777,652)	\$ (24,153,119)	\$ (37,462,136)	\$ (32,583,094)	\$ (40,171,960)	\$ (44,877,664)
Business-type activities	8,159,234	13,013,790	12,669,875	17,707,405	20,971,057	9,869,644	16,853,071	7,000,819	9,953,148
Total primary government net expense	\$ (23,384,309)	\$ (14,631,968)	\$ (19,690,758)	\$ (8,070,247)	\$ (3,182,062)	\$ (27,592,492)	\$ (15,730,023)	\$ (33,171,141)	\$ (34,924,516)
General Revenues and Other Changes in Net Assets									
Government activities:									
Taxes:									
Sales and use taxes - General government	\$ 18,643,609	\$ 20,580,628	\$ 22,357,983	\$ 24,744,109	\$ 26,208,998	\$ 27,558,790	\$ 29,572,916	\$ 27,484,883	\$ 28,917,747
Sales and use taxes - Public safety	3,315,610	3,644,362	3,920,670	4,261,107	4,527,512	4,742,710	5,014,947	4,748,676	4,914,564
Sales and use taxes - Park and recreation	1,105,203	1,214,787	1,306,890	1,420,829	1,509,171	1,590,904	1,671,649	1,582,892	1,638,188
Sales and use taxes - Capital improvements	6,631,220	7,288,724	7,841,339	8,522,215	9,055,024	9,485,420	10,029,894	9,497,352	9,829,129
Ad valorem property taxes	-	-	-	110,200	106,031	91,149	-	-	-
Franchise and public service taxes	1,384,276	1,419,720	1,428,235	1,606,776	1,699,807	1,866,394	1,961,519	1,886,700	2,304,910
Hotel/motel taxes	268,340	288,756	282,807	293,962	336,159	417,905	364,232	345,208	344,968
Liquor taxes	32,650	35,900	30,550	31,350	37,650	-	-	-	-
Payment from City of Edmond	-	-	-	-	-	-	-	-	-
Intergovernmental revenue not restricted to specific progr	196,419	195,768	305,830	673,351	749,106	761,720	694,962	675,890	981,492
Investment income	1,329,350	699,230	1,650,698	2,834,308	4,882,714	4,229,091	2,515,207	1,294,216	1,299,271
Miscellaneous	308,202	146,661	189,943	225,107	228,030	284,237	216,763	252,382	242,196
Gain (loss) on sale of capital assets	-	-	-	-	-	-	(1,696,494)	-	-
Transfers-Internal activity	2,756,921	(1,566,945)	2,646,330	3,148,383	1,839,066	1,604,942	1,733,927	1,751,799	1,066,444
Total governmental activities	35,971,800	33,947,591	41,961,275	47,871,237	51,179,268	52,623,262	52,079,622	49,519,998	51,538,909
Business-type activities:									
Investment earnings	1,138,558	752,797	1,483,073	2,439,172	2,603,501	2,829,720	1,925,301	1,113,106	991,181
Miscellaneous	255,618	164,181	56,066	6,990	9,771	180,998	158,658	1,029,229	176,357
Special item - gain on asset impairment	-	-	-	-	1,130,316	294,193	(64,102)	-	-
Extraordinary item - release of obligation to federal governm	-	-	-	-	10,409,927	-	-	-	-
Transfers - Internal activity	(2,756,921)	1,566,945	(2,646,330)	(3,148,383)	(1,839,066)	(1,604,942)	(1,733,927)	(1,751,799)	(1,066,444)
Total business-type activities	(1,362,745)	2,483,923	(1,107,191)	(702,221)	12,314,449	1,699,969	285,930	390,536	101,094
Total primary government	\$ 34,609,055	\$ 36,431,514	\$ 40,854,084	\$ 47,169,016	\$ 63,493,717	\$ 54,323,231	\$ 52,365,452	\$ 49,910,534	\$ 51,640,003
Change in Net Assets									
Government activities	\$ 4,428,257	\$ 6,301,833	\$ 9,600,642	\$ 22,093,585	\$ 27,026,149	\$ 15,161,126	\$ 19,496,428	\$ 9,348,038	\$ 6,661,245
Business-type activities	6,796,489	15,497,713	11,562,684	17,005,184	33,285,506	11,569,613	17,139,001	7,391,355	10,054,242
Total primary government	\$ 11,224,746	\$ 21,799,546	\$ 21,163,326	\$ 39,098,769	\$ 60,311,655	\$ 26,730,739	\$ 36,635,429	\$ 16,739,393	\$ 16,715,487

NOTE: Data is only presented for years including and subsequent to implementation of GASB 34.

CITY OF EDMOND, OKLAHOMA
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Nine Fiscal Years
TABLE 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 2,145,051	\$ 2,102,088	\$ 2,644,316	\$ 3,149,184	\$ 3,929,627	\$ 3,771,989	\$ 3,573,228	\$ 1,770,558	\$ -
Unreserved	4,457,425	7,082,953	6,201,103	5,289,270	4,192,773	2,841,745	2,005,534	4,985,485	-
Restricted	-	-	-	-	-	-	-	-	1,637,707
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	2,702,404
Unassigned	-	-	-	-	-	-	-	-	5,150,248
Total general fund	<u>\$ 6,602,476</u>	<u>\$ 9,185,051</u>	<u>\$ 8,845,419</u>	<u>\$ 8,438,454</u>	<u>\$ 8,122,400</u>	<u>\$ 6,613,734</u>	<u>\$ 5,578,762</u>	<u>\$ 6,756,043</u>	<u>\$ 9,490,359</u>
All Other Governmental Funds									
Reserved	\$ 22,189,371	\$ 7,229,922	\$ 8,138,401	\$ 1,208,651	\$ 8,499,925	\$ 7,229,922	\$ 7,329,922	\$ 7,314,772	\$ -
Restricted	-	-	-	-	-	-	-	-	65,078,915
Committed	-	-	-	-	-	-	-	-	2,879
Assigned	-	-	-	-	-	-	-	-	1,617,875
Unassigned	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Designated	430,000	18,599,780	7,703,977	22,627,713	23,989,752	24,031,157	22,314,064	32,566,108	-
Undesignated	29,021,201	37,658,494	31,751,472	46,432,370	41,902,706	35,556,974	35,121,329	-	-
Special revenue funds	3,421,940	4,093,722	4,979,560	10,222,120	3,454,075	5,184,515	4,202,565	9,733,245	-
Debt service funds	-	-	-	1,169	(3,701)	5,453	-	-	-
Capital project funds	11,808,531	6,365,692	5,609,261	1,773,794	2,371,829	2,606,709	1,619,906	19,253,710	-
Total all other governmental funds	<u>\$ 66,871,043</u>	<u>\$ 73,947,610</u>	<u>\$ 58,182,671</u>	<u>\$ 82,265,817</u>	<u>\$ 80,214,586</u>	<u>\$ 74,614,730</u>	<u>\$ 70,587,786</u>	<u>\$ 68,867,835</u>	<u>\$ 66,699,669</u>
GRAND TOTAL	<u>\$ 73,473,519</u>	<u>\$ 83,132,661</u>	<u>\$ 67,028,090</u>	<u>\$ 90,704,271</u>	<u>\$ 88,336,986</u>	<u>\$ 81,228,464</u>	<u>\$ 76,166,548</u>	<u>\$ 75,623,878</u>	<u>\$ 76,190,028</u>

NOTE: Data is presented only for years including and subsequent to implementation of GASB 34.

NOTE: Beginning in FY 2011 the City implemented GASB Statement 54, changing the categories of Fund Balance

CITY OF EDMOND, OKLAHOMA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Nine Fiscal Years
TABLE 4

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Sales and use taxes	\$ 29,695,642	\$ 32,728,501	\$ 35,426,882	\$ 38,947,800	\$ 41,300,705	\$ 43,367,824	\$ 46,289,406	\$ 43,313,803	\$ 45,299,628
Franchise and public service taxes	1,353,877	1,444,354	1,482,808	1,622,014	1,735,492	1,865,472	1,895,831	1,885,284	2,341,305
Ad valorem taxes	-	-	-	106,121	107,529	93,730	-	-	-
Hotel/motel taxes	268,340	288,756	282,807	293,962	336,159	417,905	364,232	345,208	344,988
Intergovernmental	3,052,507	1,932,653	2,230,231	8,142,917	13,106,317	8,251,646	7,292,287	9,707,740	6,776,753
Charges for services	3,487,644	3,414,444	3,636,375	3,824,794	4,532,811	5,121,590	4,980,864	6,209,535	6,790,908
Fines and forfeitures	2,063,428	2,041,466	1,896,419	2,061,344	2,368,946	2,424,600	2,375,687	2,097,681	2,436,202
Licenses and permits	1,176,650	1,678,748	1,495,372	1,416,563	1,275,103	1,418,060	1,063,724	1,083,211	1,082,107
Investment income	1,286,491	726,579	1,635,056	2,728,396	4,756,318	4,304,185	2,402,614	1,641,489	1,271,330
Payment from EEDA component unit	26,345	-	-	-	-	-	-	-	-
Miscellaneous	247,518	419,807	1,271,934	496,869	617,040	401,775	581,882	462,860	1,416,588
Total Revenues	\$ 42,658,442	\$ 44,675,308	\$ 49,357,884	\$ 59,640,780	\$ 70,136,420	\$ 67,666,787	\$ 67,346,527	\$ 66,746,811	\$ 67,719,759
Expenditures:									
General government	\$ 4,201,325	\$ 4,500,913	\$ 5,177,011	\$ 5,691,211	\$ 6,227,383	\$ 5,927,876	\$ 5,380,418	\$ 4,839,694	\$ 5,382,504
Public safety	20,158,167	21,341,415	23,169,172	25,775,741	32,337,759	35,466,386	35,183,104	36,047,474	37,953,732
Streets and highways	2,498,989	2,830,510	3,235,334	3,069,250	3,963,803	4,421,445	3,333,924	3,086,018	3,920,453
Cultural, Parks and Recreation	1,937,322	2,434,328	2,964,540	3,267,450	3,637,910	3,837,910	3,777,614	3,684,873	3,904,840
Health and welfare	1,536,937	1,204,091	1,133,251	1,194,613	1,275,167	1,369,320	1,549,305	2,313,124	2,624,969
Economic development	360,000	488,154	509,311	665,182	841,541	-	-	-	-
Capital Outlay	10,598,511	16,870,373	26,650,315	23,956,614	19,352,642	18,500,852	18,312,319	12,507,394	10,068,623
Debt service:									
Principal	778,205	1,446,888	2,125,000	2,281,203	3,291,203	3,411,203	3,445,000	3,595,000	3,370,000
Interest and fiscal charges	1,265,340	1,584,317	2,535,277	3,162,796	3,751,922	3,632,019	3,498,724	3,355,705	2,797,592
Total Expenditures	\$ 43,334,806	\$ 52,700,989	\$ 67,499,211	\$ 69,064,260	\$ 74,566,808	\$ 76,567,011	\$ 74,480,408	\$ 69,441,282	\$ 70,022,707
Excess of revenues over/under expenditures	\$ (676,364)	\$ (8,025,681)	\$ (18,141,327)	\$ (9,423,480)	\$ (4,430,388)	\$ (8,900,224)	\$ (7,133,881)	\$ (2,694,471)	\$ (2,302,948)
Other financing sources(uses)									
Transfers in	\$ 40,919,050	\$ 43,669,875	\$ 46,068,921	\$ 51,117,118	\$ 52,520,218	\$ 54,816,508	\$ 60,118,792	\$ 54,742,916	\$ 57,700,798
Transfers out	(40,065,032)	(45,993,487)	(44,301,204)	(48,580,244)	(50,457,115)	(53,024,807)	(58,046,824)	(52,591,117)	(55,064,383)
Proceeds from sale of judgment	-	-	258,610	-	-	-	-	-	-
Transfer to escrow agent	-	-	-	-	-	-	-	-	(13,667,116)
Bond issuance costs	-	-	-	(411,519)	-	-	-	-	-
Bond discount	-	(118,468)	-	-	-	-	-	-	-
Bond premium	-	200,007	-	984,477	-	-	-	-	-
Bond proceeds	20,000,000	20,000,000	-	30,000,000	-	-	-	-	-
Total other financing sources(uses)	\$ 20,854,018	\$ 17,657,927	\$ 2,026,327	\$ 33,109,832	\$ 2,063,103	\$ 1,791,701	\$ 2,071,968	\$ 2,151,799	\$ 13,900,000
Net change in fund balances	\$ 20,177,654	\$ 9,632,246	\$ (16,115,000)	\$ 23,686,352	\$ (2,367,285)	\$ (7,108,523)	\$ (5,061,913)	\$ (542,672)	\$ 566,351
Debt service as a percentage of noncapital expenditures	6.2%	8.5%	11.4%	12.0%	12.7%	11.9%	12.4%	13.7%	11.4%

NOTE: Data is only presented for years including and subsequent to implementation of GASB 34.

CITY OF EDMOND, OKLAHOMA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
TABLE 5

Fiscal Year	Ad Valorem Tax	Sales Tax	Use Tax	Franchise Tax	Liquor Tax	Hotel/Motel Tax	Totals
2002	-	\$27,242,475	\$1,174,512	\$1,041,218	\$33,000	\$269,162	\$29,760,367
2003	-	28,735,285	960,357	1,321,227	32,650	268,340	31,317,859
2004	-	31,584,471	1,144,030	1,408,454	35,900	288,756	34,461,611
2005	-	33,979,137	1,447,745	1,452,258	30,550	282,807	37,192,497
2006	110,200	36,929,598	2,018,203	1,606,776	31,350	293,962	40,990,089
2007	106,031	39,238,438	2,062,267	1,699,807	37,650	336,159	43,480,352
2008	92,692	41,103,489	2,264,335	1,836,994	29,400	417,905	45,744,815
2009	-	43,462,875	2,826,531	1,924,619	36,900	364,232	48,615,157
2010	-	41,155,192	2,158,611	1,848,384	36,900	345,208	45,544,295
2011	-	42,592,891	2,706,737	2,301,455	39,850	344,968	47,985,901

NOTE: Years 2000 thru 2002 (prior to implementation of GASB 34) are stated on a modified accrual basis of accounting.

CITY OF EDMOND, OKLAHOMA
ELECTRICITY REVENUE BY CUSTOMER TYPE
LAST SIX FISCAL YEARS
TABLE 6

	2006	2007	2008	2009	2010	2011
Residential	\$ 37,995,276	\$ 35,982,503	\$ 34,186,769	\$ 38,174,103	\$ 37,654,681	\$ 39,450,423
Commercial	15,538,466	16,082,452	17,187,660	18,854,931	17,716,150	17,706,025
Large Commercial & Industrial	2,571,921	1,788,194	974,507	963,824	859,249	846,672
Other	6,201,955	5,768,011	5,288,332	5,710,357	5,364,308	5,664,118
Totals	\$ 62,307,618	\$ 59,621,160	\$ 57,637,268	\$ 63,703,216	\$ 61,594,388	\$ 63,667,238

Source: City of Edmond Utility Customer Service Department

Note: Data is presented only for years including and subsequent to implementation of GASB 44.

**CITY OF EDMOND, OKLAHOMA
TOP TEN ELECTRIC CUSTOMERS
LAST SIX YEARS
TABLE 7**

Taxpayer	2006			2007			2008			2009			2010			2011		
	Rank	Value	% of Total															
City of Edmond	3	\$ 1,261,540	2.0%	1	\$ 1,991,286	3.4%	1	\$ 1,956,377	3.4%	1	\$ 2,400,975	3.8%	1	\$ 2,185,377	3.5%	1	\$ 2,049,567	3.2%
University of Central Oklahoma	2	\$ 1,328,232	2.1%	2	\$ 1,572,469	2.7%	3	\$ 1,539,092	2.7%	2	\$ 2,194,299	3.4%	3	\$ 2,072,185	3.4%	2	\$ 1,754,771	2.8%
Edmond Public Schools	1	\$ 1,592,237	2.6%	3	\$ 1,444,271	2.4%	2	\$ 1,608,329	2.8%	3	\$ 2,127,093	3.3%	2	\$ 2,083,285	3.4%	2	\$ 1,693,712	2.7%
Wal Mart	4	\$ 736,785	1.2%	4	\$ 792,101	1.3%	4	\$ 737,862	1.3%	4	\$ 971,947	1.5%	4	\$ 827,417	1.3%	4	\$ 759,208	1.2%
Crest Foods	7	\$ 380,946	0.6%	5	\$ 378,372	0.6%	7	\$ 281,402	0.5%	5	\$ 442,393	0.7%	5	\$ 411,060	0.7%	5	\$ 339,516	0.5%
Lowe's	9	\$ 265,047	0.4%	10	\$ 230,976	0.4%	10	\$ 206,106	0.4%	8	\$ 337,108	0.5%	6	\$ 406,365	0.7%	6	\$ 330,251	0.5%
Edmond Regional Medical	5	\$ 389,020	0.6%	6	\$ 348,727	0.6%	6	\$ 334,020	0.6%	6	\$ 426,035	0.7%	7	\$ 395,136	0.6%	7	\$ 315,069	0.5%
Homeland Stores	6	\$ 377,894	0.6%	7	\$ 344,802	0.6%	5	\$ 334,632	0.6%	7	\$ 394,957	0.6%	8	\$ 337,554	0.5%	8	\$ 281,059	0.4%
Henderson Hills Baptist Church																		
Oak Tree Partners LLC																		
Target	8	\$ 280,945	0.5%	9	\$ 258,601	0.4%	9	\$ 237,446	0.4%	10	\$ 299,360	0.5%	10	\$ 271,484	0.4%	10	\$ 255,308	0.4%
OSBI	0	\$ -	0.0%	0	\$ -	0.0%	0	\$ -	0.0%	9	\$ 315,726	0.5%		\$ -			\$ -	
Home Depot	10	\$ 195,826	0.3%				0		0.0%								\$ -	
UPC Acquisition Corp.	0	\$ -	0.0%	8	\$ 284,745	0.5%	8	\$ 257,523	0.4%		\$ -			\$ -			\$ -	
Totals		<u>\$ 6,808,472</u>	10.9%		<u>\$ 7,646,350</u>	12.9%		<u>\$ 7,492,789</u>	13.0%		<u>\$ 9,594,166</u>	15.1%		<u>\$ 9,262,267</u>	15.0%		<u>\$ 8,033,769</u>	12.6%
Total Electric Revenue (see Table 6)		<u>\$ 62,307,618</u>			<u>\$ 59,321,160</u>			<u>\$ 57,637,268</u>			<u>\$ 63,703,216</u>			<u>\$ 61,594,388</u>			<u>\$ 63,667,238</u>	

Source: City of Edmond Utility Customer Service Department

CITY OF EDMOND, OKLAHOMA
ELECTRICITY RATES
Last Six Fiscal Years
TABLE 8

Rate Code	Rate Schedule	Units	Edm. Elec. 1/1/2006	Edm. Elec. 1/1/2007	Edm. Elec. 1/1/2008	Edm. Elec. 1/1/2009	Edm. Elec. 1/1/2010	Edm. Elec. 1/1/2011
13	<u>R-1 Residential</u>							
	Customer Charge	\$/mo	6.04	6.05	6.05	6.05	12.48	12.48
	Energy Charge							
	Shoulder - May							
	First 600 kWh	\$/kWh	0.0067	0.0792	0.0792	0.0792	0.0806	0.0806
	Add'l kWh over 600	\$/kWh	0.0035	0.0569	0.0569	0.0569	0.0806	0.0806
	Summer (Jun-Sep)							
	First 1,400 kWh	\$/kWh	0.0070	0.0795	0.0795	0.0795	0.0806	0.0806
	Add'l kWh over 1,400	\$/kWh	0.0067	0.0807	0.0807	0.0807	0.0833	0.0833
	Shoulder - Oct							
	First 600 kWh	\$/kWh	0.0067	0.0792	0.0792	0.0792	0.0806	0.0806
	Add'l kWh over 600	\$/kWh	0.0035	0.0569	0.0569	0.0569	0.0806	0.0806
	Winter (Nov-Apr)							
	First 600 kWh	\$/kWh	0.0067	0.0792	0.0792	0.0792	0.0806	0.0806
	Add'l kWh over 600	\$/kWh	0.0021	0.0444	0.0444	0.0444	0.0452	0.0452
14	<u>LH&A-P-1 Low Income Home Energy Assistance Program Rider</u>							
	Customer Charge	\$/mo	created 1/1/2007	6.05	6.05	6.05	12.48	12.48
	(Oct-May)	\$/mo		0	0	0	0	0
	Summer (Jun-Sep)							
	Energy Charge							
	Winter (Nov-Apr)							
	First 600 kWh	\$/kWh	created 1/1/2007	0.0792	0.0792	0.0792	0.0806	0.0806
	Add'l kWh over 600	\$/kWh	created 1/1/2007	0.0382	0.0382	0.0382	0.0452	0.0452
	Summer & Shoulder (May-Oct)	\$/kWh		same as R-1	same as R-1	same as R-1	same as R-1	same as R-2
	* Acceptance requires qualification by DHS prior to annual participation.							
06	<u>GS-J General Service</u>							
	Customer Charge	\$/mo	133.92	11.16	11.16	11.16	23.04	23.04
	Energy Charge							
	Summer (Jun-Oct)							
	All kWh	\$/kWh	0.0106	0.0993	0.0993	0.0993	0.1003	0.1003
	Winter (Nov-May)							
	First 1000 kWh	\$/kWh	0.0087	0.0897	0.0897	0.0897	0.0864	0.0864
	Add'l kWh over 1000	\$/kWh	0.0031	0.054	0.054	0.054	0.048	0.048
05	<u>GS-TOU General Service Time-of-Use</u>							
	Customer Charge	\$/mo	133.92	11.16	11.16	11.16	23.04	23.04
	TOU Meter Charge (Jun-Oct)	\$/mo	112.53	10.23	10.23	10.23	0	0
	Energy Charge							
	Summer On-Peak Hours (2p-8p)	\$/kWh	0.0904	0.2899	0.2899	0.2899	0.2880	0.2880
	Summer Off-Peak Hours	\$/kWh	0.0031	0.054	0.054	0.054	0.048	0.048
	Winter							
	First 1000 kWh	\$/kWh	0.0087	0.0897	0.0897	0.0897	0.0864	0.0864
	Add'l kWh over 1000	\$/kWh	0.0031	0.0540	0.0540	0.0540	0.0480	0.0480
39	<u>PL-1 Power & Light</u>							
	Customer Charge	\$/mo	5,062.55	69.35	69.35	69.35	72	72
	Capacity Charge (new 25% ratchet)							
	Summer (Jun-Oct)	\$/kW	135.40	11.34	11.34	11.34	11.76	11.76
	Winter (Nov-May)	\$/kW	31.06	5.43	5.43	5.43	6.10	6.10

(Continued)

CITY OF EDMOND, OKLAHOMA
ELECTRICITY RATES
Last Six Fiscal Years
TABLE 8

Rate Code	Rate Schedule	Units	Edm.Elec. 1/1/2006	Edm Elec 1/1/2007	Edm Elec 1/1/2008	Edm Elec 1/1/2009	Edm Elec 1/1/2010	Edm Elec 1/1/2011
	Energy Charge							
	First 1,000,000 kWh	\$/kWh	0.0016	0.0395	0.0395	0.0395	0.0403	0.0403
	All Add'l kWh	\$/kWh	0.0014	0.0365	0.0365	0.0365	0.0403	0.0403
36	<u>PL-TOU Power & Light Time-of-Use</u>							
	Customer Charge	\$/mo	5,062.55	69.35	69.35	69.35	72.00	72.00
	TOU Meter Charge (Summer)	\$/mo	0.00	0	0	0	0	0
	Capacity Charge							
	<i>Summer</i>							
	Max Billing Demand	\$/kW	1.39	1.15	1.15	1.15	1.21	1.21
	On-Peak Hrs Demand	\$/kW	109.34	10.19	10.19	10.19	10.71	10.71
	<i>Winter</i>							
	Max Billing Demand	\$/kW	31.06	5.43	5.43	5.43	5.70	5.70
	Energy Charge							
	First 1,000,000 kWh	\$/kWh	0.0016	0.0395	0.0395	0.0395	0.0415	0.0415
	All Add'l kWh	\$/kWh	0.0014	0.0365	0.0365	0.0365	0.0383	0.0383
35	<u>LPL-TOU Large Power & Light Time-of-Use</u>							
	Customer Charge	\$/mo	22344.98	147.98	147.98	147.98	73.50	73.50
	Capacity Charge (new 25% ratchet)							
	Summer (Jun-Oct) mo. Max. Demand	\$/kW	0.18	0.42	0.42	0.42	5.21	5.21
	On-Peak 2p-8p (except Sun. *)	\$/kW	62.25	7.81	7.81	7.81	0	0
	Winter (Nov-May)	\$/kW	19.76	4.40	4.40	4.40	5.21	5.21
	Energy Charge							
	First 2,000,000 kWh/month	\$/kWh	0.0016	0.0402	0.0402	0.0402	0	0
	All Additional kWh/month	\$/kWh	0.0014	0.0365	0.0365	0.0365	0	0
	* for OG&E summer On-Peak, all weekends and 3 holidays are exempt.							
	On Peak kWh/mo (June 1-Sept 30, 2-7:00 pm)	\$/kWh					0.1150	0.1150
	Off-Peak kWh/mo	\$/kWh					0.0343	0.0343
	Winter Season: All kWh	\$/kWh						
51	<u>PS-ND-1 Public Schools Non Demand</u>							
	Customer Charge	\$/mo		11.90	11.90	11.90	12.29	12.29
	Energy Charge							
	<i>Summer (Jan-Oct)</i>							
	All kWh	\$/kWh		0.0990	0.0990	0.0990	0.1003	0.1003
	<i>Winter (Nov-May)</i>							
	First 1000 kWh	\$/kWh		0.0897	0.0897	0.0897	0.0874	0.0874
	Add'l kWh over 1000	\$/kWh		0.0537	0.0537	0.0537	0.0518	0.0518
GPWR	<u>GPWR Green Power Wind Rider (for all standard rates)</u>							
	Wind Selection Charge	\$/kWh	0.018	0.0009	0.0009	0.0009	0.0027	0.0027

(Customer selects 100% or fixed 100kWh blocks subject to WSC.
This WSC rate is added to, and monthly FCA is subtracted from, the standard rate calculation for customer's selected quantity of wind power kWh.)

(Continued) (Continued) (Continued)

CITY OF EDMOND, OKLAHOMA
SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
TABLE 9

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Oklahoma County	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	7.75%									

CITY OF EDMOND, OKLAHOMA
TAXABLE SALES BY CATEGORY (1)
LAST NINE FISCAL YEARS
TABLE 10

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Agriculture, forestry, and fishing	\$ 16,746	\$ 32,508	\$ 94,900	\$ 136,158	(112,697)	55,375	98,379	42,304	31,739
Mining	16,521	17,507	33,313	41,275	62,285	29,076	64,906	1,736	46,492
Construction	12,721	12,219	10,517	26,862	28,504	39,519	36,107	36,107	32,830
Manufacturing	190,428	214,887	218,650	266,428	286,862	395,719	318,134	213,983	211,016
Transportation	13,816	10,434	14,017	17,725	14,693	18,553	33,001	59,514	69,009
Communications and utilities:									
Communications	1,785,855	1,837,584	1,831,506	1,874,056	1,946,509	2,024,068	2,115,513	2,107,808	2,063,197
Electric, gas, and sanitary services	2,004,817	2,241,881	2,283,891	2,666,243	2,854,686	2,787,641	2,962,614	2,904,097	2,807,077
Wholesale trade	1,625,305	1,905,865	2,250,048	2,607,706	3,106,444	2,966,272	4,257,938	2,311,014	2,554,821
Retail trade:									
Building materials, hardware, garden supply and mobile home dealer	3,396,626	3,994,425	4,469,778	5,042,389	4,738,770	4,844,080	5,048,412	4,676,326.57	4,474,466
General merchandise stores	5,883,604	6,199,356	6,503,736	7,045,225	7,618,216	8,165,460	8,430,100	8,427,080	8,509,668
Food stores	3,350,283	3,360,758	3,249,189	2,876,881	2,865,971	2,956,101	3,217,337	3,391,516	3,801,497
Automotive dealers and gasoline service stations	617,469	628,692	671,188	691,239	758,260	806,783	796,361	852,484	997,628
Apparel and accessory stores	797,147	811,444	980,522	1,025,086	1,282,690	1,347,014	1,407,880	1,495,670	1,522,093
Furniture, home furnishings and equipment stores	1,069,385	1,504,243	1,900,315	2,237,055	2,668,466	2,689,076	2,669,621	2,394,461	2,584,712
Eating and drinking places	3,329,065	3,678,036	4,086,620	4,379,635	4,726,865	5,199,041	5,296,659	5,306,478	5,613,523
Miscellaneous retail	2,796,905	2,989,918	3,344,484	3,617,962	4,036,836	4,196,902	4,408,032	4,515,923	4,697,973
Finance, insurance, and real estate	16,316	12,397	17,297	9,898	15,648	15,702	12,369	9,858	7,492
Services:									
Hotels and motels	216,568	242,713	233,032	278,657	282,723	352,794	308,276	285,609	304,701
Personal services	177,842	199,595	212,786	255,982	260,538	248,418	259,991	248,369	255,966
Business services	833,129	812,772	825,734	860,724	1,014,966	948,339	891,543	786,322	804,873
Automotive repair services and garages	333,419	336,298	335,411	367,984	400,294	376,616	392,206	401,687	459,313
Miscellaneous repair services	11,293	14,459	16,324	20,810	16,400	17,679	23,696	22,068	25,167
Motion pictures	144,854	142,765	139,121	131,631	137,266	163,301	163,467	155,084	148,431
Other services	279,503	361,230	385,185	413,022	407,089	480,483	533,356	493,928	489,984
Nonclassifiable establishments	91,608	97,846	103,186	201,097	177,054	256,161	192,498	323,703	530,895
	\$ 29,011,225	\$ 31,659,833	\$ 34,210,749	\$ 37,091,732	\$ 39,605,879	\$ 41,369,153	\$ 43,938,901	\$ 41,463,130	\$ 43,044,583

Data is only presented for years including and subsequent to implementation of GASB 34.
(1) The source for taxable sales by category is the Oklahoma Tax Commission.

CITY OF EDMOND, OKLAHOMA
RATIO FOR OUTSTANDING DEBT BY TYPE
Last Nine Fiscal Years
TABLE 11

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	% of Personal Income	Total Debt Per Capita*
	Revenue Bonds Payable	Capital Leases Payable	Revenue Bonds Payable	Notes Payable	Capital Leases Payable			
2003	\$ 38,685,000	\$ 41,888	\$ 59,635,000	\$ 8,305,891	\$ 152,614	\$ 106,820,393	5.18%	\$ 1,484
2004	57,280,000	-	74,630,000	4,123,663	66,541	136,100,204	6.49%	\$ 1,860
2005	55,155,000	-	72,140,000	3,963,262	202,484	131,460,746	6.01%	\$ 1,759
2006	82,960,000	-	69,370,000	21,218,892	199,233	173,748,125	8.00%	\$ 2,276
2007	79,755,000	-	66,060,000	24,130,636	123,383	170,069,019	7.40%	\$ 2,182
2008	76,430,000	-	62,620,000	23,188,242	50,665	162,288,907	7.06%	\$ 2,047
2009	72,985,000	-	58,685,000	22,186,681	50,761	153,907,442	6.70%	\$ 1,911
2010	69,390,000	-	54,590,000	21,156,506	-	145,136,506	5.13%	\$ 1,783
2011	66,845,000	-	50,695,000	20,096,707	-	137,636,707	5.07%	\$ 1,691

NOTE: Data is presented only for years including and subsequent to implementation of GASB 34.
* Population is calculated at calendar year end prior to fiscal year. See Table 16

CITY OF EDMOND, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years
TABLE 12

Fiscal Year	Population	Net * Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002	71,972 (3)	369,447,645	-	-	-	0.00%	-
2003	73,180 (3)	397,640,335	-	-	-	0.00%	-
2004	74,731 (3)	421,399,473	-	-	-	0.00%	-
2005	76,331 (3)	497,436,162	-	-	-	0.00%	-
2006	77,930 (3)	549,158,491	-	-	-	0.00%	-
2007	79,270 (3)	603,055,867	-	-	-	0.00%	-
2008	80,364 (4)	716,953,613	-	-	-	0.00%	-
2009	80,535 (5)	762,213,816	-	-	-	0.00%	-
2010	81,395 (5)	786,787,845	-	-	-	0.00%	-
2011	81,405 (6)	806,652,399	-	-	-	0.00%	-

(1) Oklahoma Department of Commerce Projection

(2) 2000 Census

(3) City of Edmond GIS Department, based on 2000 Census Avg HH Size for Years 2001-2004, and the 2007 ACS Avg HH Size for Years 2005-2007 with Occupancy Rate

(4) City of Edmond GIS Department, estimate only based on current Building Permits for 2008

(5) City of Edmond, GIS/Planning Department 2001-2010

Based on the American Community Survey Avg HH, and Building Permits since 2000 Census

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

* Oklahoma County Assessor's Report 2011

(6) 2010 Census

CITY OF EDMOND, OKLAHOMA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2011
TABLE 13

Jurisdiction	Net (1) Debt Outstanding	Percentage (2) Applicable to City of Edmond	Amount Applicable to City of Edmond
Direct - City of Edmond	\$ -	0.00%	-
Overlapping: Edmond School District	\$ 115,800,000	50.77%	58,789,227
Oklahoma County	66,400,000	13.72%	9,110,344
Total	<u>\$182,200,000</u>		<u>\$67,899,572</u>

(1) Gross general bonded debt outstanding less debt service reserves.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Edmond.

CITY OF EDMOND, OKLAHOMA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
TABLE 14

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 36,944,765	\$ 39,764,034	\$ 42,139,947	\$ 49,743,616	\$ 54,915,849	\$ 6,305,587	\$ 71,695,361	\$ 76,221,382	\$ 78,678,785	\$ 80,665,240
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 36,944,765	\$ 39,764,034	\$ 42,139,947	\$ 49,743,616	\$ 54,915,849	\$ 6,305,587	\$ 71,695,361	\$ 76,221,382	\$ 78,678,785	\$ 80,665,240
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%

Legal Debt Margin Calculation for Fiscal Year 2010	
Net assessed valuation	\$ 806,652,399
Debt limit (10% of total assess value)	\$ 80,665,240
Debt applicable to limit:	
General obligation bonds	-
Less: Street bonds outstanding	-
Total net debt applicable to limit	-
Legal debt margin	\$ 80,665,240

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation.
Article 10, Section 27 of the Constitution of the State of Oklahoma limits municipal debt to non-utility or non-street purposes.

CITY OF EDMOND, OKLAHOMA
THE EDMOND PUBLIC WORKS AUTHORITY
UTILITY SYSTEMS DIVISION
PLEGDED REVENUE COVERAGE
Last Ten Fiscal Years
TABLE 15

		Eligible Revenues	Eligible Expenses (1)	Net Revenue Available for Debt Service	Maximum Annual Debt Service	Revenue Bond Coverage
2002	Utility Revenue Bonds Series 1994, 1998 and 1999 Sales Tax and Utility Revenue Bonds Series 2001	83,448,528 71,489,726	50,775,915 54,104,112	32,672,613 17,385,614	5,267,680 300,013	6.20 57.95
2003	Utility Revenue Bonds Series 1994, 1998 and 1999 Sales Tax and Utility Revenue Bonds Series 2001 Sales Tax and Utility Revenue Bonds Series 2002 Sales Tax and Utility Revenue Bonds Series 2003	86,329,322 73,438,601 84,425,263 73,438,601	50,973,880 54,293,820 49,080,807 55,836,860	35,355,442 19,144,781 35,344,456 17,601,741	5,239,055 1,599,040 8,372,379 1,518,875	6.75 11.97 4.22 11.59
2004	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004 Utility Revenue Bonds Series 1998, 1999, 2003, 2004	80,646,937 92,626,281	59,706,592 54,866,300	20,940,345 37,759,981	4,660,277 7,608,482	4.49 4.96
2005	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004 Utility Revenue Bonds Series 1998, 1999, 2003, 2004	81,738,628 94,690,783	62,742,821 56,999,841	18,995,807 37,690,942	4,600,458 8,288,621	4.13 4.55
2006	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004, 2005 Utility Revenue Bonds Series 1998, 1999, 2003, 2004, 2005 OWRB Series 2005, 2006	101,549,962 115,530,508 115,530,508	78,472,004 72,572,103 72,572,103	23,077,958 42,958,405 42,958,405	6,822,981 8,443,233 8,443,233	3.38 5.09 5.09
2007	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004, 2005 Utility Revenue Bonds Series 1998, 1999, 2003, 2004, 2005 OWRB Series 2005, 2006	99,735,661 114,845,407 114,845,407	79,826,395 72,731,962 72,731,962	19,909,266 42,113,445 42,113,445	6,822,981 8,443,233 8,443,233	2.92 4.99 4.99
2008	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004, 2005 Utility Revenue Bonds Series 1998, 1999, 2003, 2004, 2005 OWRB Series 2005, 2006	98,908,461 114,558,163 114,558,163	79,729,807 72,725,121 72,725,121	19,178,654 41,833,042 41,833,042	6,822,981 8,443,233 8,443,233	2.81 4.95 4.95
2009	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004, 2005 Utility Revenue Bonds Series 1998, 1999, 2003, 2004, 2005 OWRB Series 2005, 2006	106,361,912 123,109,588 123,109,588	81,058,262 74,052,201 74,052,201	25,303,650 49,057,387 49,057,387	6,822,981 8,443,233 8,443,233	3.71 5.81 5.81
2010	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004, 2005 Utility Revenue Bonds Series 1998, 1999, 2003, 2004, 2005 OWRB Series 2005, 2006	102,344,442 118,119,652 118,119,652	81,867,810 74,845,596 74,845,596	20,476,632 43,274,056 43,274,056	6,822,981 8,682,517 8,682,517	3.00 4.98 4.98
2011	Sales Tax and Utility Revenue Bonds Series 2001, 2003, 2004, 2005 Utility Revenue Bonds Series 1998, 1999, 2003, 2004, 2005 OWRB Series 2005, 2006	111,304,738 127,646,147 127,646,147	91,610,054 83,031,312 83,031,312	19,694,684 44,614,835 44,614,835	6,990,269 8,443,233 8,443,233	2.82 5.28 5.28

(1) Excludes depreciation and amortization expense.

CITY OF EDMOND, OKLAHOMA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
TABLE 16

Calendar Year	Population (1)*	Personal Income (in thousands) (2)	Per Capita Personal Income	Median Age of Population (2)	Percent with College Degree or Higher (5)	School Enrollment (3)	Unemployment Rate (4)
2001	70,507	2,069,450,957	29,351	34.2	N/A	17,430	3.9%
2002	71,972	2,073,081,488	28,804	34.2	N/A	17,833	4.1%
2003	73,180	2,097,924,240	28,668	34.2	N/A	18,045	5.1%
2004	74,731	2,187,152,177	29,267	34.2	N/A	19,183	4.4%
2005	76,331	2,165,892,125	28,375	34.2	N/A	19,274	4.3%
2006	77,930	2,335,328,310	29,967	34.6	N/A	19,726	3.9%
2007	79,270	2,522,054,320	31,816	34.8	52	20,272	4.3%
2008	80,535	2,670,460,065	33,159	34.7	48.6	20,786	4.6%
2009	81,395	2,828,232,065	34,747	34.9	51.4	21,358	4.8%
2010	81,405 *	2,713,228,650	33,330	35.0	50.1	21,960	4.2%

Note: Information was unavailable for the cells with N/A .

Sources:

- (1) City of Edmond, GIS/Planning Department 2001-2009
Based on the American Community Survey Avg HH, and Building Permits since 2000 Census
- * Based on 2010 Census Bureau data
- (2) Edmond Economic Development Authority (EEDA)
- (3) Edmond School District
- (4) www.bls.gov
- (5) Edmond Economic Development Authority (EEDA). Information for previous year not available.

**CITY OF EDMOND, OKLAHOMA
PRINCIPAL EMPLOYERS
Current and Five Years Ago
TABLE 17**

<u>Employer</u>	<u>Product/Business</u>	<u>2006</u>			<u>2011</u>		
		<u>Rank</u>	<u>Employees</u>	<u>% of Total</u>	<u>Rank</u>	<u>Employees</u>	<u>% of Total</u>
Edmond Public Schools	Public Education	1	2,191	41.2%	1	2526	40.2%
University of Central Oklahoma	Higher Education	2	1,009	19.0%	2	1191	18.9%
City of Edmond	Local Municipality	3	642	12.1%	3	660	10.5%
Adfitech	Quality Control for Mortgage Industry	7	250	4.7%	4	497	7.9%
Edmond Medical Center	Hospital	5	350	6.6%	5	450	7.2%
Unit Parts/Remy International	Auto Parts Manufacturing	4	430	8.1%	6	300	4.8%
Petra Industries	Electronic Distribution	8	189	3.6%	7	265	4.2%
Cox Communications	Communication Services	9	147	2.8%	8	180	4.2%
Pelco Products	Traffic, Decorative, & Utility Hardware	10	107	2.0%	9	133	2.9%
Innovative Healthcare Systems	Healthcare Billing				10	89	2.1%
Ben E. Keith*	Food Distribution	6	250*	0.0%			
Totals			<u>5,315</u>	<u>100%</u>		<u>6,291</u>	<u>100%</u>

Source: Edmond Economic Development Authority

NOTE: Information for ten years ago is unavailable. The earliest figures available were used.

*Ben E. Keith is located out of City of Edmond limits but was included in 2006 data, this business is still in business, we are only including those within the City limit

CITY OF EDMOND, OKLAHOMA
FULL-TIME EQUIVALENT BUDGETED CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Six Fiscal Years
TABLE 18

<u>Function/Program</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>
General Government:						
Management Services	6	6	6	5	5	4
City Clerk/Governmental Relations	7	4	4	4	4	4
Finance	7	7	8	8	8	8
Treasurer	2	2	2	2	2	2
Human Resources	6	6	7	7	7	7
IT	15	16	16	16	16	16
Legal	7	7	8	8	8	7
Other	19	22	22	24	24	22
Engineering	14	14	14	15	15	14
Planning	6	6	6	6	6	6
CDBG	1	1	1	1	1	1
Building	14	15	15	15	15	13
Community Image	7	7	7	7	7	5
Convention & Visitors Bureau	2	2	2	2	2	2
Downtown Community Center	2	2	2	2	2	2
Total General Government	115	117	120	122	122	113
Public Safety and Judiciary:						
Police:						
Officers	105	111	114	114	114	105
Civilians	17	20	22	22	22	22
Animal Welfare	9	10	10	10	10	7
Fire:						
Firefighters & Officers	113	111	114	114	115	112
Civilians	3	5	6	7	7	6
Emergency Management	3	2	2	2	2	2
Central Communications/EM	20	21	24	24	24	19
Municipal court	8	8	8	8	8	8
Total Public Safety and Judiciary	278	288	300	301	302	281
Transportation:						
Streets	27	25	25	25	25	24
Traffic	5	5	5	5	5	4
Public Works Administration	6	12	14	13	12	10
	38	42	44	43	42	38
Cultural, Parks and Recreation:						
Parks and Recreations	41	44	40	41	42	38
Total Cultural, Parks and Recreation	41	44	40	41	42	38
Utilities:						
Electric	44	47	48	48	48	47
Water	43	43	44	43	42	41
Solid Waste	21	20	21	20	20	19
Wastewater	21	19	20	20	22	21
Drainage	5	5	5	5	5	5
Utility Customer Service	36	39	38	38	38	37
Central Warehousing	0	0	0	4	3	3
Total Public Works	170	173	176	178	178	173
Total Full-Time Budgeted Employees by Function/Program	642	664	680	685	686	643

Other includes, Urban Forestry, Vehicle Maintenance, Marketing and Facility Maintenance
Source: City of Edmond Human Resource Dept.
NOTE: Data is presented only for years including and subsequent to issuance of GASB 44

CITY OF EDMOND, OKLAHOMA
Capital Asset Statistics by Function/Program
Last Six Fiscal Years
TABLE 19

<u>Function/Program</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>
Police:						
Stations	1	1	1	1	1	1
Patrol units	115	124	126	138	139	144
Fire :						
Stations	5	5	5	5	5	5
Engines	7	6	6	6	5	5
Quint		1	1	1	2	2
Vehicles	22	25	26	29	29	29
Refuse Collection:						
Collection trucks	23	23	23	23	22	22
Streets:						
Street miles	601	610	618	625	627	627
Streetlights	4,042	4,162	4,458	4,463	4,954	5421
Traffic signals	84	82	91	95	96	99
Parks and recreation:						
Acreage	4,821	4,821	4,821	4,949	4,960	4960
Playgrounds	22	22	22	23	23	23
Baseball/softball diamonds	24	24	24	24	24	24
Soccer/football fields	13	13	13	13	16	16
Community Center	1	1	1	1	1	1
Pool	1	1	1	1	1	1
Golf course	1	1	1	1	1	1
Disc Golf courses	3	3	3	3	3	3
Public Transportation:						
Buses	3	3	3	3	8**	8
Trolley	3	3	3	3	0**	0
Cemetery:						
Plots Maintained*	15,165	15,165	15,165	15,165	15,165	15165
Vehicles & Machinery	3	3	4	4	4	4
Water:						
Water mains (miles)	432	463	474	480	484	493
Fire hydrants	3,626	3,882	3,982	4,092	4,129	4315
Storage capacity (thousands of gallons)						
Clearwells and Tower	20,000	20,000	20,000	20,000	20,000	20,000
Arcadia Lake	11,000	11,000	11,000	11,000	11,000	11,000
Wastewater:						
Sanitary sewers (miles) Force Main	24	22	22	22	22	22
Sanitary sewers (miles) Gravity Main	385	399	407	413	416	416
Storm sewers (miles)	87	95	100	105	107	111
Treatment capacity (thousands of gallons)	9,000	9,000	9,000	9,000	9,000	9000

Source: City of Edmond Departments

*Amounts have been restated to reflect number of plots maintained.

**Edmond's Public Transportation began July, 1, 2009, COTPA owns the buses, Edmond Maintains them

CITY OF EDMOND, OKLAHOMA
Operating Indicators by Function/Program
Last Six Fiscal Years
TABLE 20

Function/Program	2006	2007	2008	2009	2010	2011
Police						
Physical Arrests	2,953	2,683	2,364	2,071	2,543	2,658
Parking Violations	2,419	1,533	1,086	1,643	1,462	1,547
Traffic Violations	17,062	19,965	19,815	18,821	17,409	17,480
Fire						
Emergency Responses	4,052	4,518	5,020	5,692	5,745	5,890
Fires Extinguished	266	330	210	260	238	214
Inspections	988	1,080	883	1,191	1,057	937
Solid Waste Collection						
Solid Waste Collected (Tons Per Day)	244	238	258	259	255	262
Recyclables Collected (Tons Per Day)	11	11	12	11	11	10
Other Public Works						
Potholes Repaired:						
Asphalt Patching (Tons)	532	309	261	345	255	218
Concrete Patching (Cubic Yards)	126	171	91	106	160	117
Asphalt Repairs (Tons)	2,878	1,728	4,741	2,364	2,793	2,183
Concrete Repairs (Cubic Yards)	220	303	477	433	554	510
Parks & Recreation						
Athletic Field-Agreements						
EASI (# of Fields Used)	20	20	20	20	20	20
Edmond Soccer Club (# of Fields Used)	13	13	13	13	16	16
Miracle League of Edmond (# of Fields Used)	1	1	1	1	1	1
YMCA (# of Fields Used)	2	7	7	7	7	7
Edmond Round Up Arena	1	1	1	1	1	1
Edmond Rugby Club (# of Fields Used)			2	2	2	2
Edmond Lacrosse Club (# of Fields Used)			5	5	5	5
B & B Tennis (# of Courts Used)	14	14	14	14	14	14
Community Center-MAC Program Participants	1,699	1,940	844	1,120	2,309	6,525
MAC-Special Event Participants	n/a	n/a	10,381	5,419	6,500	4,086
(MAC-Multi-Use Activity Center)						
Senior Center-Program Participants	50,927	48,369	69,361	68,034	60,181	38,772
-Sr. Center Lunch Program	21,247	22,471	19,726	17,080	11,266	9,486
Water						
New Connections	606	942	412	264	283	330
Water Main Breaks	73	97	60	44	57	73
Average Daily Produced	11,000	10,230	10,130	10,340	9,440	10,709
(Thousands of Gallons)						
Peak Daily Produced	20,100	21,950	19,950	21,910	22,078	21,177
(Thousands of Gallons)						
Wastewater						
Average Daily Sewage Treatment	7,000	7,000	7,300	6,850	7,180	6,900
(Thousands of Gallons)						
Transit						
Citylink Bus Service-Revenue Mileage	0	0	0	0	228,920	220,219
Total Route Miles-Trolleys and Broncho (previous)	269,074	261,033	268,759	269,059	0	-
Passengers	64,587	69,622	61,089	66,033	109,000**	179,220

*2008, tracking of Programs and Special Events are being tracked separately.

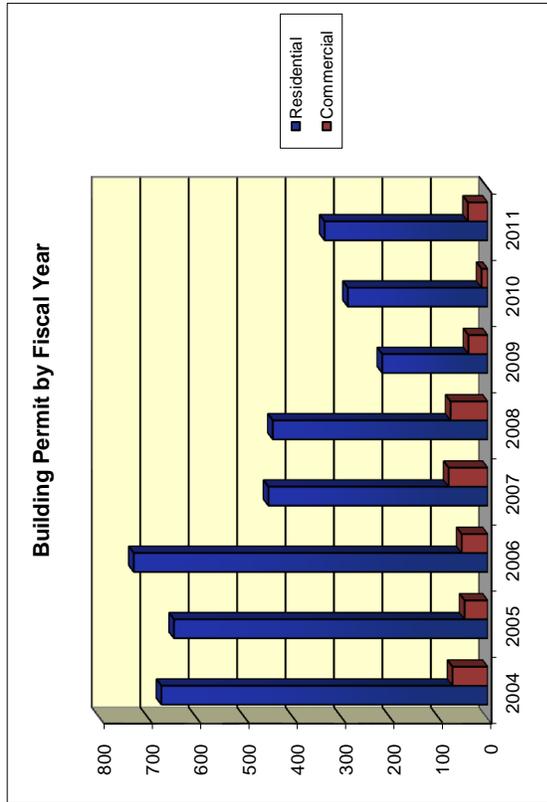
Source: Various City Departments

Transit information provided by Metro Transit 2006-2009

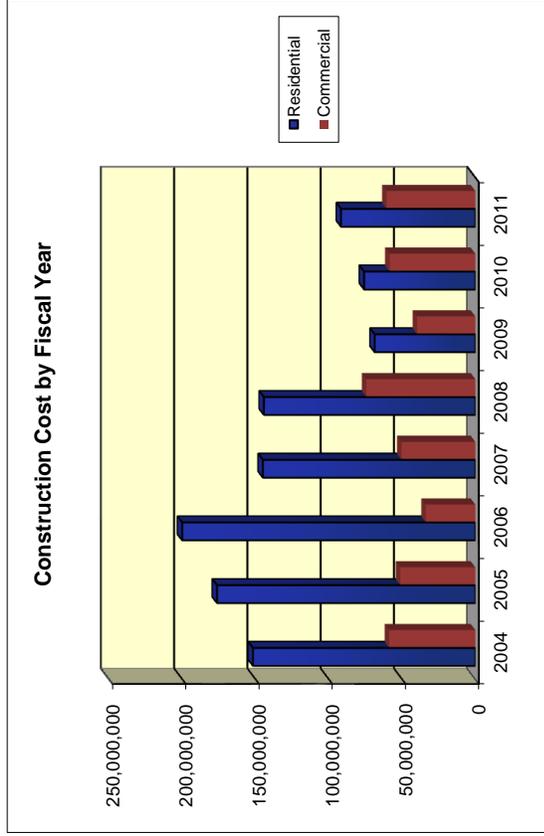
**Transit Information provided by McDonald Transit & Associates 2010, Edmond's Transit began July 1, 2009

CITY OF EDMOND, OKLAHOMA
CONSTRUCTION PERMITS
 Last Eight Fiscal Years
TABLE 21

Number of Permits



Construction Costs



Residential Construction

Fiscal year	Number of Permits	Construction Cost
2011	337	68,660,592
2010	289	75,872,141
2009	218	68,660,592
2008	444	144,263,081
2007	453	144,963,081
2006	731	200,030,250
2005	648	176,260,195
2004	674	151,727,255

Commercial Construction

Fiscal year	Number of Permits	Construction Cost
2011	41	30,497,140
2010	13	58,412,750
2009	40	39,639,775
2008	77	74,341,194
2007	81	50,307,822
2006	54	33,718,058
2005	48	51,226,563
2004	73	58,743,850

Source: City of Edmond Public Works Department Fiscal building permit reports
 Note: Previous years information is not available

CITY OF EDMOND, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2011

CITY OF EDMOND, OKLAHOMA

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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*

The Honorable Mayor and Members of the City Council of the
City of Edmond, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edmond, Oklahoma (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described as findings 11-1 and 11-2 in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, the City Council, management, 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.

Orledge & Associates, P.C.
Edmond, Oklahoma
December 21, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Members of the City Council of the
City of Edmond, Oklahoma

Compliance

We have audited the compliance of the City of Edmond, 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 could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is 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; 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to 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 the 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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness over 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 was not designed to identify all deficiencies in internal control that might be deficiencies, 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 Expenditure of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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 21, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 Mayor, the City Council, management, 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.

Arledge & Associates, P.C.

Edmond, Oklahoma
December 21, 2011

**CITY OF EDMOND, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Federal Expenditures
FEDERAL AWARDS				
U.S. Dept. of Housing and Urban Development:				
Community Development Block Grant : Entitlement	14.218	BC-09-MC-40-0009	\$ 397,306	\$ 397,306
Community Development Block Grant : Entitlement - ARRA	14.253	B-09-MY-0009	108,599	30,286
Total U.S. Dept. of Housing and Urban Development			505,905	427,592
U.S. Dept. of Justice:				
Passed through the Oklahoma District Attorney's Council: Local Law Enforcement Block Grant	16.592	N/A	17,390	17,390
Passed through the Oklahoma State Bureau of Investigation: Internet Crimes Against Children	16.543	OJJDP-OSBI	3,648	3,648
Total U.S. Dept. of Justice			21,039	21,039
U.S. Dept. of Agriculture:				
Passed through Oklahoma Department of Agriculture: Highway Tree Planting Program	10.675	SAFETEALU-10-07	30,000	30,000
Total U.S. Dept. of Agriculture			30,000	30,000
U.S. Dept. of Transportation:				
Passed through Central Oklahoma Transportation and Parking Authority: New Freedom	20.521	SAFETEA-LU	110,105	74,482
Jobs Access and Reverse Commute Program	20.516	SAFETEA-LU	74,290	74,290
			184,395	148,772
Passed through the Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-10-03-11-12	65,000	4,239
State and Community Highway Safety	20.600	K6-10-03-01-04	65,000	11,506
State and Community Highway Safety	20.600	SE-11-03-03-13	60,000	54,412
State and Community Highway Safety	20.600	K6-11-02-01-05	60,400	34,780
			130,000	104,937
Subtotal CFDA 20.600				
Total U.S. Dept. of Transportation			314,395	253,710
US Dept. of Energy:				
Energy Efficiency and Conservation Block Grant - ARRA	81.128	DE-SC0001632	726,700	318,546
Passed through Oklahoma Department of Commerce: State Energy Efficiency and Conservation Block Grant - ARRA	81.128	13961-SEECBG 09	250,000	5,710
Total U.S. Dept. of Energy			976,700	324,256
U. S. Department of Homeland Security				
Passed through Oklahoma Department of Public Safety:				
Assistance to Firefighters Grant	97.044	EMW-2010-FO-00841	102,000	102,000
Passed through Oklahoma Department of Civil Emergency Management: Disaster Relief and Emergency Public Assistance	97.036	FEMA OK-#1926	317,857	317,857
Passed through Oklahoma Office of Homeland Security: Emergency Management Performance Grants	97.042	PL 85-606	21,500	21,500
Total U.S. Department of Homeland Security			441,357	441,357
Total Federal Awards			\$ 2,259,396	\$ 1,467,953

Notes to Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in paragraph 205 of OMB Circular A-133.

CITY OF EDMOND, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Reportable condition(s) identified
not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
OMB Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218 and 14.253 (ARRA)	Community Development Block Grant Cluster
81.128 (ARRA)	Energy Efficiency and Conservation Block Grant
97.036	Disaster Relief and Emergency Public Assistance

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

CITY OF EDMOND, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

None

Internal Control Findings

11-1; 11-2

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

None

Internal Control Findings

None

CITY OF EDMOND, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Finding 11-1 Utility Billings

Criteria:

The City records amounts for utility billings and receivables. These activities should be adequately monitored, recorded, and reconciled by the City.

Condition:

The City continues to experience significant difficulties in reconciling its billings and receivables between the general ledger and the related subsidiary ledgers.

Cause:

During fiscal 2007, the City implemented new software for its utility customer billings. As part of this conversion, the City experienced significant difficulties in reconciling its billings and receivables between the general ledger and the related subsidiary ledgers.

Effect:

The general ledger and subsidiary ledgers are only reconciled at year-end. Although no adjustments to income were required as a result of this annual reconciliation, interim financial information provided to decision makers has the potential for material misstatements.

Recommendation:

It is our understanding that the City has assigned individuals to study this issue and make recommendations. We acknowledge that improvement has been made on this issue and the City continues efforts to bring the current system up to satisfactory performance. We encourage the City to continue those efforts to determine the best solution so that reliable and timely information is available to decision makers.

Management's Response:

As noted in previous audit findings, this issue has been recognized as a priority area that needs to be corrected. Unfortunately, it will be at a significant expense – currently budgeted at \$1,000,000. Presently, a “Request for Proposals” is nearly complete and will be sent out after the first of the year to replace our utility billing software - greatly improving the utility financial reporting capabilities by capturing all financial transactions. The outcome of that effort is to eliminate year-end adjusting entries as it relates to the financial impact of revenue. As was the case last year, the audit findings showed no adjustments to revenue required as a result of the annual reconciliation.

Also, one significant interim step has been implemented – specifically, staff has recently begun reconciling the receivables to the general ledger on a monthly basis to the subsidiary ledgers in conjunction with the current process of an annual reconciliation.

Management would like to continue to note that customers are being billed correctly and revenue is posted accurately within the financial reports.

Finding 11-2 Capital Assets

Criteria:

Infrastructure donated to the City should be accurately measured and reported.

Condition:

During the year, the City determined that its capital assets, resulting principally from its donated infrastructure, had been overstated by approximately \$38.5 million in its fiscal 2010 financial statements.

Cause:

Reports submitted to the finance department for the purpose of recording donated capital assets contained, in addition to the value of the donated asset, any amounts expended by the City.

Effect:

Values reported for donated capital assets were overstated by any amounts expended by the City related to the donated capital asset.

Recommendation:

We recommend that policies and procedures be developed and distributed to the necessary departments and that communication between departments be sufficient to ensure the delivery of accurate and relevant information.

Management's Response:

The Finance Department has communicated to the appropriate departments about the relevant information provided on donated infrastructure that is booked at year end to the City's assets. Finance Department will continue to monitor this information as well as have regularly scheduled meetings throughout the year to identify when these assets are donated to the City. The Finance Department restated the prior year assets as it relates to the overstated assets in an effort to accurately state the City's capital asset value at the end of FY2010.

CITY OF EDMOND, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
For Prior Year Ended June 30, 2010

Finding 10-1 Utility Billings

Criteria:

The City records amounts for utility billings and receivables. These activities should be adequately monitored, recorded, and reconciled by the City.

Condition:

The City continues to experience significant difficulties in reconciling its billings and receivables between the general ledger and the related subsidiary ledgers. As a result of these difficulties, the City reconciles to these subsidiary ledgers only at year-end, posting large adjustments prior to our arrival.

Cause:

During fiscal 2007, the City implemented new software for its utility customer billings. As part of this conversion, the City experienced significant difficulties in reconciling its billings and receivables between the general ledger and the related subsidiary ledgers.

Effect:

The general ledger and subsidiary ledgers are out of balance. Although no entries were required as a result of our audit procedures, interim financial information provided to decision makers has the potential for material misstatements, which may lead to incorrect assumptions and faulty decision making.

Recommendation:

It is our understanding that the City has assigned individuals to study this issue and make recommendations. These recommendations may lead to continuing efforts to bring the current system up to satisfactory performance or to replace the existing billing system with a new system. We encourage the City to continue its efforts to determine the best solution so that reliable and timely information is available to decision makers.

Management's Response:

Again, prior to receiving the latest audit findings, efforts have continued by Finance and IT to modify that utility financial reporting on the problems with capturing and reconciling all financial transactions from Utility Customer Service. The outcome of that effort has been to eliminate year-end adjusting entries as it relates to the general ledger and subsidiary ledgers of utility customer's receivable balances. A comprehensive list of transactions has been reviewed and determined how to report on a financial basis.

The City continues to experience difficulties reconciling the receivables to the general ledger due to the lack of monthly subsidiary ledgers provided from the Utility billing software. However, due to the efforts done throughout the year to modify the utility financial reports, as well as educating Utility Customer Service staff on procedural changes, the year-end adjusting entries were not as significant as they had been in previous audits since the City went live with the current utility billing software.

During this financial audit, Arledge and Associates sent out a random sample of confirmations to utility customers to confirm testing efforts with the subsidiary ledger reports. Finance and IT identified and corrected, with the assistance from the utility billing software vendor, unreported transactions within the utility billing software to allocate the funds to the appropriate utility activities. Throughout this process, Utility Customer Service has been receiving "builds" or software updates that attempt to fix these various problems within the utility billing software. This week, a software update was delivered that includes

another fix to a crucial financial accounting report used to post revenue and receivables within the GL. This update has been put into production and is currently being used to report financial transactions. Finance has designed and structured the subsidiary ledger inside the utility billing software for every transaction and IT has created reports that provide daily revenue and cash collections against the receivables from the subsidiary ledger within the utility billing software.

Another long-term solution that is being reviewed by management is the replacement of this utility billing software with one that is designed to account for financial transactions with built-in reports.

Management would like to note that customers are being billed correctly. The issue is a matter of capturing all financial transactions within the utility billing software and reporting those transactions properly.

Current Year Status:

See finding 11-1.

Finding 10-2 Franchise Tax Collection

Criteria:

The City receives large payments from local businesses on a recurring basis. Adequate controls and procedures should be present to ensure that recurring payments are received and deposited in a timely manner.

Condition:

As a result of our testwork and inquiry, the City discovered it had not received one quarterly franchise tax payment. After subsequent discussions between the various parties, payment was received several months after year-end.

Cause:

The City has not designated an individual to review and track these receipts to ensure timely remittance is being made to the City.

Effect:

Accounts receivable and revenues were understated.

Recommendation:

We recommend that the City establish formal procedures to ensure that recurring payments are received and deposited in a timely manner.

Management's Response:

The City will review the process of monitoring the receipt of franchise tax to ensure timely remittance is being made to the City by the multiple franchisees. A formal procedure will be adopted to ensure that recurring payments are monitored, received and recorded in a timely manner.

Current Year Status:

This comment was resolved during the current reporting period.