



COMPREHENSIVE ANNUAL FINANCIAL REPORT



THE CITY OF NORMAN, OKLAHOMA

FISCAL YEAR ENDING JUNE 30, 2012



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

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

**The City
of
Norman, Oklahoma**



**Comprehensive
Annual Financial Report
Fiscal Year Ended
June 30, 2012**

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

THE CITY OF NORMAN, OKLAHOMA

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INTRODUCTORY SECTION



The City of NORMAN

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Norman, Oklahoma 73069 • 73070

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

November 28, 2012

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

Cole and Reed, PC has issued an unqualified (“clean”) opinion on the City of Norman (“City”) financial statements for the year ended June 30, 2012. The independent accountants’ report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

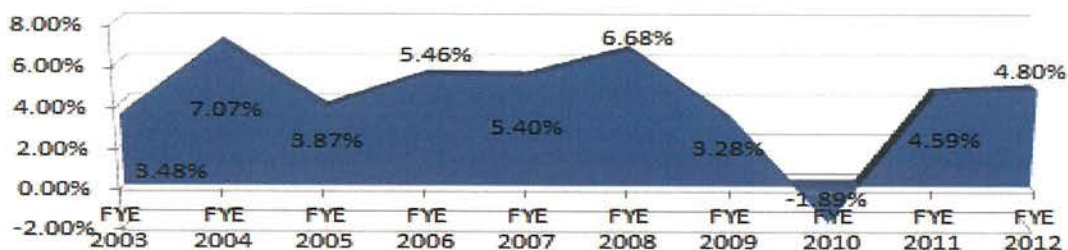
Local Economy; Relevant Financial Policies

The City of Norman is located in the geographic center of Oklahoma and is within the Oklahoma City metropolitan area. Norman's quality of life is sought by people of all ages and in all walks of life, and is demonstrated in the population growth over the past ten years. The University of Oklahoma, National Severe Storms Laboratory and National Weather Service, Hitachi Computer Products, U.S. Postal Service Technical Training Center, SYSCO Food Services Corporation, Astellas Pharmaceuticals Corporation, and Johnson Controls/York International Unitary Products Group are some of the leading institutions and businesses located in Norman.

One of the best indicators of the economic condition of the City is the evaluation of trends in some key factors. Sales and use taxes and franchise fees collectively represent 67% of the City's total General Fund revenue. Overall, sales tax collections increased 4.80% from FYE 2011 levels. Collections from the City's franchise fees (charges to private electric, natural gas and cable companies to operate within the City's rights-of-way) decreased 9.44% from FYE 2011 levels. Sales tax receipts increase in proportion to the level of retail sales and therefore provide a good indication of the economic condition of the community. Trends in City sales tax for the last ten fiscal years are illustrated below:

Sales Tax, in % Change From Prior Year

% Change



Since sales and use taxes and building permit revenues are a primary source of the City's general governmental revenue and are by nature volatile, and because Norman is subject to volatile weather conditions which can necessitate significant unexpected expenditures during the course of the budget year, the City must budget conservatively and maintain sufficient fund balances to absorb any shortfalls that may occur. As a result of this factor, the City has adopted prudent reserve policies, and a Net Revenue Stabilization ("Rainy Day") Fund Ordinance was adopted and effective in fiscal year 2011-2012. The Ordinance requires a budgetary fund balance of at least three percent (3%) of budgeted expenditures in the General Fund, an "Emergency Reserve" appropriation of 2% and a minimum of 3 percent of General Fund expenditures to be maintained in a separate "Rainy Day" Fund. Fund balance in the Net Revenue Stabilization Fund can only be appropriated for expenditure in case of federally-declared disasters or extraordinary capital expense requirements in the General Fund, or if the General Fund balance falls below one percent. The Ordinance requires that the Net Revenue Stabilization Fund balance be built or rebuilt to its minimum level within three years of the establishment of the Fund, or within three years of any expenditure of Rainy Day Fund balances. The City of Norman transferred \$1,500,000 from the General Fund to the Rainy Day Fund during fiscal year 2011-2012.

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

Long-term Financial Planning

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

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

Major Initiatives

During fiscal year 2011-2012, the City of Norman continued several major capital programs to improve its transportation infrastructure. General obligation bonds authorized in 2005 and 2010 provided funding for major street construction and resurfacing programs throughout the city, including the opening of a new underpass of the Burlington Northern-Santa Fe railroad tracks at Robinson Avenue. Continued progress was made in reducing the rate of inflation in the cost of the City's self-funded health care benefit program, with emphasis on employee wellness and major disease prevention and chronic disease management.

The City of Norman continues to progress on a strategic program to convert its vehicle fleet to Compressed Natural Gas (CNG) and other alternative fuels. The City obtained over \$1.2 million in U.S. Department of Energy grants to construct a CNG fueling station for City vehicles and for the public. The CNG fueling facility opened in January, 2012. Along with the conversion of the fleets of the University of Oklahoma, Norman Public Schools and other major area employers, Norman and central Oklahoma will continue to be a national leader in fleet conversion to cleaner and more economical fuels.

The City continued to provide enhanced public safety services, funded primarily by a temporary (7-years, expiring in September 2015) ½ percent sales tax. Additional personnel continue to be added to the Police and Fire Departments and work began on the second of two additional fire stations funded by the temporary Public Safety Sales Tax (PSST). The City Council also included budgeted appropriations from the PSST in fiscal year 2012-2013 to replace two additional fire apparatus; to refurbish a satellite police facility in south central Norman, to replace the City's Computer Aided Dispatch and Records Management Information Systems, and to expand the City's mobile data networking capabilities. At the conclusion of the temporary PSST period, 71 personnel will have been added to the City's public safety areas and voters may be asked to consider funding sources to maintain the personnel.

Norman's Water and Wastewater (Water Reclamation) Utility enterprises continue to plan for needed system expansion and improvement projects. Engineering design and environmental review processes are underway for plant expansions to serve Norman utility customers, assuming voter approval of adequate rate structures to pay for the improvements.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a *Certificate of Achievement* for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

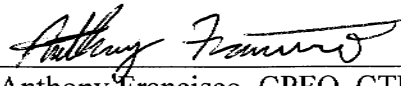
Preparation of a CAFR is a complex task and one that requires considerable expertise and experience. More important, the ongoing maintenance and reporting of the City's financial condition at the level to which Norman has been accustomed requires professionalism and dedication far beyond what could be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

Finally, we would like to express our gratitude and appreciation to the members of the Norman City Council and the Council's Finance and Audit Committee for your policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems, and to provide adequate staffing levels to ensure them, establishes an environment influencing all other decisions that are made. We are proud to convey the City Council's commitment to excellence to our citizens and all readers of the FYE 2012 CAFR.

Respectfully submitted,



Steven Lewis
City Manager



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norman
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



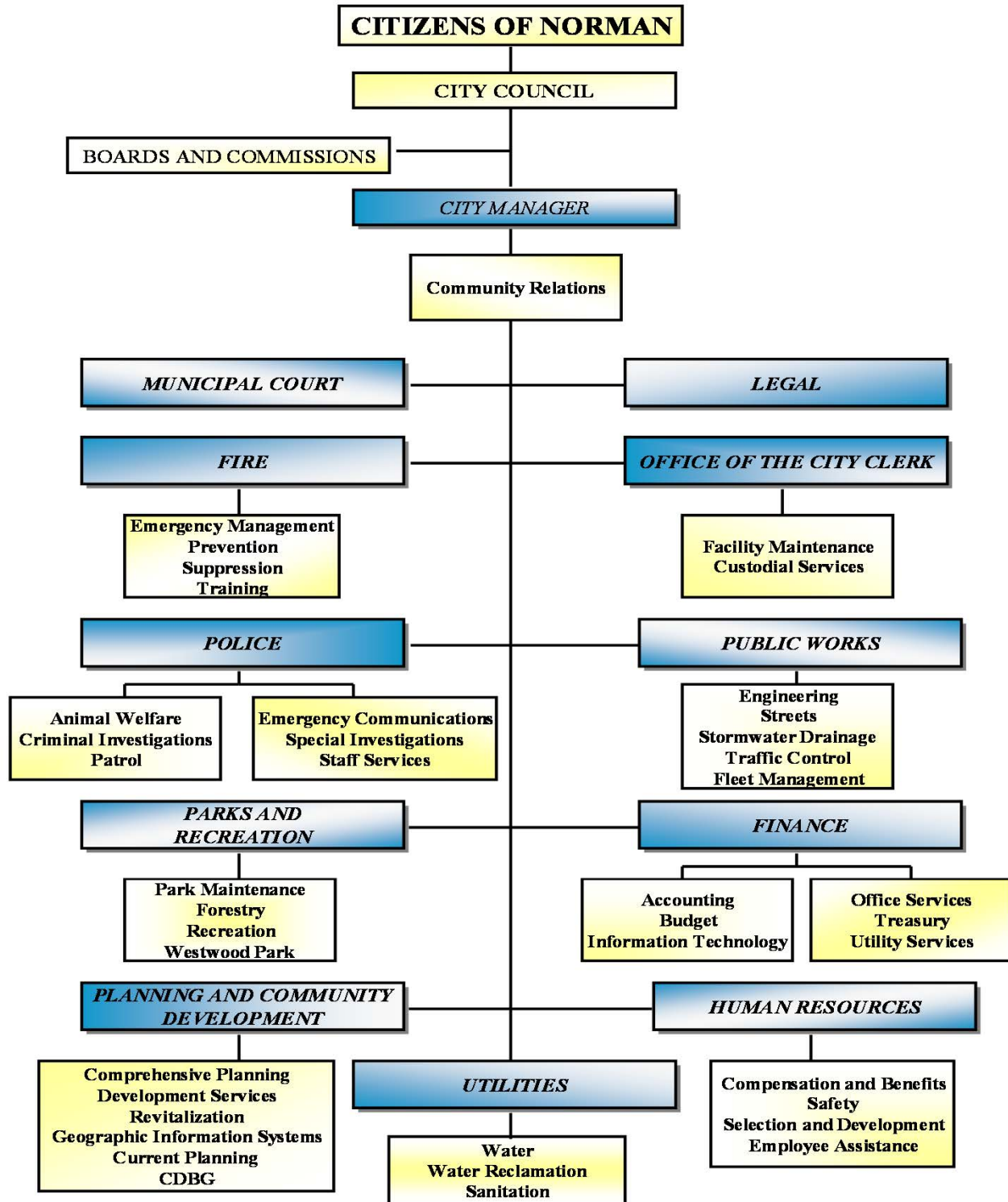
Christopher P. Morill

President

Jeffrey R. Enen

Executive Director

City Of Norman Organization Chart



CITY OFFICIALS

MAYOR
Cindy Rosenthal

Ward 1	Roger Gallagher	Ward 5	Dave Spaulding
Ward 2	Tom Kovach	Ward 6	Jim Griffith
Ward 3	Robert Castleberry	Ward 7	Linda Lockett
Ward 4	Gregory Jungman	Ward 8	Chad Williams

City Manager Steve Lewis

ACCOUNTING & RESEARCH STAFF

Anthony Francisco, CPFO, CTP, CPFA
Finance Director

Clint Mercer, CPA
Chief Accountant

Debbie Whitaker
Municipal Accountant III

Mindy Aynes
Municipal Accountant I

Mary Anne Kirkland
Administrative Technician IV

Lisa Woods
Municipal Accountant I

Carrie Clark
Municipal Accountant I

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FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma as of and for the year ended June 30, 2012, which collectively comprise the City of Norman's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norman's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated November 28, 2012, on our consideration of the City of Norman's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the employee retirement systems, and the budgetary comparison information, 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 of Norman's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 basic financial statements. The combining and individual nonmajor fund financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 28, 2012

Management's Discussion and Analysis

As management of the City of Norman (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$472,797,017 (net assets). Of this amount, \$26,842,360 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$30,308,192.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,575,967, an increase of \$19,527,954 in comparison with the prior year. Approximately 86% or \$70,924,387 was nonspendable, restricted, committed or assigned for specific purposes. Approximately 14% or \$11,651,580 was unassigned at fiscal year end.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,651,580 or 17 % of total general fund expenditures.
- The City's total debt increased by \$15,567,916 during the current fiscal year. The City issued \$18,325,000 in general obligation bonds and \$750,000 in loans payable as well as drew down \$785,699 in tax increment notes payable and \$3,489,330 in utility system notes payable. The City paid off special assessment debt payable in the amount of \$239,250. The remaining decrease was due to normal payments.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

activities). The governmental activities of the City include general government, planning, city controller, parks and recreation, public works, public service and public safety. The business-type activities of the City include the Norman Municipal Authority (the “NMA”) and the Norman Utilities Authority (the “NUA”). The NMA operates Westwood Park and the City’s sanitation services. Westwood Park includes golf, tennis and swimming facilities. The NUA operates the City’s water and wastewater services.

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 17-19 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for NMA and NUA activities, which are both presented as major proprietary funds. The components of these funds are presented in additional detail in the form of combining statements elsewhere in this report. The City uses one internal service fund to account for its retained risks. These services predominantly benefit governmental rather than business-type functions and have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-60 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the general fund and public safety sales tax fund. Required supplementary information can be found on pages 61-70 of this report. Also, this report presents certain other supplementary information such as combining financial information for non-major governmental funds, budgetary comparison schedules for non-major governmental funds and combining financial statements for enterprise funds and fiduciary funds. Other supplementary information can be found on pages 71-93 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$472,797,017 at the close of the most recent fiscal year.

Net Assets As of June 30

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 93,203,650	\$ 72,218,434	\$ 67,879,967	\$ 62,670,056	\$ 161,083,617	\$ 134,888,490
Capital assets	254,704,726	235,191,426	185,385,633	182,890,444	440,090,359	418,081,870
Total assets	347,908,376	307,409,860	253,265,600	245,560,500	601,173,976	552,970,360
Long-term liabilities	61,176,155	46,278,053	43,926,374	43,733,772	105,102,529	90,011,825
Other liabilities	16,517,903	13,218,256	6,756,527	7,251,454	23,274,430	20,469,710
Total liabilities	77,694,058	59,496,309	50,682,901	50,985,226	128,376,959	110,481,535
Net assets:						
Invested in capital assets, net of related debt	226,301,248	206,982,527	149,661,248	149,829,383	375,962,496	356,811,910
Restricted	46,103,535	42,431,883	23,888,626	22,568,084	69,992,161	64,999,967
Unrestricted	(2,190,465)	(1,500,859)	29,032,825	22,177,807	26,842,360	20,676,948
Total net assets	\$ 270,214,318	\$ 247,913,551	\$ 202,582,699	\$ 194,575,274	\$ 472,797,017	\$ 442,488,825

By far the largest portion of the City’s net assets (80 percent) reflect its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the

resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$26,842,360) may be used to meet the City's ongoing obligations to citizens and creditors.

There was an increase of \$8 million in the net assets reported in connection with the City's business-type activities. This increase was due to several factors. See below for more information.

The governmental net assets increased by \$22.3 million during the current fiscal year. This increase was due to several factors. See below for more information.

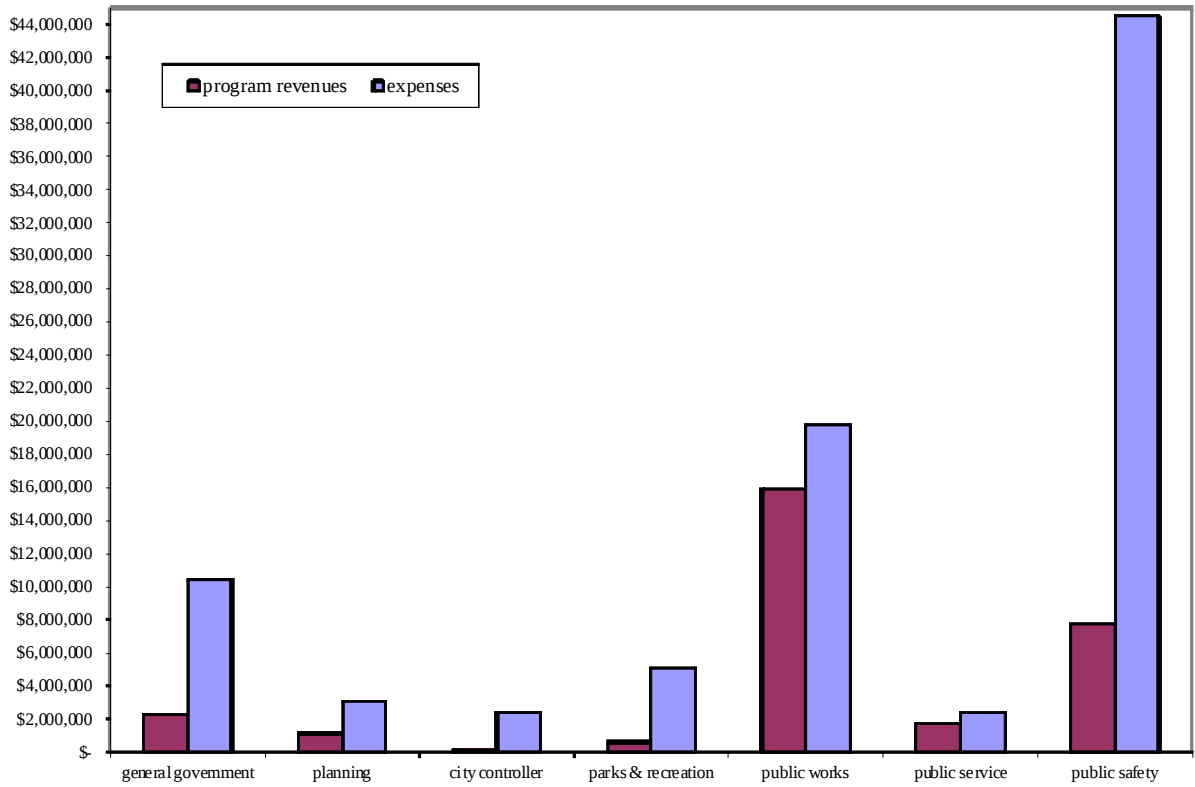
Change in Net Assets For the Year Ended June 30

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues:						
Charges for services	\$ 7,353,550	\$ 4,920,651	\$ 41,580,839	\$ 38,225,943	\$ 48,934,389	\$ 43,146,594
Operating grants & contributions	8,241,861	6,771,145	-	-	8,241,861	6,771,145
Capital grants & contributions	13,944,754	30,934,491	4,291,238	4,474,408	18,235,992	35,408,899
General revenues:					-	-
Sales and excise taxes	58,777,068	56,146,152	1,597,960	1,038,715	60,375,028	57,184,867
Franchise taxes	6,584,853	6,228,264	-	-	6,584,853	6,228,264
Property taxes	7,931,992	7,684,537	-	-	7,931,992	7,684,537
State use taxes	2,393,708	2,187,289	-	-	2,393,708	2,187,289
Other taxes	2,246,996	2,131,517	-	-	2,246,996	2,131,517
Investment earnings	701,524	396,095	278,751	355,657	980,275	751,752
Miscellaneous	2,761,766	962,203	(333,548)	187,358	2,428,218	1,149,561
Total revenues	110,938,072	118,362,344	47,415,240	44,282,081	158,353,312	162,644,425
Expenses:						
General government	10,443,931	6,904,076	-	-	10,443,931	6,904,076
Planning	3,063,260	2,944,363	-	-	3,063,260	2,944,363
City controller	2,404,401	2,299,619	-	-	2,404,401	2,299,619
Parks and recreation	5,076,388	4,951,495	-	-	5,076,388	4,951,495
Public works	19,810,834	17,384,501	-	-	19,810,834	17,384,501
Public service	2,368,850	2,777,749	-	-	2,368,850	2,777,749
Public safety	44,528,493	41,050,651	-	-	44,528,493	41,050,651
Interest on long-term debt	1,715,040	1,306,589	-	-	1,715,040	1,306,589
Westwood park	-	-	1,477,312	1,475,445	1,477,312	1,475,445
Water	-	-	13,630,489	10,479,592	13,630,489	10,479,592
Wastewater	-	-	11,846,247	12,736,928	11,846,247	12,736,928
Sanitation	-	-	11,679,875	11,055,474	11,679,875	11,055,474
Total expenses	89,411,197	79,619,043	38,633,923	35,747,439	128,045,120	115,366,482
Change in net assets before transfers	21,526,875	38,743,301	8,781,317	8,534,642	30,308,192	47,277,943
Transfers	773,892	781,772	(773,892)	(781,772)	-	-
Change in net assets	22,300,767	39,525,073	8,007,425	7,752,870	30,308,192	47,277,943
Net assets, beginning	247,913,551	208,388,478	194,575,274	186,822,404	442,488,825	395,210,882
Net assets, ending	\$ 270,214,318	\$ 247,913,551	\$ 202,582,699	\$ 194,575,274	\$ 472,797,017	\$ 442,488,825

Governmental activities – Governmental activities increased the City’s net assets by \$22.3 million. In the prior year, governmental activities increased the City’s net assets by \$39.5 million. Key elements of this change are as follows:

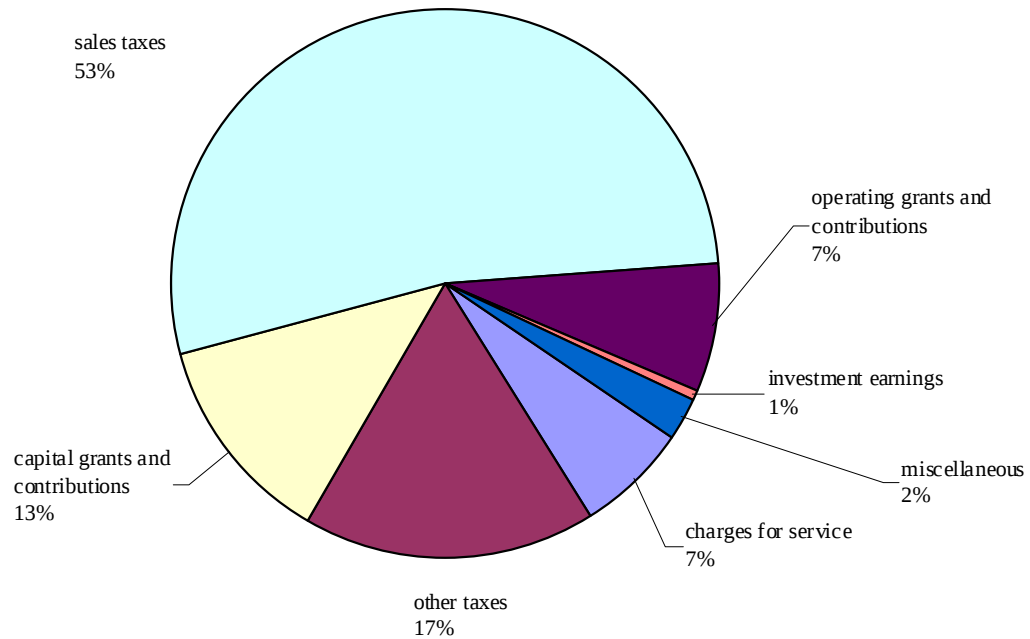
- Sales tax revenue within the governmental activities (the City’s primary fund source) increased by \$2,630,916 or 4.69% over the prior fiscal year. This increase was due to the slow, continued improvement within the economy as a whole.
- Capital grants and contribution revenues decreased by \$16,989,737 or 55% from the prior fiscal year. Developers dedicate roadways and right-of-way to the City when they develop additions. In addition, the City works with the Oklahoma Department of Transportation (ODOT) on joint road infrastructure projects that become City property when completed. In the prior year, the Tecumseh Widening Phase III project was completed with \$14,533,000 being provided by ODOT.
- General government activities increased by \$3,539,855 or 51.3% over the prior fiscal year. Also, charges for services revenue increased \$2,432,899 or 49.8%. These changes are due to a change in accounting for risk activities including employee health insurance. Specifically, such activities were moved to an internal service fund in the current year.
- Public works activities increased \$2,426,333 or 14% over the prior fiscal year. This increase was due to an increase in fleet fuel and parts (\$299,198 or 12%) and storm debris removal expenses (\$403,417 or 805%).
- Public safety activities increased \$3,477,842 or 8.5% over the prior fiscal year. A portion of this increase was due to salary and benefits (\$1,174,411 or 4.3%). Cost of living increases were 3% for Fire and 2.5% for Police in addition to merit increases.

Expenses and Program Revenues – Governmental Activities



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

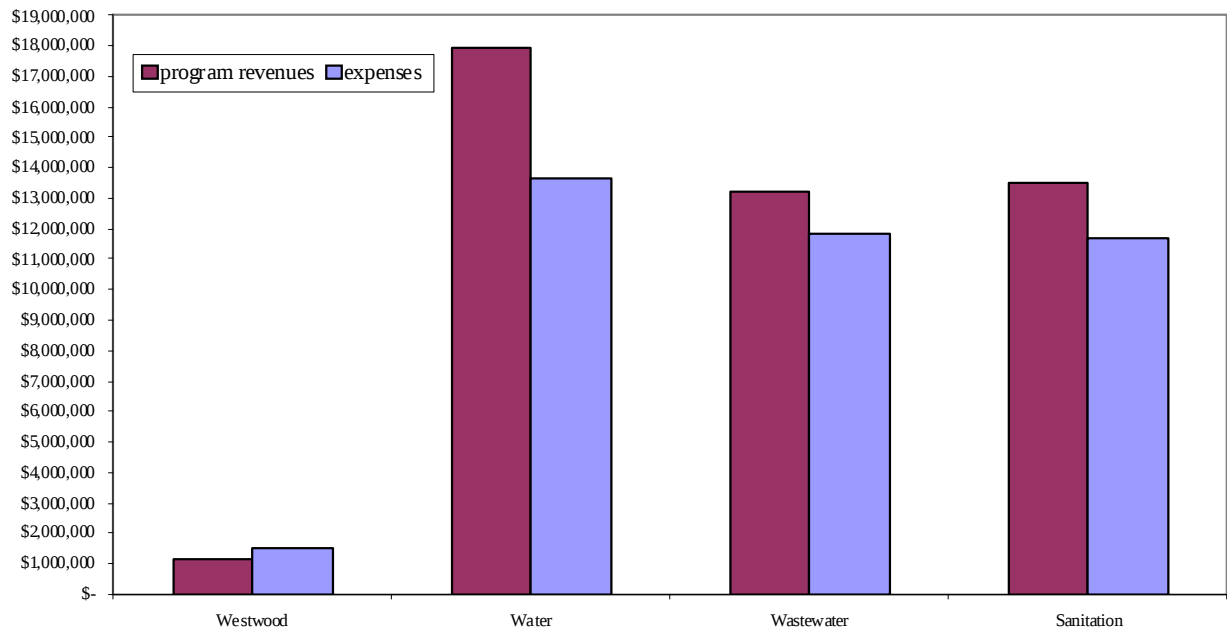
Revenues by Source - Governmental Activities



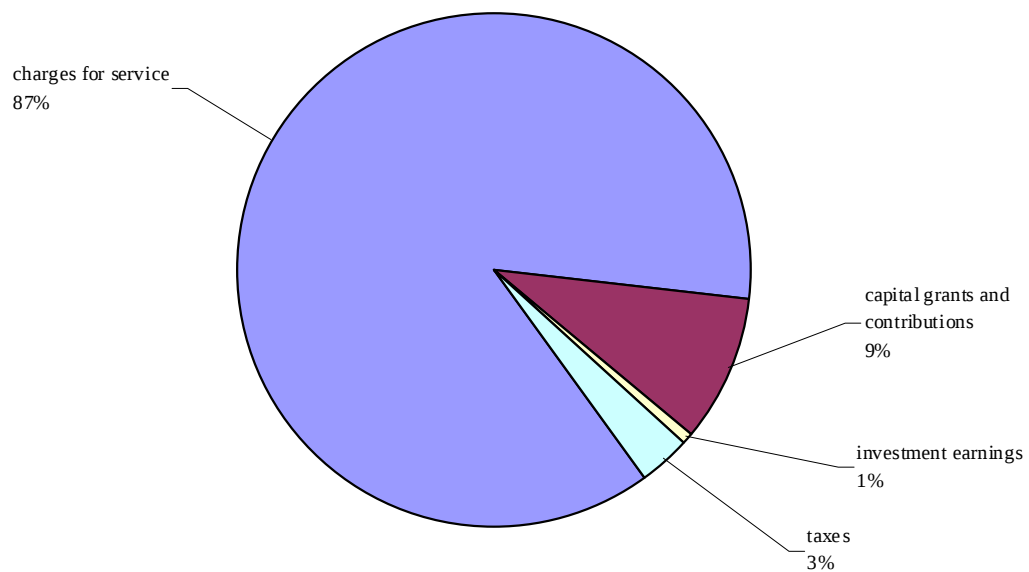
Business-type activities – Business-type activities increased the City’s net assets by \$8 million. In the prior year, business-type activities increased the City’s net assets by \$7.75 million. Key elements of this change are as follows:

- Charges for service revenue increased \$3,354,896 or 8.8% of the prior fiscal year. A significant portion of this increase was due to a sanitation rate increase (sanitation charges for service increased \$1,637,870 or 14%) that became effective April 1, 2011.
- Tax revenue increased \$559,245, or 53.8% over the prior fiscal year. This tax represents an excise tax on development to fund wastewater improvements. The increase is due to an increase in such development.
- Water expenses increase \$3,150,897 or 30% over the prior fiscal year. Most of this increase was due to increased maintenance projects performed during the current fiscal year such as resurfacing the Boyd water tower, rehabilitating the Water Treatment Plant roof and HVAC system and Robinson/12th Ave waterline replacement.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,575,967, an increase of \$19,527,954 from the prior year. Approximately 14 percent of this total amount (\$11,651,580) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,651,580 while total fund balance reached \$13,475,521. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17 percent of total General Fund expenditures, while total fund balance represents 19 percent of that same amount.

The fund balance of the City's General Fund decreased by \$194,283 during the current fiscal year compared to an increase of \$317,428 in the previous year. Key factors in the current year decrease are as follows:

- Sales tax revenues increased \$1,465,736 or 4.26%. This increase was due to the slow improvement within the overall local economy.
- Public works activities increased \$1,008,300 or 7.5% over the prior fiscal year. As noted previously above, this increase was due to an increase in fleet fuel and parts (\$299,198 or 12%) and storm debris removal expenses (\$403,417 or 805%).
- Public safety activities increased \$1,762,893 or 5.1% over the prior fiscal year. As noted previously above, a portion of this increase was due to salary and benefits (\$1,174,411 or 4.3%). Cost of living increases were 3% for Fire and 2.5% for Police in addition to merit increases.

The Public Safety Sales Tax Fund has a total fund balance of \$10,752,127 all of which is restricted for public safety activities. The net increase in fund balance during the current year was \$2,677,968. This increase was due to faster collection of tax revenue than was needed to pay for public safety activities covered by the fund. The half-cent sales tax will expire September 30, 2015.

The Debt Service Fund has a total fund balance of \$4,816,860, all of which is restricted for the payment of debt service. The net increase in the fund balance during the current year was \$1,148,241 due to increased property tax revenue to fund principal and interest payments on general obligation bond issues and judgments awarded against the City as they come due.

The Capital Projects Fund has a total fund balance of \$49,892,921. The net increase in fund balance during the current year was \$16,020,226. This increase was due to receipt of \$18,325,000 in general obligation bond proceeds, \$750,000 in notes payable proceeds and \$785,699 in tax increment notes payable proceeds. In addition, \$1,687,867 was transferred into the Capital Projects Fund from the Public Safety Sales Tax Fund to construct a new fire station on the east-side of town.

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

Unrestricted net assets of the NMA and NUA funds were \$1,588,803 and \$27,444,022, respectively. The total growth in net assets for these funds was \$2,014,308 and \$5,993,117, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

During the year there was a \$1,516,243 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$429,953 in increases to the public safety budget. The Patrol division received \$410,738 in increases with the most significant portion representing appropriations for termination payouts of retiring employees.
- \$406,902 in increases to the city controller budget primarily within Information Services for increases related to computer hardware and software items that were budgeted and encumbered in the prior year. Encumbrances are rolled from fiscal year to fiscal year until liquidated.
- \$1,085,857 in increases to the public works budget. The Stormwater Drainage division received \$547,684 in increases with the most significant portion representing a transfer from the City Council division of a portion of the 2% emergency reserve for storm clean-up. Also, the Traffic Control division received \$357,684 in increases of which a significant portion was for computer software used in sign making operations.

On June 28, 2011, the City adopted ordinance O-1011-58 changing the City’s reserve policy. The ordinance establishes that the General Fund will have an unappropriated reserve of at least three percent (3%) of annually budgeted expenditures, in addition to an appropriated emergency reserve of two percent (2%) of annually budgeted expenditures. In addition, the ordinance establishes the Net Revenue Stabilization Fund (i.e., “Rainy Day Fund”) which has a targeted balance of not less than three percent (3%) but not more than six percent (6%) of annually budgeted General Fund expenditures. As of June 30, 2012 the Rainy Day Fund had a balance of \$1,503,429.

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

- General Fund revenues exceeded expectations by \$539,812.
 - o Taxes were below expectations by \$893,114 due to a slower than expected recovering local economy.
 - o Police court fines exceeded expectations by \$406,139 due to a new collections program instituted by management and the addition of a new position to aid in working outstanding warrants.
 - o Miscellaneous revenues exceeded expectations by \$973,336 due to an accounting gain relating to moving risk management activities from the General Fund to the Risk Management Internal Service Fund.
- General Fund expenditures and encumbrances were below expectations by \$4,551,941.
 - o City Council expenditures were \$817,269 below expectation due to lack of expense of all the 2% reserve.
 - o Park Maintenance expenditures were \$385,946 below expectations. A significant portion of this was due to savings from not filling open positions within the department.

- o Stormwater Drainage expenditures were \$466,308 below expectations. A significant portion of this was due to the various storm debris cleanup costs that were unspent in the current year.
- o Patrol expenditures were \$309,999 below expectations. A significant portion of this was due to savings within the fleet parts and fuel accounts.
- Net General Fund transfers were \$421,422 more than expected. Transfers in from the Capital Projects Fund were \$293,228 more than expected due to the refund of street maintenance expenditures.

The City closed the year with a fund balance that was higher than what was budgeted by \$5,513,175.

Capital Asset and Debt Administration

Capital assets – The City’s gross investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$440,090,359 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was 5% (8% increase for governmental activities and a 1.4% increase for business-type activities).

Capital Assets As of June 30

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 53,856,720	\$ 52,996,757	\$ 9,357,961	\$ 8,651,937	\$ 63,214,681	\$ 61,648,694
Buildings and improvements	46,035,526	43,081,902	155,307,474	147,042,098	201,343,000	190,124,000
Machinery and equipment	37,612,227	35,011,264	111,106,714	83,474,264	148,718,941	118,485,528
Infrastructure	426,942,710	404,417,096	-	-	426,942,710	404,417,096
Construction in progress	35,298,023	36,170,503	29,454,942	58,294,880	64,752,965	94,465,383
Less: Accumulated depreciation	(345,040,480)	(336,486,096)	(119,841,458)	(114,572,735)	(464,881,938)	(451,058,831)
Total	\$ 254,704,726	\$ 235,191,426	\$ 185,385,633	\$ 182,890,444	\$ 440,090,359	\$ 418,081,870

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

- Water Treatment Plant renovations were completed at a cost of \$11,426,215
- Water well projects were completed at a cost of \$5,474,068.
- Various roadway projects were completed in conjunction with ODOT at a cost of \$7,742,202. The donated portion funded by ODOT amounted to \$9,794,380.
- Certain road bond projects were completed at a cost of \$744,928 consisting of rural road projects, urban asphalt pavement projects and urban concrete pavement projects.
- A variety of street and roadway construction projects were underway; governmental construction in progress as of the end of the current fiscal year had reached \$35,298,025.
- A variety of water and sewer projects were underway; NUA construction in progress as of the end of the current fiscal year was \$29,454,947.

Additional information on the City’s capital assets can be found in note 4 on pages 38-39 of this report.

Long-term debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$67,710,000. Of this amount, \$43,140,000 comprises debt backed by the full faith and credit of the government. The remainder of the City’s bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) of \$24,570,000. The City also had notes payable outstanding of \$28,949,830 at the end of the current fiscal year and was secured by capital assets and specified revenue sources.

Outstanding Debt As of June 30

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 43,140,000	\$ 28,495,000	\$ -	\$ -	\$ 43,140,000	\$ 28,495,000
Special assessment debt with governmental commitment	-	239,250	-	-	-	239,250
Revenue bonds	-	-	24,570,000	26,480,000	24,570,000	26,480,000
Notes payable	6,925,153	5,789,454	22,024,677	20,088,210	28,949,830	25,877,664
Total	<u>\$ 50,065,153</u>	<u>\$ 34,523,704</u>	<u>\$ 46,594,677</u>	<u>\$ 46,568,210</u>	<u>\$ 96,659,830</u>	<u>\$ 81,091,914</u>

The City’s total debt increased by \$15,567,916 (19 percent) during the current fiscal year. The key factors of this change were issuance of \$18,325,000 in general obligation bonds payable, issuance of \$3,489,330 in utilities system notes payable, issuance of \$785,699 in tax increment notes payable, issuance of \$750,000 in notes payable, payoff of \$239,250 in special assessment debt payable and normally scheduled payments.

The City maintained an “Aa2” rating from Moody’s for those general obligation debt issues that are rated by the service. The NUA maintained an “Aa3” rating from Moody’s for those debt issues that are rated by the service.

Additional information on the City’s long-term debt can be found in note 4 on pages 47-53 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the Oklahoma City metropolitan area which includes Norman is currently 4.4 percent, which is a decrease of .6 percent from a year ago. This compares favorably to the state’s average unemployment rate of 4.7 percent and favorably to the national average rate of 8.2 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City’s major source of revenue is sales tax revenue. Sales tax revenue increased 4.69% over the prior year total.

All of these factors were considered in preparing the City’s budget for the 2013 fiscal year.

Requests for Information

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

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF NET ASSETS JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,521,347	\$ 4,504,527	\$ 12,025,874
Restricted cash and cash equivalents	31,644,526	16,366,092	48,010,618
Investments	29,313,739	23,019,900	52,333,639
Restricted investments	9,427,197	-	9,427,197
Receivables:			
Taxes	11,433,029	-	11,433,029
Accounts, net of allowance for estimated uncollectible Business-Type accounts of \$227,245	1,552,123	2,824,484	4,376,607
Interest	168,237	180,806	349,043
Due from Federal Government	360,043	-	360,043
Internal balances	(250,605)	250,605	-
Inventory	320,512	-	320,512
Total current assets	91,490,148	47,146,414	138,636,562
Non-current assets:			
Restricted cash and cash equivalents	1,023,860	3,981,956	5,005,816
Restricted investments	-	16,214,372	16,214,372
Unamortized bond issue costs	689,642	537,225	1,226,867
Capital assets not subject to depreciation	89,154,743	38,812,903	127,967,646
Capital assets, net	165,549,983	146,572,730	312,122,713
Total non-current assets	256,418,228	206,119,186	462,537,414
Total assets	347,908,376	253,265,600	601,173,976
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	2,211,706	971,640	3,183,346
Payroll payable	2,287,751	482,305	2,770,056
Accrued interest payable	350,733	349,073	699,806
Guaranty deposits	4,017,649	1,433,126	5,450,775
Current portion of long-term debt	7,650,064	3,520,383	11,170,447
Total current liabilities	16,517,903	6,756,527	23,274,430
Non-current liabilities:			
Long-term debt and other liabilities	61,176,155	43,926,374	105,102,529
Total non-current liabilities	61,176,155	43,926,374	105,102,529
Total liabilities	77,694,058	50,682,901	128,376,959
NET ASSETS			
Invested in capital assets, net of related debt	226,301,248	149,661,248	375,962,496
Restricted for:			
Debt service	4,816,860	1,687,965	6,504,825
Capital improvements	27,246,657	22,200,661	49,447,318
Public safety	11,822,822	-	11,822,822
Public parks and recreation	1,627,862	-	1,627,862
Public service	504,921	-	504,921
Public works	84,413	-	84,413
Unrestricted	(2,190,465)	29,032,825	26,842,360
Total net assets	\$ 270,214,318	\$ 202,582,699	\$ 472,797,017

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Changes in Net Assets		Total
				Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
General government	\$ 10,443,931	\$ 2,297,341	\$ -	\$ (8,146,590)	\$ -	\$ (8,146,590)
Planning	3,063,260	1,123,524	-	(1,939,736)	-	(1,939,736)
City controller	2,404,401	155,226	-	(2,249,175)	-	(2,249,175)
Parks and recreation	5,076,388	568,817	15,437	(4,492,134)	-	(4,492,134)
Public works	19,810,834	-	2,017,773	(3,848,307)	-	(3,848,307)
Public service	2,368,850	-	1,706,528	(662,322)	-	(662,322)
Public safety	44,528,493	3,208,642	4,502,123	(36,817,728)	-	(36,817,728)
Interest on long-term debt	1,715,040	-	-	(1,715,040)	-	(1,715,040)
Total governmental activities	89,411,197	7,353,550	8,241,861	(59,871,032)	-	(59,871,032)
Business-type activities:						
Westwood Park	1,477,312	1,167,227	-	-	(310,085)	(310,085)
Water	13,630,489	15,460,504	-	-	4,341,730	4,341,730
Wastewater	11,846,247	11,451,634	-	-	1,384,910	1,384,910
Sanitation	11,679,875	13,501,474	-	-	1,821,599	1,821,599
Total business-type activities	38,633,923	41,580,839	-	-	7,238,154	7,238,154
Total primary government	\$ 128,045,120	\$ 48,934,389	\$ 8,241,861	(59,871,032)	7,238,154	(52,632,878)
General revenues:						
Taxes (unrestricted unless otherwise noted):						
Sales taxes				35,832,804	-	35,832,804
Sales taxes - restricted				22,944,264	-	22,944,264
Excise taxes - restricted				-	1,597,960	1,597,960
Franchise taxes				6,584,853	-	6,584,853
Property taxes - restricted				7,931,992	-	7,931,992
State use taxes				1,902,674	-	1,902,674
State use taxes - restricted				491,034	-	491,034
Hotel/Motel taxes				1,130,488	-	1,130,488
Alcoholic beverage taxes				271,359	-	271,359
Cigarette taxes				845,149	-	845,149
Investment earnings				701,524	278,751	980,275
Miscellaneous				2,761,766	(333,548)	2,428,218
Transfers				773,892	(773,892)	-
Total general revenues and transfers				82,171,799	769,271	82,941,070
Change in net assets				22,300,767	8,007,425	30,308,192
Net assets - beginning				247,913,551	194,575,274	442,488,825
Net assets - ending				\$ 270,214,318	\$ 202,582,699	\$ 472,797,017

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2012

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,311,013	\$ -	\$ -	\$ 3,694,026	\$ 1,635,150	\$ 6,640,189
Investments	6,452,857	-	3,573,748	16,730,133	2,557,001	29,313,739
Receivables:						
Taxes	7,334,476	1,471,250	30,092	2,476,385	120,826	11,433,029
Accounts	822,152	-	-	28,905	13,678	864,735
Interest	29,600	33,776	16,392	76,741	11,728	168,237
Due from Federal Government	-	-	-	-	360,043	360,043
Due from other funds	166,678	42,080	24,410	98,761	10,747	342,676
Inventory	320,512	-	-	-	-	320,512
Restricted Assets:						
Cash and cash equivalents	1,050,315	2,015,246	1,172,218	28,430,607	-	32,668,386
Investments	2,063,671	7,363,526	-	-	-	9,427,197
Total assets	<u>\$ 19,551,274</u>	<u>\$ 10,925,878</u>	<u>\$ 4,816,860</u>	<u>\$ 51,535,558</u>	<u>\$ 4,709,173</u>	<u>\$ 91,538,743</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and other accrued liabilities	\$ 864,781	\$ 6,677	\$ -	\$ 733,546	\$ 440,360	\$ 2,045,364
Payroll payable	2,096,986	167,074	-	5,428	18,263	2,287,751
Due to other funds	-	-	-	-	612,012	612,012
Guaranty deposits	3,113,986	-	-	903,663	-	4,017,649
Total liabilities	<u>6,075,753</u>	<u>173,751</u>	<u>-</u>	<u>1,642,637</u>	<u>1,070,635</u>	<u>8,962,776</u>

FUND BALANCES

Nonspendable	320,512	-	-	-	-	320,512
Restricted	-	10,752,127	4,816,860	49,184,199	3,287,891	68,041,077
Committed	1,503,429	-	-	-	-	1,503,429
Assigned	-	-	-	708,722	350,647	1,059,369
Unassigned	<u>11,651,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,651,580</u>
Total fund balances	<u>13,475,521</u>	<u>10,752,127</u>	<u>4,816,860</u>	<u>49,892,921</u>	<u>3,638,538</u>	<u>82,575,967</u>
Total liabilities and fund balance	<u>\$ 19,551,274</u>	<u>\$ 10,925,878</u>	<u>\$ 4,816,860</u>	<u>\$ 51,535,558</u>	<u>\$ 4,709,173</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	254,704,726
Bond issue costs are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.	689,642
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	687,404
Internal service funds are used by management to charge the costs of risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(4,306,336)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(64,137,085)

Net assets of governmental activities \$ 270,214,318

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 44,320,331	\$ 8,887,749	\$ 7,400,152	\$ 15,079,389	\$ 1,130,488	\$ 76,818,109
Licenses and permits	1,189,839	-	-	-	-	1,189,839
Intergovernmental revenues	5,594,620			465,418	3,310,517	9,370,555
Charges for services	10,091,707	-	-	-	176,194	10,267,901
Fines and forfeits	2,554,898	-	-	-	-	2,554,898
Investment earnings	49,583	59,003	-	391,308	16,720	516,614
Special assessment revenue	-	-	25,519	-	-	25,519
Other	1,950,640	-	744	269,962	159,684	2,381,030
Total revenues	<u>65,751,618</u>	<u>8,946,752</u>	<u>7,426,415</u>	<u>16,206,077</u>	<u>4,793,603</u>	<u>103,124,465</u>
Expenditures:						
Current:						
General government	5,779,433	-	-	2,791,663	-	8,571,096
Planning	3,260,939	-	-	-	-	3,260,939
City controller	4,396,092	-	-	8,903	-	4,404,995
Parks and recreation	4,070,350	-	-	515,489	12,000	4,597,839
Public works	14,519,485	-	-	2,711,273	9,297	17,240,055
Public service	-	-	-	-	2,400,526	2,400,526
Public safety	36,020,504	3,764,973	-	81,588	443,420	40,310,485
Capital outlay	2,088,874	815,944	-	11,866,698	1,677,613	16,449,129
Debt service:						
Principal retirement	-	-	3,919,250	400,000	-	4,319,250
Interest and fiscal charges	-	-	990,502	324,606	-	1,315,108
Total expenditures	<u>70,135,677</u>	<u>4,580,917</u>	<u>4,909,752</u>	<u>18,700,220</u>	<u>4,542,856</u>	<u>102,869,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,384,059)</u>	<u>4,365,835</u>	<u>2,516,663</u>	<u>(2,494,143)</u>	<u>250,747</u>	<u>255,043</u>
Other financing sources (uses):						
Transfers in	4,367,429	-	158,525	2,367,298	511,416	7,404,668
Transfers out	(177,653)	(1,687,867)	(1,526,947)	(3,713,628)	(886,361)	(7,992,456)
Issuance of debt	-	-	-	19,860,699	-	19,860,699
Net other financing sources (uses)	<u>4,189,776</u>	<u>(1,687,867)</u>	<u>(1,368,422)</u>	<u>18,514,369</u>	<u>(374,945)</u>	<u>19,272,911</u>
Net change in fund balances	<u>(194,283)</u>	<u>2,677,968</u>	<u>1,148,241</u>	<u>16,020,226</u>	<u>(124,198)</u>	<u>19,527,954</u>
Fund balances, July 1, 2011	13,669,804	8,074,159	3,668,619	33,872,695	3,762,736	63,048,013
Fund balances, June 30, 2012	<u>\$ 13,475,521</u>	<u>\$ 10,752,127</u>	<u>\$ 4,816,860</u>	<u>\$ 49,892,921</u>	<u>\$ 3,638,538</u>	<u>\$ 82,575,967</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

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

Net change in fund balances - total governmental funds	\$ 19,527,954
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,588,582
Contributed capital assets (land, buildings and infrastructure) and other miscellaneous capital asset transactions recorded in government-wide financial statements but not recorded in fund level financial statements	12,924,718
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	378,042
Debt service principal retirement expensed in fund level financial statements but treated as reduction in outstanding debt in government-wide financial statements	4,319,250
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds	(1,374,406)
The issuance of long-term debt provides current financial resources to governmental funds	(19,860,699)
Decrease in liability for incurred claims and compensated absences expensed in government-wide financial statements	4,103,662
Internal service funds are used by management to charge the costs of insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(4,306,336)</u>
Change in net assets of governmental activities	<u>\$ 22,300,767</u>

See notes to financial statements

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS JUNE 30, 2012

	Business-type Activities			Governmental Activities
	Norman Municipal Authority	Norman Utilities Authority	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 377,268	\$ 4,127,259	\$ 4,504,527	\$ 881,158
Restricted cash and cash equivalents	3,660,780	12,705,312	16,366,092	-
Investments	741,328	22,278,572	23,019,900	-
Receivables:				
Accounts, net of allowance estimated uncollectible accounts	973,290	1,851,194	2,824,484	-
Interest	4,725	176,081	180,806	-
Due from other funds	12,485	238,120	250,605	18,715
Total current assets	5,769,876	41,376,538	47,146,414	899,873
Noncurrent assets:				
Restricted cash and cash equivalents	406,409	3,575,547	3,981,956	-
Restricted investments	114,899	16,099,473	16,214,372	-
Unamortized bond issue costs	67,012	470,213	537,225	-
Capital assets, net	16,834,172	168,551,461	185,385,633	-
Total noncurrent assets	17,422,492	188,696,694	206,119,186	-
Total assets	23,192,368	230,073,232	253,265,600	899,873
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	270,303	701,337	971,640	166,342
Payroll payable	211,553	270,752	482,305	-
Accrued interest payable	35,034	314,039	349,073	-
Guaranty deposits	327,198	1,105,928	1,433,126	-
Revenue bonds payable	115,000	1,860,000	1,975,000	-
Notes payable	210,000	1,302,883	1,512,883	-
Compensated absences	12,143	20,357	32,500	1,120
Total current liabilities	1,181,231	5,575,296	6,756,527	167,462
Noncurrent liabilities:				
Notes payable	2,990,000	17,521,794	20,511,794	-
Compensated absences	420,504	704,971	1,125,475	38,747
Liability for incurred claims	-	-	-	5,000,000
Revenue bonds payable, net	1,353,961	20,935,144	22,289,105	-
Total noncurrent liabilities	4,764,465	39,161,909	43,926,374	5,038,747
Total liabilities	5,945,696	44,737,205	50,682,901	5,206,209
NET ASSETS				
Invested in capital assets, net	15,385,974	134,275,274	149,661,248	-
Restricted for debt service	271,895	1,416,070	1,687,965	-
Restricted for capital improvements	-	22,200,661	22,200,661	-
Unrestricted	1,588,803	27,444,022	29,032,825	(4,306,336)
Total net assets	\$ 17,246,672	\$ 185,336,027	\$ 202,582,699	\$ (4,306,336)

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Governmental Activities
	Norman Municipal Authority	Norman Utilities Authority	Total	Internal Service Fund
Operating revenues:				
Golf and pool fees	\$ 1,167,227	\$ -	\$ 1,167,227	\$ -
Water service, net	-	16,368,072	16,368,072	-
Wastewater service, net	-	11,451,634	11,451,634	-
Sanitation services, net	13,150,935	-	13,150,935	-
Self-insurance charges:				
Charges for services	-	-	-	11,781,335
Risk management administration	-	-	-	367,944
Workers' compensation	-	-	-	1,519,905
Unemployment compensation	-	-	-	39,120
Other	451,139	681,385	1,132,524	92,524
Total operating revenues	14,769,301	28,501,091	43,270,392	13,800,828
Operating expenses:				
Salaries and benefits	4,767,820	6,537,915	11,305,735	1,049,118
Supplies and materials	1,479,295	2,206,645	3,685,940	-
Services and maintenance	5,553,058	10,849,271	16,402,329	18,419,726
Depreciation and amortization	1,017,853	5,872,873	6,890,726	-
Total operating expenses	12,818,026	25,466,704	38,284,730	19,468,844
Operating income	1,951,275	3,034,387	4,985,662	(5,668,016)
Nonoperating revenues (expenses):				
Tax revenue	-	1,597,960	1,597,960	-
Investment earnings	1,374	277,377	278,751	-
Interest and fiscal charges	(291,841)	(1,667,107)	(1,958,948)	-
Miscellaneous income (expense)	38,587	(451,933)	(413,346)	-
Net nonoperating revenues (expenses)	(251,880)	(243,703)	(495,583)	-
Income before capital contributions and transfers	1,699,395	2,790,684	4,490,079	(5,668,016)
Capital contributions - donated water and sewer distribution systems	-	4,291,238	4,291,238	-
Transfers in	314,913	-	314,913	1,395,791
Transfers out	-	(1,088,805)	(1,088,805)	(34,111)
Net capital contributions and transfers	314,913	3,202,433	3,517,346	1,361,680
Net income	2,014,308	5,993,117	8,007,425	(4,306,336)
Net assets - beginning	15,232,364	179,342,910	194,575,274	-
Net assets - ending	\$ 17,246,672	\$ 185,336,027	\$ 202,582,699	\$ (4,306,336)
See notes to financial statements				

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities			Governmental Activities
	Norman Municipal Authority	Norman Utilities Authority	Total	Interal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 14,612,282	\$ 28,612,910	\$ 43,225,192	\$ 13,800,828
Cash paid to employees for services	(4,721,971)	(6,434,907)	(11,156,878)	(1,009,251)
Cash paid to suppliers	(7,088,223)	(13,664,443)	(20,752,666)	(13,253,384)
Other receipts (payments)	(852,269)	(1,316,856)	(2,169,125)	(18,715)
Net cash provided by operating activities	1,949,819	7,196,704	9,146,523	(480,522)
Cash flows from noncapital financing activities:				
Transfers in	314,913	-	314,913	1,395,791
Transfers out	-	(1,088,805)	(1,088,805)	(34,111)
Net cash provided by (used for) noncapital financing activities	314,913	(1,088,805)	(773,892)	1,361,680
Cash flows from capital and related financing activities:				
Proceeds from disposal of capital assets	68,872	18,218	87,090	-
Payments for the acquisition of capital assets	(1,116,315)	(3,172,184)	(4,288,499)	-
Proceeds from taxes	-	1,597,960	1,597,960	-
Principal payments on revenue bonds	(110,000)	(1,800,000)	(1,910,000)	-
Proceeds from notes payable	-	3,489,330	3,489,330	-
Principal payments on notes payable	(200,000)	(1,352,863)	(1,552,863)	-
Interest and fiscal charges paid	(285,214)	(1,436,160)	(1,721,374)	-
Net cash provided by (used for) capital and related financing activities	(1,642,657)	(2,655,699)	(4,298,356)	-
Cash flows from investing activities:				
Proceeds from maturity of investments	226,991	23,878,136	24,105,127	-
Payments for purchases of investments	(472,488)	(24,460,385)	(24,932,873)	-
Investment earnings received	11,089	681,003	692,092	-
Net cash used for investing activities	(234,408)	98,754	(135,654)	-
Net change in cash and cash equivalents	387,667	3,550,954	3,938,621	881,158
Cash and cash equivalents - beginning	4,056,790	16,857,164	20,913,954	-
Cash and cash equivalents - ending	\$ 4,444,457	\$ 20,408,118	\$ 24,852,575	\$ 881,158
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,951,275	\$ 3,034,387	\$ 4,985,662	\$ (5,668,016)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Miscellaneous revenue (expense)	38,587	(451,933)	(413,346)	-
Bad debt expense	75,775	115,336	191,111	-
Depreciation	1,017,853	5,872,873	6,890,726	-
(Gain) on disposal of property, plant and equipment	(47,320)	(845,948)	(893,268)	-
Increase in accounts receivable, net	(242,682)	4,807	(237,875)	-
Increase in due from other funds	(843,536)	(18,975)	(862,511)	(18,715)
Increase (decrease) in accounts payable and accrued liabilities	(55,870)	(608,527)	(664,397)	166,342
Increase in payroll payable	33,846	52,446	86,292	-
Increase in liability for incurred claims	-	-	-	5,000,000
Increase (decrease) in guaranty deposits	9,888	(8,324)	1,564	-
Increase in compensated absences	12,003	50,562	62,565	39,867
Net cash provided by operating activities	\$ 1,949,819	\$ 7,196,704	\$ 9,146,523	\$ (480,522)
NONCASH ACTIVITIES:				
Donated water and sewer distribution systems	\$ -	\$ 4,291,238	\$ 4,291,238	\$ -
Change in unrealized (gain) loss on investments	\$ 10,676	\$ (71,162)	\$ (60,486)	\$ -

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS JUNE 30, 2012

	Pension Trust Fund	Centennial Agency Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 767
Investments		
Mutual funds	55,118,063	-
U.S. Agencies	-	5,020
Interest receivable	-	23
Due from other funds	-	16
Loans to 401(a) Plan participants	<u>3,727,793</u>	<u>-</u>
Total assets	<u>\$ 58,845,856</u>	<u>\$ 5,826</u>
LIABILITIES AND NET ASSETS		
Funds held for others	\$ -	\$ 5,826
Net assets:		
Held in trust for pension benefits	486,948	-
Held in trust for retirement benefits	<u>58,358,908</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 58,845,856</u>	<u>\$ 5,826</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund
ADDITIONS:	
Contributions:	
Employer	\$ 2,221,917
Employee	<u>1,706,737</u>
Total contributions	3,928,654
Investment income (loss)	<u>842,171</u>
Total additions	<u>4,770,825</u>
DEDUCTIONS:	
Pension benefits paid	4,200,368
Administration costs	<u>156,683</u>
Total deductions	<u>4,357,051</u>
NET INCREASE	413,774
Net assets held in trust for pension and retirement benefits, Beginning of year	<u>58,432,082</u>
End of year	<u>\$ 58,845,856</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Risk Management Internal Service Fund – Established to account for the resources utilized to provide for the self-insurance of Workers' Compensation and Unemployment Insurance and to pay premiums on insurance for employee health and property loss.

The City reports the following fiduciary funds:

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

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

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

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

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

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

Assets, Liabilities, and Fund Equity

- a. *Cash and Cash Equivalents* - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

- b. *Pooled Cash and Investments* - The City Charter requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

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

- c. *Investments* – Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at June 30, 2012, to be the fair value of its investments.

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

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

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

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

- e. *Interfund Receivables and Payables* – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* – Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.

- g. *Capital Assets* – Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consist of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

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

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

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

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

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

- j. *Liability for Incurred Claims* - The liability for incurred claims represents estimated claims (including future claim adjustment expenses) incurred but unpaid for workers compensation, group medical and dental, and unemployment claims as of the fiscal year end. The estimate includes claims reported as of June 30, 2012, as well as an estimated amount representing claims incurred but not reported. The City utilizes the services of an actuary in computation of the incurred but unpaid workers compensation portion of the liability.
- k. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. The General Fund pays all claims and judgments. A liability has been recorded within the government-wide, proprietary and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.

- l. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employee's years of service. Upon retirement, one-half of accumulated sick leave is converted to vacation time, subject to the above limitation for maximum compensation for unused compensated absences.

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

- m. *Fund Equity* – In the government-wide financial statements, equity is classified as net assets and displayed in three components:
 1. *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
 2. *Restricted net assets* – Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. The most significant restriction as of June 30, 2012 related to three ordinances benefiting the City's wastewater system which provide funds that are being held to complete capital projects.
 3. *Unrestricted net assets* – All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

- a) *Nonspendable* – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- b) *Restricted* – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c) *Committed* – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. The City Council is the highest level of decision making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- d) *Assigned* – Includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the

City Council. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive balances.

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

Revenues, Expenditures and Expenses

- a. *Property Tax Revenue* - Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. Such delinquent tax payments have not historically been material. Delinquent tax payments are received throughout the year and are recognized as revenue in the year received, except for those received within 60 days of year end, which are recognized as revenues as of June 30, 2012 in both the government-wide and fund financial statements.
- b. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.
- c. *Charges for Service* – Charges for services consist primarily of charges made by the General Fund for services such as motor pool usage, printing, accounting, data processing, facilities usage and other benefits provided to the other funds of the City.
- d. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses and changes in fund net assets.
- e. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City's funds based on the percentage of each fund's average month-end pooled cash balance.

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

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets – The governmental fund balance sheet includes reconciliation between

fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$64,137,085 difference are as follows:

General obligation bonds payable	\$ 43,140,000
Notes payable	6,925,153
Compensated absences	6,579,905
Net OPEB obligation	7,141,294
Accrued interest payable	<u>350,733</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 64,137,085</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities – The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net *changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$6,588,582 difference are as follows:

Capital outlay	\$ 16,449,129
Depreciation expense	<u>(9,860,547)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,588,582</u>

Another element of that reconciliation states that “Contributed capital assets (land, buildings, and infrastructure) and other miscellaneous capital asset transactions recorded in government-wide financial statements but not recorded in fund level financial statements.” The details of this \$12,924,718 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 13,491,985
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In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	(79,301)
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The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	<u>(487,966)</u>
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Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 12,924,718</u>
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Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$378,042 difference are as follows:

Deferred revenue - special assessment receivable	\$ (85,204)
Grant reimbursement receivable	585,955
Storm reimbursement receivable	<u>(122,709)</u>
	<u>\$ 378,042</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds." The details of this \$1,374,406 difference are as follows:

Amortization of bond issue costs	\$ (92,726)
Bond issue costs	111,338
Accrued interest payable	(215,022)
Change in net OPEB obligation	<u>(1,177,996)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,374,406)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

contracts and other commitments for the expenditure of funds are recorded as encumbrances to reserve a portion of the applicable appropriation.

Budgeted expenditures and encumbrances for the budgeted funds cannot exceed the estimated revenues and fund balance, and it is unlawful for the City to create or authorize creation of a deficit in any of these funds. Budgetary control is exercised by function at the fund level. These functional categories include salaries and benefits; supplies and materials; services and maintenance; debt service; and capital outlay. Amendments must be approved by the City Council. The City Manager is authorized to transfer budgeted appropriations within individual funds, but cannot alter the appropriations on a fund level without City Council approval. Supplemental appropriations within all funds by the City Council during the fiscal year ended June 30, 2012 amounted to \$5,647,242. Unencumbered appropriations lapse at year end while encumbered appropriations are carried over to the ensuing fiscal year until utilized or canceled.

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

4. DETAIL NOTES ON ALL FUNDS

Deposits and Investments

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2012, none of the City's bank balance of \$50,662,794 was exposed to custodial credit risk. As of June 30, 2012, the City carrying balance of these deposits was \$49,462,152.

Interest Rate Risk – As of June 30, 2012, the City had the following investments subject to interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Notes	\$ 11,182,485	1.00
Federal Home Loan Bank	18,194,685	2.11
Federal Farm Credit Bank	15,159,593	2.09
Federal Home Loan Mortgage Company	2,070,800	0.89
Federal National Mortgage Association	26,655,255	2.27
Federal Agricultural Mortgage Corporation	2,038,840	1.69
Mutual bond funds	24,493,156	2.75
Money market funds	21,735,033	0.13
Total fair value	<u>\$ 121,529,847</u>	

Portfolio weighted average maturity 1.79

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

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

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

Concentration of Credit Risk – The City’s investment policy places no limit on the amount the City may invest in any one issuer. More than 5% of the City’s investments are in Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association and United States Treasury Notes. These investments are 15%, 12%, 22% and 9%, respectively, of the City’s total investments.

Custodial Credit Risk –Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City’s policy to maintain investment securities that are insured or registered in the City’s name and held by the City or its agent in the City’s name whenever possible. As of June 30, 2012, the City’s investment were not exposed to custodial credit risk as all of the City’s investments were registered in the name of the City and held by a counterparty.

Amount Due From Federal Government - The amount shown in both the government-wide and fund financial statements as due from the Federal government represents \$360,043 of allowable expenditures under various direct and pass through grants for which the City has requested reimbursement.

Transfers - Transfers for the year ended June 30, 2012 consisted of the following:

Transfers	Transfers In							
	Public							Total Transfers
	General	Safety	Nonmajor	Capital	Debt	Enterprise	Internal	
		Sales Tax	Governmental	Projects	Service		Service	
Out	Fund	Fund	Funds	Fund	Fund	Funds	Fund	Out
General Fund	\$ -	\$ -	\$ 3,500	\$ -	\$ 158,525	\$ 15,628	\$ -	\$ 177,653
Public Safety								
Sales Tax Fund	-	-	-	1,687,867	-	-	-	1,687,867
Nonmajor								
Governmental								
Funds	-	-	-	679,431	-	206,930	-	886,361
Debt Svs Fund	131,156	-	-	-	-	-	1,395,791	1,526,947
Capital Projects								
Fund	3,113,357	-	507,916	-	-	92,355	-	3,713,628
Internal Service								
Fund	34,111	-	-	-	-	-	-	34,111
Enterprise Funds	1,088,805	-	-	-	-	-	-	1,088,805
Total Transfers In	\$ 4,367,429	\$ -	\$ 511,416	\$ 2,367,298	\$ 158,525	\$ 314,913	\$ 1,395,791	\$ 9,115,372

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

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

- The Capital Projects Fund transferred \$3,113,357 to the General Fund to pay for the purchase of vehicles and equipment and fund street maintenance projects.
- The Debt Services Fund transferred \$1,395,791 to the Risk Management Internal Service Fund to pay for judgments awarded against the City and funded via the property tax rolls over a three year period.
- The Public Safety Sales Tax Fund transferred \$1,687,867 to the Capital Fund to pay for the construction of a new fire station.

Capital Assets – Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 52,066,243	\$ 1,790,477	\$ -	\$ 53,856,720
Construction in progress	36,170,503	13,140,599	(14,013,079)	35,298,023
Capital assets, being depreciated:				
Buildings	27,650,828	1,788,886	-	29,439,714
Improvements other than buildings	15,431,074	1,164,738	-	16,595,812
Machinery and equipment	20,198,080	3,318,707	(820,153)	22,696,634
Vehicles	14,813,184	1,155,686	(1,053,277)	14,915,593
Infrastructure	<u>405,347,610</u>	<u>21,595,100</u>	<u>-</u>	<u>426,942,710</u>
Totals at historical cost	<u>571,677,522</u>	<u>43,954,193</u>	<u>(15,886,509)</u>	<u>599,745,206</u>
Less accumulated depreciation				
Buildings	(10,214,482)	(775,787)	-	(10,990,269)
Improvements other than buildings	(9,863,600)	(361,344)	-	(10,224,944)
Machinery and equipment	(15,831,513)	(1,646,940)	811,903	(16,666,550)
Vehicles	(9,409,302)	(926,163)	494,260	(9,841,205)
Infrastructure	<u>(291,167,199)</u>	<u>(6,150,313)</u>	<u>-</u>	<u>(297,317,512)</u>
Total accumulated depreciation	<u>(336,486,096)</u>	<u>(9,860,547)</u>	<u>1,306,163</u>	<u>(345,040,480)</u>
Governmental activities capital assets, net	<u>\$ 235,191,426</u>	<u>\$ 34,093,646</u>	<u>\$ (14,580,346)</u>	<u>\$ 254,704,726</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 8,651,937	\$ 706,024	\$ -	\$ 9,357,961
Construction in progress	58,294,880	4,617,660	(33,457,598)	29,454,942
Capital assets, being depreciated:				
Buildings and improvements	147,042,098	8,944,205	(678,829)	155,307,474
Machinery and equipment	<u>83,474,264</u>	<u>29,114,049</u>	<u>(1,481,599)</u>	<u>111,106,714</u>
Totals at historical cost	<u>297,463,179</u>	<u>43,381,938</u>	<u>(35,618,026)</u>	<u>305,227,091</u>
Less accumulated depreciation				
Buildings and improvements	(80,016,576)	(3,342,897)	716,175	(82,643,298)
Machinery and equipment	<u>(34,556,159)</u>	<u>(3,547,829)</u>	<u>905,828</u>	<u>(37,198,160)</u>
Total accumulated depreciation	<u>(114,572,735)</u>	<u>(6,890,726)</u>	<u>1,622,003</u>	<u>(119,841,458)</u>
Business-type activities capital assets, net	<u>\$ 182,890,444</u>	<u>\$ 36,491,212</u>	<u>\$ (33,996,023)</u>	<u>\$ 185,385,633</u>

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

Governmental activities:

General government	\$333,283
Planning	24,790
City controller	267,062
Parks and recreation	464,340
Public works	6,778,268
Public service	200
Public safety	<u>1,992,604</u>
Total depreciation expense – governmental activities	<u>\$9,860,547</u>

Business-type activities:

Westwood park	\$149,823
Utilities authority	5,872,873
Sanitation services	<u>868,030</u>
Total depreciation expense – business-type activities	<u>\$6,890,726</u>

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

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

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

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

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

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

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

As of June 30, 2012, and for the year ended, the ERS held no securities issued by the City or other related parties.

1. *Annuity Pool* - As of January 1, 2012, the date of the last actuarial study, the Annuity Pool participants included only 13 retirees and other beneficiaries who are entitled retirement benefits including a death benefit equal to a lump sum amount equal to the normal retirement as projected for a ten year period of time.

At January 1, 2012 the Actuarial Accrued Liability for the Annuity Pool was \$829,462 and the market value of assets in the Annuity Pool was \$498,562. The City’s actuary has suggested an annual contribution for a period of ten years commencing July 1, 2012. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) no projected salary increases, and (c) no cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City contributed \$35,718 to the plan in 2012. The City will make future contributions as needed to make benefit payments should present plan assets be insufficient to do so.

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

The City’s payroll for employees covered by the 401(a) Plan for the year ended June 30, 2012 was \$25,719,988, and total City payroll was \$47,612,796.

Substantially all full-time, non-uniformed employees of the City are required to participate in the 401(a) Plan. At June 30, 2012, there were 506 plan participants. Participants are required to contribute 6.5% of their compensation to the 401(a) Plan each pay period. This contribution is matched by the City at a rate of 8.5% of payroll. Administrative costs are financed through investment earnings. Participants become vested in the City’s contribution as follows:

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

Contributions to the 401(a) Plan for 2012 were \$3,892,936. The contributions expressed in dollars and percent of covered payroll were: City - \$2,186,199, 8.5%, participants - \$1,671,796, 6.5%, and rollover contributions of \$34,941. The contribution requirements are in accordance with the City ordinance. Plan provisions and contribution requirements are established and may be amended by the City Council.

Trend Information

401(a) Plan		
Fiscal Year	Required Contribution	Percentage Contributed
2010	3,980,826	100%
2011	3,790,644	100%
2012	3,892,936	100%

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

**Statement of Net Assets
June 30, 2012**

	Annuity Pool Fund	401(a) Plan Fund	Total
Assets			
Investments - mutual funds	\$ 486,948	\$ 54,631,115	\$ 55,118,063
Loans to 401(a) Plan participants	-	3,727,793	3,727,793
Total assets	<u>\$ 486,948</u>	<u>\$ 58,358,908</u>	<u>\$ 58,845,856</u>
Liabilities and Net Assets			
Net assets - Held in trust for pension benefits	\$ 486,948	\$ -	\$ 486,948
Net assets - Held in trust for retirement benefits	-	58,358,908	58,358,908
Total liabilities and net assets	<u>\$ 486,948</u>	<u>\$ 58,358,908</u>	<u>\$ 58,845,856</u>

**Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2012**

	Annuity Pool Fund	401(a) Plan Fund	Total
Additions:			
Contributions - employer	\$ 35,718	\$ 2,186,199	\$ 2,221,917
Contributions - employee	-	1,706,737	1,706,737
Investment income	5,864	836,307	842,171
Total additions	<u>41,582</u>	<u>4,729,243</u>	<u>4,770,825</u>
Deductions:			
Pension benefits paid	125,035	4,075,333	4,200,368
Administration costs	1,552	155,131	156,683
Total deductions	<u>126,587</u>	<u>4,230,464</u>	<u>4,357,051</u>
Net Increase (decrease)	(85,005)	498,779	413,774
Net assets held in trust for pension and retirement benefits:			
Beginning of year	571,953	57,860,129	58,432,082
End of year	<u>\$ 486,948</u>	<u>\$ 58,358,908</u>	<u>\$ 58,845,856</u>

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

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

The City's covered payroll for the firefighters' retirement system was \$9,397,100 for the year ended June 30, 2012, while the City's total payroll for all employees was \$47,612,796 during the same time period.

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

Contributions Required and Made - Members of the firefighters' retirement system are required to pay 8% of their base pay to the pension plan until they reach 20 years of service, after which no contributions are required. The City is required to pay 13% of base salary. For the year ended June 30, 2012, the total contribution to the system amounted to \$1,969,230 of which \$1,221,623 was made by the City and \$747,607 was made by the employees. These contributions represent 13% (City) and 7.9% (member) of covered payroll. The difference between the required 8% mentioned above and the actual contribution of 7.9% relates to a deferred retirement option plan available to firefighters. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$2,400,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2012 financial statements.

Trend Information

Oklahoma Firefighters' Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed
2010	1,863,313	100%
2011	1,921,925	100%
2012	1,969,230	100%

Related Party Investments - During fiscal year 2012 and as of June 30, 2012, the State Firefighters' Retirement System held no securities issued by the City or other related parties.

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

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

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

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

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

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

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

The City's covered payroll for the police retirement system was \$10,041,538 for the year ended June 30, 2012, while the City's total payroll for all employees was \$47,612,796 during the same time period.

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

Contributions Required and Made - Members of the police retirement system are required to pay 8% of their base pay to the pension plan until they reach 20 years of service, after which no contributions are required. The City is required to pay 13% of base salary. For the year ended June 30, 2012, the total contribution to the system amounted to \$2,106,700, of which \$1,305,400 was made by the City and \$801,300 was made by the employees. These contributions represent 13% (City) and 7.9% (member) of covered payroll. The difference between the required 8% mentioned above and the actual contribution of 7.9% relates to a deferred retirement option plan available to police officers. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$1,100,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2012 financial statements

Funding Status and Progress

Oklahoma Police Pension and Retirement System

Fiscal Year	Required Contribution	Percentage Contributed
2010	1,903,245	100%
2011	1,957,020	100%
2012	2,106,700	100%

Related Party Investments - During fiscal year 2012 and as of June 30, 2012, the Oklahoma Police Pension and Retirement System held no securities issued by the City or other related parties.

Other Postemployment Benefits

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

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

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

Membership – At July 1, 2011, membership consisted of:

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

Funding Policy – The plan participants are responsible for paying the full cost of their medical premium and the City is responsible for the claims and expenses in excess of participant contributions. As of June 30, 2012, no irrevocable trust had been established for the funding of the Plan's postretirement benefit obligation. The net claims and expenses paid by the City are funded on a pay-as-you-go basis.

Annual OPEB Costs and Net OPEB Obligation –The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 through 2012 were as follows:

Fiscal Year Ended	Percentage of Annual				Net Obligation (Asset)
	Annual OPEB Cost	Employer Contributions	OPEB Cost Contributed		
June 30, 2009	\$ 2,141,656	\$ 135,989	6.3%		\$ 2,005,667
June 30, 2010	2,223,286	478,102	21.5%		3,750,851
June 30, 2011	2,293,535	81,072	3.5%		5,963,314
June 30, 2012	1,412,385	234,405	16.6%		7,141,294

The net OPEB obligation (NOO) as of June 30, 2012, was calculated as follows:

Annual required contribution	\$ 1,505,447
Interest on net OPEB obligation	238,533
Adjustment to annual required contribution	(331,595)
Annual OPEB cost	1,412,385
Contributions made	234,405
Increase (decrease) in net OPEB obligation	1,177,980
Net OPEB obligation, beginning of year	<u>5,963,314</u>
Net OPEB obligation, end of year	<u>\$ 7,141,294</u>

Funded Status and Funding Progress – The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 15,646,369
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 15,646,369
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 47,612,796
UAAL as a percentage of covered payroll	33%

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

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.0% discount rate, which is based on the expected long-term investment returns of the City's general fund assets, and an initial annual healthcare cost trend of 8.0% reduced by 0.5% each year to arrive at an ultimate healthcare cost trend rate of 5.0%. Both rates included a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open 30-year period basis.

The current year decrease in the unfunded actuarial accrued liability and annual required contribution can be attributed to a decrease in actual claims costs. Claims were assumed to increase with an 8% trend but were actually about 12.5% lower than expected.

Guaranty Deposits - At June 30, 2012, the guaranty deposit accounts of the City included the following deposit liabilities:

Governmental activities:

Oil and gas drilling escrow	\$244,000
Site improvements	3,458,359
Contractor's escrow	110,664
Park improvement	10,529
Court fines and bond deposits	46,409
Others	<u>147,688</u>
Total governmental activities	<u>\$4,017,649</u>

Business-type activities:

Utility deposits	<u>\$1,433,126</u>
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The above liabilities and related cash and cash equivalents have been presented as restricted assets in both the government-wide and fund financial statements.

Long-Term Debt

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

Bonds whose proceeds are dedicated to streets, rights-of-way, and limited access facilities, together with outstanding judgments against the City, are limited in total by State statute to 10 percent of the net assessed valuation of taxable property in the City. At June 30, 2012, the net assessed valuation approximated \$790,324,000. The City had no such bonds outstanding at June 30, 2012. There is no such limit on the issuance of other types of general obligation bonds.

General obligation bonds outstanding as of June 30, 2012 are as follows:

\$4,340,000 1992 General Obligation bonds, due in annual installments of \$90,000 to \$250,000 beginning December 1, 1992 through December 1, 2012 at interest rates from 10% to 0.5% (for various street and alley improvements and new fire station)	\$ 250,000
\$8,370,000 2005A Combined Purpose General Obligation bonds, due in annual installments of \$440,000 to \$450,000 beginning June 1, 2007 though June 1, 2025 at interest rates from 3.5% to 4.5% (for various street improvements and new fire station)	5,730,000
\$7,300,000 2007A Combined Purpose General Obligation bonds, due in annual installments of \$380,000 to \$460,000 beginning June 1, 2009 though June 1, 2027 at interest rates from 3.8% to 4.25% (for various street improvements)	5,780,000
\$5,210,000 2008A Combined Purpose General Obligation bonds, due in annual installments of \$575,000 to \$610,000 beginning June 1, 2010 though December 1, 2018 at interest rates from 3.375% to 4.25% (for various street improvements)	4,060,000
\$5,475,000 2008B General Obligation bonds, due in annual installments of \$1,365,000 to \$1,380,000 beginning June 1, 2010 though December 1, 2013 at interest rates from 3.25% to 3.625% (for citywide pavement reconstruction)	2,745,000
\$6,250,000 2010 General Obligation bonds, due in annual installments of \$1,560,000 to \$1,570,000 beginning March 1, 2012 through September 1, 2015 at interest rates from 1.00% to 1.50% (for citywide pavement reconstruction and outdoor warning sirens)	6,250,000
\$290,000 2012A General Obligation bonds, due in an installment of \$290,000 on March 1, 2014 at 2.00% (to carpet the Library)	290,000
\$15,000,000 2012B General Obligation bonds, due in annual installments of \$3,750,000 beginning March 1, 2014 through March 1, 2017 at interest rates from .50% to 2.00% (for citywide pavement reconstruction)	15,000,000
\$3,035,000 2012C General Obligation bonds, due in annual installments of \$750,000 to \$785,000 beginning March 1, 2014 through March 1, 2017 at interest rates from 1.00% to 2.00% (for construction of Animal Shelter)	<u>3,035,000</u>
Total general obligation bonds	<u>\$ 43,140,000</u>

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

Fiscal Year	Principal	Interest	Total
2013	\$ 4,570,000	\$ 962,318	\$ 5,532,318
2014	9,125,000	838,543	9,963,543
2015	7,455,000	718,115	8,173,115
2016	7,465,000	630,218	8,095,218
2017	5,930,000	557,093	6,487,093
2018 – 2022	5,285,000	1,504,248	6,789,248
2023 – 2027	<u>3,310,000</u>	<u>529,050</u>	<u>3,839,050</u>
Total	<u>\$ 43,140,000</u>	<u>\$ 5,739,585</u>	<u>\$ 48,879,585</u>

- b. *Revenue Bonds* - Revenue Bonds outstanding consist of debt issued by the NUA. The bonds are not indebtedness of the State of Oklahoma or of the City, but are obligations payable solely from resources of the NUA.

The revenue bonds outstanding as of June 30, 2012 are as follows:

\$2,315,000 Norman Municipal Authority, Recreation Facilities Revenue Bonds, Series 2002, due in annual installments of \$75,000 to \$195,000 from June 1, 2004 through June 1, 2022 at interest rates from 3.5% to 6.125%	\$ 1,500,000
\$7,740,000 Norman Utilities Authority, Utility Revenue Bonds, Refunding Series 2003, due in annual installments of \$150,000 to \$815,000 from November 1, 2004 to November 1, 2016, at interest rates from 2.25% to 4.00%	3,575,000
\$4,780,000 Norman Utilities Authority, Utility Revenue Bonds, Refunding Series 2005, due in annual installments of \$220,000 to \$400,000 from November 1, 2006 to November 1, 2019, at interest rates from 3.25% to 4.00%	2,495,000
\$20,700,000 Norman Utilities Authority, Utility Revenue Bonds Series 2006, due in annual installments of \$680,000 to \$1,485,000 from November 1, 2007 to June 30, 2027, at interest rates from 3.875% to 5.00%	<u>17,000,000</u>
Total revenue bonds	<u>\$ 24,570,000</u>

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

Fiscal Year	Principal	Interest	Total
2013	\$ 1,975,000	\$ 980,255	\$ 2,955,255
2014	2,040,000	903,053	2,943,053
2015	2,115,000	821,678	2,936,678
2016	2,250,000	734,823	2,984,823
2017	2,160,000	645,743	2,805,743
2018 – 2022	7,170,000	2,171,391	9,341,391
2023 – 2027	<u>6,860,000</u>	<u>708,000</u>	<u>7,568,000</u>
Total	<u>\$ 24,570,000</u>	<u>\$ 6,964,943</u>	<u>\$ 31,534,943</u>

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

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

d. *Notes Payable* - Notes payable as of June 30, 2012 are as follows:

Contract payable with the Central Oklahoma Master Conservancy District ("District"), 1974 repayment contract for reimbursement costs of construction of water storage, distribution and pumping facilities to furnish a municipal water supply to cities and towns within the District, secured by a second lien on the net revenues of the authority's water system. Annual principal and interest payments ranging from \$98,086 to \$194,605 with an annual interest rate of 2.74%.	\$ 896,160
\$2,720,000 State Revolving Fund ("SRF") loan payable to the Oklahoma Water Resources Board ("OWRB") due in semi-annual installments ranging from \$24,820 to \$75,980 beginning December 15, 1995 through August 15, 2015. The loan has a 0% interest rate, plus an administrative fee of 0.5% per annum.	484,137
\$4,850,000 Clean Water SRF loan payable to the OWRB due in semi-annual installments ranging from \$124,677 to \$136,239 beginning September 15, 2000 through September 15, 2019. The loan has a 0% interest rate plus an administrative fee of 0.5% per annum.	1,865,385
\$3,590,000 sanitation system loan payable to various holders due in semi-annual installments ranging from \$95,000 to \$155,000 beginning October 1, 2010 through October 1, 2024. The loan has a 3.45% interest rate.	3,200,000
\$14,560,000 Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2009, due in annual payments ranging from \$400,000 to \$2,820,000 beginning September 1, 2011 through September 1, 2028. The loan has a variable interest rate	6,175,153
\$5,640,000 Clean Water SRF loan payable to the OWRB due in annual installments of \$405,264 beginning when construction is complete and ending 20 years after. The loan has a 2.91% interest rate.	4,533,659
\$12,000,000 Drinking Water SRF loan payable to the OWRB due in annual installments ranging from \$440,656 to 771,882 beginning March 15, 2012 and ending 20 years after. The loan has a 3.28% interest rate.	11,045,336
\$750,000 Norman Municipal Authority loan payable to First American Bank in annual installments of \$600,000 to \$7,064 beginning August 15, 2012 through July 15, 2014 at 2.89%.	750,000

\$8,250,000 Norman Tax Increment Finance Authority Norman University
North Park Project Plan Revenue Note, Series 2011, due in annual
installments beginning July 1, 2012 through June 30, 2031. The loan has a
variable interest rate.

Total notes payable \$ 28,949,830

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

Fiscal Year	Principal	Interest	Total
2013	\$ 2,933,797	\$ 1,208,487	\$ 4,142,284
2014	2,410,612	1,141,682	3,552,294
2015	2,368,313	1,187,696	3,556,009
2016	2,346,021	1,259,671	3,605,692
2017	2,336,766	1,319,215	3,655,981
2018 – 2022	11,318,604	5,506,372	16,824,976
2023 – 2027	12,065,783	3,380,202	15,445,985
2028 – 2032	10,205,522	719,518	10,925,040
Less unfund note	<u>(17,035,588)</u>	<u>-</u>	<u>(17,035,588)</u>
Total	<u>\$ 28,949,830</u>	<u>\$ 15,722,843</u>	<u>\$ 44,672,673</u>

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

Changes in Long-term Liabilities – Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 28,495,000	\$ 18,325,000	\$ (3,680,000)	\$ 43,140,000	\$ 4,570,000
Special assessment debt with government commitmen	<u>239,250</u>	<u>-</u>	<u>(239,250)</u>	<u>-</u>	<u>-</u>
Total bonds payable	28,734,250	18,325,000	(3,919,250)	43,140,000	4,570,000
Notes payable	5,789,454	1,535,699	(400,000)	6,925,153	1,084,906
Liability for incurred claims	5,000,000	13,752,029	(13,752,029)	5,000,000	1,500,000
Net OPEB obligation	5,963,314	1,412,385	(234,405)	7,141,294	-
Compensated absences	<u>6,465,938</u>	<u>4,530,334</u>	<u>(4,376,500)</u>	<u>6,619,772</u>	<u>495,158</u>
Government activity long-term liabilities	<u>\$ 51,952,956</u>	<u>\$ 39,555,447</u>	<u>\$ (22,682,184)</u>	<u>\$ 68,826,219</u>	<u>\$ 7,650,064</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 26,480,000	\$ -	\$ (1,910,000)	\$ 24,570,000	\$ 1,975,000
Less deferred amounts:					
For issuance discounts and losses on refunding	<u>(372,850)</u>	<u>66,955</u>	<u>-</u>	<u>(305,895)</u>	<u>-</u>
Total bonds payable	26,107,150	66,955	(1,910,000)	24,264,105	1,975,000
Notes payable	20,088,210	3,489,330	(1,552,863)	22,024,677	1,512,883
Compensated absences	<u>1,095,410</u>	<u>823,371</u>	<u>(760,806)</u>	<u>1,157,975</u>	<u>32,500</u>
Business-type activity long-term liabilities	<u>\$ 47,290,770</u>	<u>\$ 4,379,656</u>	<u>\$ (4,223,669)</u>	<u>\$ 47,446,757</u>	<u>\$ 3,520,383</u>

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

5. FUND BALANCE

Effective July 1, 2010, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following table shows the fund balance classifications as shown on the governmental funds balance sheet in accordance with GASB No. 54 as of June 30, 2012:

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Inventory	\$ 320,512	\$ -	\$ -	\$ -	\$ -	\$ 320,512
Restricted:						
Debit service reserve	-	-	4,816,860	-	-	4,816,860
Public service	-	-	-	-	504,921	504,921
Parks and recreation	-	-	-	-	1,627,862	1,627,862
Bond capital projects	-	-	-	21,453,694	-	21,453,694
Other capital projects	-	-	-	27,454,638	-	27,454,638
Grant activities	-	-	-	275,867	-	275,867
Public safety	-	10,752,127	-	-	1,070,695	11,822,822
Public works	-	-	-	-	84,413	84,413
Committed:						
Economic stabilization	1,503,429	-	-	-	-	1,503,429
Assigned:						
Other capital projects	-	-	-	708,722	-	708,722
Grant activities	-	-	-	-	350,647	350,647
Other	-	-	-	-	-	-
Unassigned:	<u>11,651,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,651,580</u>
Total fund balances	<u>\$13,475,521</u>	<u>\$ 10,752,127</u>	<u>\$ 4,816,860</u>	<u>\$ 49,892,921</u>	<u>\$ 3,638,538</u>	<u>\$ 82,575,967</u>

On June 28, 2011, the City adopted ordinance O-1011-58 changing the City's reserve policy. The ordinance establishes that the General Fund will have an unappropriated reserve of at least three percent (3%) of annually budgeted expenditures, in addition to an appropriated emergency reserve of two percent (2%) of annually budgeted expenditures. In addition, the ordinance establishes the Net Revenue Stabilization Fund (i.e., "Rainy Day Fund") which has a targeted balance of not less than three percent (3%) but not more than six percent (6%) of annually budgeted General Fund expenditures. As of June 30, 2012 the Rainy Day Fund had a balance of \$1,503,429.

6. RISK MANAGEMENT

The City is self-insured against the following risks:

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

Employee health claims in excess of the \$175,000 limit are covered by insurance. The City's unpaid claims liability of \$5,000,000 reported at June 30, 2012 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. However, events could occur that would cause the estimate for unpaid claims liability to differ materially in the near term. The claims liability for health claims incurred but not reported is estimated by management using a three-month claims lag analysis. These amounts are recorded as a current liability within both the government-wide and governmental fund financial statements. The claims liability for workers compensation claims and judgments is estimated using legal counsel's opinion of probable outcome of litigation plus an estimate of claims experience for incurred but unreported claims. These amounts are recorded as long-term liabilities within the government-wide financial statements. No liability is recorded for such amount within the governmental fund financial statements as such amounts will not be paid with current financial resources. There are no allocated or unallocated claim adjustment expenditures/expenses included in the liability for unpaid claims.

At June 30, 2012, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years, the City has had no losses that exceeded commercial insurance coverage. Changes in the reported liability are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal year 2011	<u>\$ 6,400,000</u>	<u>\$ 9,783,557</u>	<u>\$ (11,183,557)</u>	<u>\$ 5,000,000</u>
Fiscal year 2012	<u>\$ 5,000,000</u>	<u>\$ 13,752,029</u>	<u>\$ (13,752,029)</u>	<u>\$ 5,000,000</u>

7. SEGMENT INFORMATION

The City operates various segments within its enterprise funds. Condensed financial statement information for these segments for the year ended June 30, 2012 was as follows:

	Norman Municipal Authority		
		Sanitation	
	Westwood Park	Services	Total
Current assets:			
Cash and cash equivalents	\$ 99,929	\$ 277,339	\$ 377,268
Restricted cash and cash equivalents	32,556	3,628,224	3,660,780
Investments	-	741,328	741,328
Receivables:			
Accounts, net of allowance	-	973,290	973,290
Interest	1,294	3,431	4,725
Interest	-	12,485	12,485
Total current assets	<u>133,779</u>	<u>5,636,097</u>	<u>5,769,876</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	87,566	318,843	406,409
Investments	114,899	-	114,899
Unamortized bond issue costs	25,483	41,529	67,012
Capital assets, net	<u>7,673,245</u>	<u>9,160,927</u>	<u>16,834,172</u>
Total noncurrent assets	<u>7,901,193</u>	<u>9,521,299</u>	<u>17,422,492</u>
Total assets	<u>\$ 8,034,972</u>	<u>\$ 15,157,396</u>	<u>\$ 23,192,368</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 33,323	\$ 236,980	\$ 270,303
Payroll payable	52,502	159,051	211,553
Accrued interest payable	7,434	27,600	35,034
Guaranty deposits	-	327,198	327,198
Revenue bonds payable	115,000	-	115,000
Notes payable	-	210,000	210,000
Compensated absences	<u>2,440</u>	<u>9,703</u>	<u>12,143</u>
Total current liabilities	210,699	970,532	1,181,231
Non-current liabilities:			
Long-term debt and other liabilities	<u>1,438,457</u>	<u>3,326,008</u>	<u>4,764,465</u>
Total liabilities	<u>1,649,156</u>	<u>4,296,540</u>	<u>5,945,696</u>
Invested in capital assets, net of related debt	6,204,284	9,181,690	15,385,974
Restricted for debt service	227,587	44,308	271,895
Unrestricted	<u>(46,055)</u>	<u>1,634,858</u>	<u>1,588,803</u>
Total net assets	<u>6,385,816</u>	<u>10,860,856</u>	<u>17,246,672</u>

continued

	Norman Municipal Authority		
	Westwood Park	Sanitation Services	Total
Charges for services and goods, net	1,167,227	13,150,935	14,318,162
Other	600	450,539	451,139
Total operating revenues	<u>1,167,827</u>	<u>13,601,474</u>	<u>14,769,301</u>
Operating expenses	1,217,004	10,583,169	11,800,173
Depreciation	149,823	868,030	1,017,853
Total operating expenses	<u>1,366,827</u>	<u>11,451,199</u>	<u>12,818,026</u>
Operating income (loss)	<u>(199,000)</u>	<u>2,150,275</u>	<u>1,951,275</u>
Investment earnings	1,374	-	1,374
Interest expense	(102,087)	(189,754)	(291,841)
Miscellaneous income (expense)	8,398	30,189	38,587
(expenses)	<u>(92,315)</u>	<u>(159,565)</u>	<u>(251,880)</u>
Income before capital contributions and transfers	(291,315)	1,990,710	1,699,395
Transfers, net	<u>314,913</u>	<u>-</u>	<u>314,913</u>
Change in net assets	23,598	1,990,710	2,014,308
Total net assets - beginning	<u>6,362,218</u>	<u>8,870,146</u>	<u>15,232,364</u>
Total net assets - ending	<u><u>6,385,816</u></u>	<u><u>10,860,856</u></u>	<u><u>17,246,672</u></u>
Net cash provided (used) by:			
Operating activities	(31,211)	1,981,030	1,949,819
Noncapital financing activities	314,913	-	314,913
Capital and related financing activities	(285,889)	(1,356,768)	(1,642,657)
Investing activities	101,700	(336,108)	(234,408)
Beginning cash and cash equivalents	<u>120,538</u>	<u>3,936,252</u>	<u>4,056,790</u>
Ending cash and cash equivalents	<u><u>\$ 220,051</u></u>	<u><u>\$ 4,224,406</u></u>	<u><u>\$ 4,444,457</u></u>

concluded

8. COMMITMENTS AND CONTINGENCIES

Litigation - The City is party to various legal proceedings which normally occur in governmental operations. Management and management's counsel do not believe these legal proceedings will have a material adverse impact on the affected funds of the City. However, events could occur in the near term that would cause these estimates to change materially. Resulting judgments will be paid from ad valorem taxes to be received over a three-year period. At June 30, 2012, the City maintained a litigation reserve of approximately \$499,000.

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

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

June 30, 2012, rent expenditures approximated \$343,000 for all operating leases. These expenditures were made primarily from the General Fund.

Water Revenues - The City entered into a contract with the Central Oklahoma Master Conservancy District (the "District") in 1961 (subsequently modified in 1963) for the purchase of water and operation of water facilities. In general, the contract provides for reimbursing the District for costs of providing the City with water from Lake Thunderbird. The contract is effective for a term of fifty years beginning with the first calendar year during which water was used by the City (1965). During the year ended June 30, 2012, the City paid the District \$934,232.

Construction In Progress - Construction in progress is authorized by actions of the City Council (governing body). A summary of construction in progress as of June 30, 2012 is as follows:

	Total Construction In Progress	Total Project	Remaining To Complete
General Government	\$ 35,298,023	\$ 90,090,370	\$ 54,792,347
Norman Municipal Authority:			
Sanitation	3,683,029	4,049,121	366,092
Norman Utilities Authority:			
Water Fund	12,637,160	24,681,438	12,044,278
Wastewater Fund	<u>13,134,753</u>	<u>54,986,055</u>	<u>41,851,302</u>
	<u>\$ 64,752,965</u>	<u>\$ 173,806,984</u>	<u>\$ 109,054,019</u>

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

Encumbrances – As discussed in note three above, budgetary information, budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2012 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 1,467,574
Public safety sales tax fund	457,608
Capital projects fund	9,289,485
Nonmajor governmental funds	<u>746,581</u>
Total	<u>\$ 11,961,248</u>

9. SUBSEQUENT EVENTS

General Obligation Bond, Series 2012D – In November 2012, the City sold \$20,050,000 in general obligation bonds. The bonds are due in varying amounts from 2014 to 2032. The proceeds will be used to fund street and bridge widening projects, together with the related drainage and other improvements.

10. RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

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

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

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure

requirements are addressed for each classification. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged.

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REQUIRED SUPPLEMENTARY
INFORMATION

THE CITY OF NORMAN, OKLAHOMA

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

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
January 1, 2003	\$ 1,210,693	\$ 1,583,061	\$ 372,368	76.5 %	N/A	N/A
January 1, 2004	1,234,975	1,477,564	242,589	83.6 %	N/A	N/A
January 1, 2005	1,166,844	1,384,940	218,096	84.3 %	N/A	N/A
January 1, 2006	1,053,011	1,261,249	208,238	83.5 %	N/A	N/A
January 1, 2007	1,048,354	1,208,515	160,161	86.7 %	N/A	N/A
January 1, 2008	973,147	1,173,050	199,903	83.0 %	N/A	N/A
January 1, 2009	601,476	985,173	383,697	61.1 %	N/A	N/A
January 1, 2010	660,973	892,961	231,988	74.0 %	N/A	N/A
January 1, 2011	616,254	861,427	245,173	71.5 %	N/A	N/A
January 1, 2012	498,562	829,462	330,900	60.1 %	N/A	N/A

The only participants in the Annuity Pool in fiscal years 2003 through 2012 were retired participants receiving benefits. Therefore, expressing the unfunded AAL ("UAAL") as a percentage of covered payroll would not be meaningful.

THE CITY OF NORMAN, OKLAHOMA

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

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
January 1, 2003	54,249	N/A
January 1, 2004	35,342	N/A
January 1, 2005	31,774	N/A
January 1, 2006	30,337	N/A
January 1, 2007	23,333	151 %
January 1, 2008	29,123	N/A
January 1, 2009	55,899	52 %
January 1, 2010	33,797	165 %
January 1, 2011	35,718	0 %
January 1, 2012	48,208	74 %

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

THE CITY OF NORMAN, OKLAHOMA

EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF NORMAN, OKLAHOMA - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
July 1, 2008	\$ -	\$ 21,882,455	\$ 21,882,455	0.0 %	\$ 43,228,176	50.6 %
July 1, 2009	-	23,583,965	23,583,965	0.0 %	46,679,049	50.5 %
July 1, 2010	-	23,864,121	23,864,121	0.0 %	45,799,387	52.1 %
July 1, 2011	-	15,646,369	15,646,369	0.0 %	47,612,796	32.9 %

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

EMPLOYEE RETIREMENT SYSTEM OF THE CITY OF NORMAN, OKLAHOMA - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Employer Contributions	Annual Required Contribution	Percentage Contributed
2009	\$ 135,989	\$ 2,141,656	6.3 %
2010	478,102	2,254,586	21.2 %
2011	81,072	2,352,070	3.4 %
2012	234,405	1,505,447	15.6 %

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

THE CITY OF NORMAN, OKLAHOMA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Taxes:							
Sales taxes	\$ 36,467,301	\$ -	\$ 36,467,301			\$ 35,655,953	\$ (811,348)
Franchise taxes	6,669,250	-	6,669,250			6,625,147	(44,103)
State use taxes	1,910,650	-	1,910,650			1,872,987	(37,663)
Total taxes	45,047,201	-	45,047,201			44,154,087	(893,114)
Licenses and permits:							
Licenses	308,571	-	308,571			310,307	1,736
Permits	833,899	-	833,899			879,532	45,633
Total licenses and permits	1,142,470	-	1,142,470			1,189,839	47,369
State Shared Revenues:							
State motor fuel	252,287	-	252,287			209,701	(42,586)
Alcoholic beverage	214,768	-	214,768			266,494	51,726
Cigarette	722,728	-	722,728			861,728	139,000
State motor vehicle registration	804,656	-	804,656			758,890	(45,766)
Total intergovern- mental revenues	1,994,439	-	1,994,439			2,096,813	102,374
Charges for services:							
Zoning & subdivision	146,003	-	146,003			137,601	(8,402)
Public safety	217,066	-	217,066			275,223	58,157
Health	144,006	-	144,006			153,619	9,613
Recreation fees	343,000	-	343,000			392,623	49,623
Credit card convenience fees	85,000	-	85,000			155,226	70,226
911 emergency fees	181,335	-	181,335			146,142	(35,193)
Total charges for services	1,116,410	-	1,116,410			1,260,434	144,024
Fines and forfeits:							
Police court fines	2,169,507	-	2,169,507			2,575,646	406,139
Miscellaneous forfeitures	40,000	-	40,000			(20,747)	(60,747)
Total fines and forfeits	2,209,507	-	2,209,507			2,554,899	345,392
Investment earnings	100,000	-	100,000			62,198	(37,802)
Other revenue:							
Contributions	4,740	4,900	9,640			4,900	(4,740)
Rents and royalties	162,936	-	162,936			150,782	(12,154)
Cost allocations	8,959,467	-	8,959,467			8,842,290	(117,177)
Sale of fixed assets	40,000	-	40,000			32,304	(7,696)
Miscellaneous revenues	470,764	85,994	556,758			1,530,094	973,336
Total other revenue	9,637,907	90,894	9,728,801			10,560,370	831,569
Total revenues	61,247,934	90,894	61,338,828			61,878,640	539,812

(Continued)

THE CITY OF NORMAN, OKLAHOMA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
General government:							
City council	\$ 2,092,236	\$ (512,177)	\$ 1,580,059	\$ 762,764	\$ 26	\$ 762,790	\$ 817,269
City manager's office	372,734	(5,524)	367,210	364,273	-	364,273	2,937
Community relations	32,822	6,755	39,577	34,479	-	34,479	5,098
City clerk's office	518,513	(269)	518,244	511,436	629	512,065	6,179
Municipal court	1,037,695	(57,788)	979,907	929,798	5,091	934,889	45,018
Legal administration	1,134,757	(3,679)	1,131,078	1,108,272	-	1,108,272	22,806
Human resource admin	703,760	(29,217)	674,543	654,343	2,472	656,815	17,728
Safety administration	82,283	9,670	91,953	71,754	8,348	80,102	11,851
Building services admin	43,668	2,436	46,104	43,846	-	43,846	2,258
Custodial services	212,349	(36,050)	176,299	172,219	-	172,219	4,080
Building repair services	389,665	18,062	407,727	403,796	627	404,423	3,304
Human rights commission	310	-	310	98	-	98	212
Children's rights commission	276	-	276	-	-	-	276
Social & voluntary services	112,500	8,500	121,000	121,000	-	121,000	-
Norman public library	271,984	(348)	271,636	214,402	-	214,402	57,234
Firehouse art center	65,003	2,248	67,251	67,250	-	67,250	1
Historical museum	37,066	1,004	38,070	38,069	-	38,069	1
Sooner theatre	77,866	647	78,513	77,832	-	77,832	681
Employee training	18,176	(7,671)	10,505	9,689	270	9,959	546
Employee assistance program	25,374	(425)	24,949	24,948	-	24,948	1
Special studies & contributions	5,000	(5,000)	-	-	-	-	-
Municipal elections	58,000	738	58,738	58,737	-	58,737	1
Sister cities program	5,508	(3,324)	2,184	1,763	-	1,763	421
Holiday decorations	39,744	-	39,744	31,358	-	31,358	8,386
Total general government	7,337,289	(611,412)	6,725,877	5,702,126	17,463	5,719,589	1,006,288
Planning:							
Planning commission	357	(52)	305	305	-	305	-
Historic district commission	2,684	-	2,684	781	-	781	1,903
Greenbelt commission	500	-	500	-	-	-	500
Planning administration	335,649	35,538	371,187	317,314	32,881	350,195	20,992
Geographic information	475,749	(54,851)	420,898	403,471	6,547	410,018	10,880
Development services	1,456,160	151,229	1,607,389	1,225,249	134,067	1,359,316	248,073
Revitalization	935,999	(8,271)	927,728	885,414	374	885,788	41,940
Current planning	361,875	55,047	416,922	420,930	-	420,930	(4,008)
Total planning	3,568,973	178,640	3,747,613	3,253,464	173,869	3,427,333	320,280

(Continued)

THE CITY OF NORMAN, OKLAHOMA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
City controller:							
Finance administration	\$ 308,864	\$ (530)	\$ 308,334	\$ 299,979	\$ 504	\$ 300,483	\$ 7,851
Workers compensation	-	1,175	1,175	(223)	-	(223)	1,398
Accounting services	649,042	214	649,256	606,366	13,470	619,836	29,420
Information services	1,322,892	327,468	1,650,360	1,338,964	34,572	1,373,536	276,824
Printing services	230,829	10,097	240,926	238,674	-	238,674	2,252
Budget services	108,510	1,308	109,818	106,834	-	106,834	2,984
Treasury services	633,640	53,757	687,397	673,723	1,958	675,681	11,716
Utility services	1,049,028	13,413	1,062,441	1,047,352	913	1,048,265	14,176
Total city controller	4,302,805	406,902	4,709,707	4,311,669	51,417	4,363,086	346,621
Parks and recreation:							
Parks board	792	(185)	607	247	-	247	360
Mosquito control program	10,217	534	10,751	5,317	-	5,317	5,434
Santa Fe Depot	7,433	185	7,618	7,571	47	7,618	-
Administration	544,393	11,044	555,437	533,150	125	533,275	22,162
Park maintenance	2,658,036	13,522	2,671,558	2,284,104	1,508	2,285,612	385,946
Forestry	21,837	3,725	25,562	14,986	4,110	19,096	6,466
Recreation little league	69,150	(5,773)	63,377	53,614	-	53,614	9,763
Recreation programs	1,220,704	12,680	1,233,384	1,104,136	27,511	1,131,647	101,737
Senior citizens center	142,121	(9,429)	132,692	128,237	-	128,237	4,455
Total parks & recreation	4,674,683	26,303	4,700,986	4,131,362	33,301	4,164,663	536,323
Public works:							
Public works administratic	265,502	31,990	297,492	269,345	19,830	289,175	8,317
Engineering department	1,159,948	(51,542)	1,108,406	1,042,293	7,228	1,049,521	58,885
Street maintenance	3,799,048	(93,152)	3,705,896	3,458,615	145,109	3,603,724	102,172
Stormwater Drainage	3,224,010	547,684	3,771,694	3,069,275	236,111	3,305,386	466,308
Traffic control	2,978,870	357,141	3,336,011	3,031,882	102,466	3,134,348	201,663
Fleet maintenance admin	280,704	14,158	294,862	262,439	1,298	263,737	31,125
Fleet repair services	1,334,803	169,515	1,504,318	1,201,249	38,027	1,239,276	265,042
Fleet fuel and parts	3,184,255	110,063	3,294,318	3,082,540	37,512	3,120,052	174,266
Total public works	16,227,140	1,085,857	17,312,997	15,417,638	587,581	16,005,219	1,307,778
Public safety:							
Police department admin	692,497	116,026	808,523	773,693	-	773,693	34,830
Staff services	1,895,160	(4,428)	1,890,732	1,855,823	19,091	1,874,914	15,818
Criminal investigations	2,548,732	(321,548)	2,227,184	2,207,557	4,915	2,212,472	14,712
Patrol	10,300,759	410,738	10,711,497	10,190,378	211,120	10,401,498	309,999
Special Investigations	1,257,478	(13,036)	1,244,442	1,227,637	3,018	1,230,655	13,787
Animal control	875,682	55,186	930,868	809,097	27,546	836,643	94,225
911 services	1,792,242	188,376	1,980,618	1,760,889	24,692	1,785,581	195,037
Fire department admin	541,429	19,522	560,951	530,629	5,130	535,759	25,192
Training - fire department	225,853	(17,499)	208,354	135,340	-	135,340	73,014
Fire prevention	786,960	(898)	786,062	731,102	894	731,996	54,066
Fire suppression	12,408,909	(8,794)	12,400,115	12,137,477	60,649	12,198,126	201,989
Disaster preparedness servi	106,218	6,308	112,526	109,914	630	110,544	1,982
Total public safety	33,431,919	429,953	33,861,872	32,469,536	357,685	32,827,221	1,034,651
Total expenditures and encumbrances	69,542,809	1,516,243	71,059,052	\$ 65,285,795	\$ 1,221,316	66,507,111	4,551,941

(Continued)

THE CITY OF NORMAN, OKLAHOMA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues over expendi- tures and encumbrances	<u>(8,294,875)</u>	<u>(1,425,349)</u>	<u>(9,720,224)</u>	<u>(4,628,471)</u>	<u>5,091,753</u>
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Norman Utilities					
Authority	1,091,768	-	1,091,768	1,088,808	(2,960)
Capital Projects Fund	2,799,912	20,217	2,820,129	3,113,357	293,228
Debt Service Fund	-	-	-	131,153	131,153
Risk Management Fund	<u>-</u>	<u>34,111</u>	<u>34,111</u>	<u>34,111</u>	<u>-</u>
Total transfers in	<u>3,891,680</u>	<u>54,328</u>	<u>3,946,008</u>	<u>4,367,429</u>	<u>421,421</u>
Transfers out:					
Westwood Fund	(46,822)	-	(46,822)	(15,628)	(31,194)
Special Grants Fund	-	(3,500)	(3,500)	(3,500)	-
Hall Park Debt Service Fund	-	(110,846)	(110,846)	(158,525)	47,679
Rainy Day Fund	(120,000)	(1,380,000)	(1,500,000)	(1,500,000)	-
Risk Management Fund	<u>-</u>	<u>(16,486)</u>	<u>(16,486)</u>	<u>-</u>	<u>(16,486)</u>
Total transfers out	<u>(166,822)</u>	<u>(1,510,832)</u>	<u>(1,677,654)</u>	<u>(1,677,653)</u>	<u>(1)</u>
Net other financing sources (uses)	<u>3,724,858</u>	<u>(1,456,504)</u>	<u>2,268,354</u>	<u>2,689,776</u>	<u>421,422</u>

(Continued)

THE CITY OF NORMAN, OKLAHOMA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances, and other uses	(4,570,017)	(2,881,853)	(7,451,870)	(1,938,695)	5,513,175
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>6,820,581</u>	<u>-</u>	<u>6,820,581</u>	<u>6,820,581</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 2,250,564</u>	<u>\$ (2,881,853)</u>	<u>\$ (631,289)</u>	<u>\$ 4,881,886</u>	<u>\$ 5,513,175</u> (Concluded)

THE CITY OF NORMAN, OKLAHOMA

PUBLIC SAFETY SALES TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales tax	\$ 8,277,790	\$ -	\$ 8,277,790			\$ 8,340,978	\$ 63,188
Use tax	<u>315,002</u>	<u>-</u>	<u>315,002</u>			<u>486,086</u>	<u>171,084</u>
Total taxes	8,592,792	-	8,592,792			8,827,064	234,272
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>			<u>69,053</u>	<u>69,053</u>
Total revenues	<u>8,592,792</u>	<u>-</u>	<u>8,592,792</u>			<u>8,896,117</u>	<u>303,325</u>
EXPENDITURES AND ENCUMBRANCES:							
Public safety:							
Police staff services	13,200	300	13,500	\$ 6,948	\$ 1,440	8,388	5,112
Police criminal investigations	496,802	4,317	501,119	461,171	-	461,171	39,948
Police patrol	2,644,541	49,761	2,694,302	2,235,308	15,692	2,251,000	443,302
Police special investigations	234,894	43,121	278,015	242,227	-	242,227	35,788
Fire suppression	<u>2,619,827</u>	<u>451,058</u>	<u>3,070,885</u>	<u>1,334,272</u>	<u>151,634</u>	<u>1,485,906</u>	<u>1,584,979</u>
Total expenditures and encumbrances	<u>6,009,264</u>	<u>548,557</u>	<u>6,557,821</u>	<u>\$ 4,279,926</u>	<u>\$ 168,766</u>	<u>4,448,692</u>	<u>2,109,129</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	2,583,528	(548,557)	2,034,971			4,447,425	2,412,454
OTHER FINANCING SOURCES (USES):							
Transfers out:							
Capital fund	-	(1,687,867)	(1,687,867)			(1,687,867)	-
Net other financing sources (uses)	<u>-</u>	<u>(1,687,867)</u>	<u>(1,687,867)</u>			<u>(1,687,867)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	<u>2,583,528</u>	<u>(2,236,424)</u>	<u>347,104</u>			<u>2,759,558</u>	<u>2,412,454</u>
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>6,210,982</u>	<u>-</u>	<u>6,210,982</u>			<u>6,210,982</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 8,794,510</u>	<u>\$ (2,236,424)</u>	<u>\$ 6,558,086</u>			<u>\$ 8,970,540</u>	<u>\$ 2,412,454</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY COMPARISON
SCHEDULE – GENERAL FUND AND PUBLIC SAFETY SALES TAX FUND

Budget Reconciliations - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2012, are as follows:

	General Fund	Public Safety Sales Tax Fund
Fund balances - budgetary basis, June 30, 2012	\$ 4,881,886	\$ 8,970,540
Current year encumbrances included in expenditures	1,221,316	
Prior year encumbrances outstanding	246,258	168,766
Current year revenue accrual	7,719,619	288,842
Current year expenditure accrual	(2,096,986)	1,491,053
Rainy Day Fund Balance	<u>1,503,428</u>	<u>(167,074)</u>
Fund balances - fund financial statements, June 30, 2012	<u>\$ 13,475,521</u>	<u>\$ 10,752,127</u>
Revenues - budgetary basis	\$ 61,878,640	\$ 8,896,117
Current year revenue accrual	7,719,619	1,491,053
Prior year revenue accrual	(7,350,069)	(1,440,418)
On-behalf payments	3,500,000	-
Interest earned within Rainy Day Fund	<u>3,428</u>	<u>-</u>
Revenues - fund financial statements	<u>\$ 65,751,618</u>	<u>\$ 8,946,752</u>
Expenditures - budgetary basis	\$ 66,507,111	\$ 4,448,692
Current year encumbrances included in expenditures	(1,221,316)	(168,766)
Prior year encumbrances paid	974,282	259,715
Current year expenditure accrual	2,096,986	167,074
Prior year expenditure accrual	(1,721,386)	(125,798)
On-behalf payments	<u>3,500,000</u>	<u>-</u>
Expenditures - fund financial statements	<u>\$ 70,135,677</u>	<u>\$ 4,580,917</u>



OTHER SUPPLEMENTARY
INFORMATION

THE CITY OF NORMAN, OKLAHOMA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleet Fund	Tax Increment District Fund	Art in Public Places Fund	Total Nonmajor Governmental Total
ASSETS									
Cash and cash equivalents	\$ 104,771	\$ 144,259	\$ 595,250	\$ 236,260	\$ 523,410	\$ 9,968	\$ 17,389	\$ 3,843	\$ 1,635,150
Investments	165,379	-	680,105	1,180,160	394,222	21,719	115,416	-	2,557,001
Receivables:									
Taxes	120,826	-	-	-	-	-	-	-	120,826
Accounts	-	-	-	-	13,092	-	-	586	13,678
Interest	758	-	3,121	5,413	1,808	99	529	-	11,728
Due from Federal Government	-	180,409	179,634	-	-	-	-	-	360,043
Due from other funds	2,167	2,963	-	4,963	-	207	368	79	10,747
Total assets	\$ 393,901	\$ 327,631	\$ 1,458,110	\$ 1,426,796	\$ 932,532	\$ 31,993	\$ 133,702	\$ 4,508	\$ 4,709,173
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 29,999	\$ 28,683	\$ 377,815	\$ 1,561	\$ -	\$ 2,302	\$ 440,360
Payroll payable	-	16,113	2,150	-	-	-	-	-	18,263
Due to other funds	-	-	612,012	-	-	-	-	-	612,012
Total liabilities	-	16,113	644,161	28,683	377,815	1,561	-	2,302	1,070,635
Fund balance:									
Restricted	386,313	311,518	480,168	1,398,113	547,632	30,038	131,903	2,206	3,287,891
Assigned	7,588	-	333,781	-	7,085	394	1,799	-	350,647
Total fund balance	393,901	311,518	813,949	1,398,113	554,717	30,432	133,702	2,206	3,638,538
Total liabilities and fund balance	\$ 393,901	\$ 327,631	\$ 1,458,110	\$ 1,426,796	\$ 932,532	\$ 31,993	\$ 133,702	\$ 4,508	\$ 4,709,173

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleet Fund	Tax Increment District Fund	Art in Public Places Fund	Total Nonmajor Governmental Total
Revenues:									
Taxes	\$ 1,130,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130,488
Intergovernmental revenues	-	1,681,716	1,601,291	-	-	27,510	-	-	3,310,517
Charges for services	-	-	-	176,194	-	-	-	-	176,194
Investment earnings	1,315	-	3,367	8,152	2,954	150	782	-	16,720
Other	-	-	-	-	149,123	-	-	10,561	159,684
Total revenues	<u>1,131,803</u>	<u>1,681,716</u>	<u>1,604,658</u>	<u>184,346</u>	<u>152,077</u>	<u>27,660</u>	<u>782</u>	<u>10,561</u>	<u>4,793,603</u>
Expenditures:									
Current:									
Parks and recreation	-	-	-	-	-	-	-	12,000	12,000
Public service	895,483	1,473,349	31,694	-	-	-	-	-	2,400,526
Public safety	-	-	306,156	-	108,043	29,221	-	-	443,420
Public works	-	-	9,297	-	-	-	-	-	9,297
Capital outlay	-	-	1,464,422	128,303	84,888	-	-	-	1,677,613
Total expenditures	<u>895,483</u>	<u>1,473,349</u>	<u>1,811,569</u>	<u>128,303</u>	<u>192,931</u>	<u>29,221</u>	<u>-</u>	<u>12,000</u>	<u>4,542,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>236,320</u>	<u>208,367</u>	<u>(206,911)</u>	<u>56,043</u>	<u>(40,854)</u>	<u>(1,561)</u>	<u>782</u>	<u>(1,439)</u>	<u>250,747</u>
Other financing sources (uses):									
Transfers in	-	-	511,416	-	-	-	-	-	511,416
Transfers out	<u>(206,930)</u>	<u>-</u>	<u>(679,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(886,361)</u>
Net other financing sources (uses)	<u>(206,930)</u>	<u>-</u>	<u>(168,015)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(374,945)</u>
Net change in fund balances	29,390	208,367	(374,926)	56,043	(40,854)	(1,561)	782	(1,439)	(124,198)
Fund balance - beginning	<u>364,511</u>	<u>103,151</u>	<u>1,188,875</u>	<u>1,342,070</u>	<u>595,571</u>	<u>31,993</u>	<u>132,920</u>	<u>3,645</u>	<u>3,762,736</u>
Fund balance - ending	<u>\$ 393,901</u>	<u>\$ 311,518</u>	<u>\$ 813,949</u>	<u>\$ 1,398,113</u>	<u>\$ 554,717</u>	<u>\$ 30,432</u>	<u>\$ 133,702</u>	<u>\$ 2,206</u>	<u>\$ 3,638,538</u>

THE CITY OF NORMAN, OKLAHOMA

NORMAN ROOM TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Hotel/motel tax	\$ 1,133,000	\$ -	\$ 1,133,000			\$ 1,133,196	\$ 196
Investment earnings	3,000	-	3,000			1,551	(1,449)
Total revenues	<u>1,136,000</u>	<u>-</u>	<u>1,136,000</u>			<u>1,134,747</u>	<u>(1,253)</u>
EXPENDITURES AND ENCUMBRANCES:							
Public service:							
Room tax	<u>860,520</u>	<u>79,963</u>	<u>940,483</u>	<u>\$ 893,808</u>	<u>\$ 20,150</u>	<u>913,958</u>	<u>26,525</u>
Total expenditures and encumbrances	<u>860,520</u>	<u>79,963</u>	<u>940,483</u>	<u>\$ 893,808</u>	<u>\$ 20,150</u>	<u>913,958</u>	<u>26,525</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>275,480</u>	<u>(79,963)</u>	<u>195,517</u>			<u>220,789</u>	<u>25,272</u>
OTHER FINANCING USES:							
Transfers out:							
Westwood	<u>(205,149)</u>	<u>(1,781)</u>	<u>(206,930)</u>			<u>(206,930)</u>	<u>-</u>
Net other financing sources (uses)	<u>(205,149)</u>	<u>(1,781)</u>	<u>(206,930)</u>			<u>(206,930)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	70,331	(81,744)	(11,413)			13,859	25,272
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>238,622</u>		<u>238,622</u>			<u>238,622</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 308,953</u>	<u>\$ (81,744)</u>	<u>\$ 227,209</u>			<u>\$ 252,481</u>	<u>\$ 25,272</u>

THE CITY OF NORMAN, OKLAHOMA

COMMUNITY DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
Community development							
block grant ("CDBG")	\$ 777,779	\$ 2,916	\$ 780,695			\$ 810,966	\$ 30,271
Emergency shelter grant	-	-	-			214,983	214,983
Home grant	527,573	7,000	534,573			432,236	(102,337)
SHPRP ARRA grant	-	-	-			160,971	160,971
Investment earnings	-	-	-			-	-
Total revenues	<u>1,305,352</u>	<u>9,916</u>	<u>1,315,268</u>			<u>1,619,156</u>	<u>303,888</u>
EXPENDITURES AND ENCUMBRANCES:							
Public service:							
Community development	412,730	441,623	854,353	\$ 344,129	\$ 5,049	349,178	505,175
CDBG housing	413,230	338,031	751,261	490,734	-	490,734	260,527
Home grants	527,597	285,568	813,165	360,567	79,140	439,707	373,458
Emergency shelter grants	-	100,018	100,018	82,819	17,181	100,000	18
SHPRP ARRA grant	-	187,327	187,327	187,327	-	187,327	-
Other	-	2,500	2,500	2,500	-	2,500	-
Total expenditures and encumbrances	<u>1,353,557</u>	<u>1,355,067</u>	<u>2,708,624</u>	<u>\$ 1,468,076</u>	<u>\$ 101,370</u>	<u>1,569,446</u>	<u>1,139,178</u>
Excess (deficiency) of revenues over (under)							
expenditures and encumbrances	(48,205)	(1,345,151)	(1,393,356)			49,710	1,443,066
Fund balance (deficit),							
July 1, 2011 (Non-GAAP							
budgetary basis)	<u>(3,877)</u>	<u>-</u>	<u>(3,877)</u>			<u>(3,877)</u>	<u>-</u>
Fund balance (deficit),							
June 30, 2012 (Non-GAAP							
budgetary basis)	<u>\$ (52,082)</u>	<u>\$ (1,345,151)</u>	<u>\$ (1,397,233)</u>			<u>\$ 45,833</u>	<u>\$ 1,443,066</u>

THE CITY OF NORMAN, OKLAHOMA

SPECIAL GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
County Court DUI	\$ 63,982	\$ -	\$ 63,982			\$ 62,267	\$ (1,715)
Public safety grants	72,000	198,272	270,272			526,545	256,273
Public service grants	-	-	-			7,100	7,100
Recreation grants	-	26,000	26,000			36,025	10,025
Public works grants	71,000	49,000	120,000			846,304	726,304
Total intergovernmental	206,982	273,272	480,254			1,478,241	997,987
Investment earnings	-	-	-			6,487	6,487
Total revenues	206,982	273,272	480,254			1,484,728	1,004,474
EXPENDITURES AND ENCUMBRANCES:							
DUI enforcement	63,982	-	63,982	\$ 24,233	\$ -	24,233	39,749
Traffic & alcohol enforcement	-	95,500	95,500	81,650	-	81,650	13,850
Bullet proof vest grant	-	11,861	11,861	6,930	860	7,790	4,071
Homeland security grant	72,226	9,232	81,458	52,584	-	52,584	28,874
JAG grant	-	32,201	32,201	27,196	3,157	30,353	1,848
JAG ARRA grant	-	37,259	37,259	17,910	-	17,910	19,349
Emergency management	-	35,921	35,921	21,455	1,092	22,547	13,374
SHPO / CLG grant	-	23,600	23,600	22,922	397	23,319	281
Easetridge Park grant	-	15,000	15,000	-	-	-	15,000
Legacy Park trail grant	56,000	259,543	315,543	3,280	-	3,280	312,263
Drug evaluation/recognition	-	34,021	34,021	21,997	1,895	23,892	10,129
911 grant	-	400,000	400,000	-	-	-	400,000
Traffic grant	-	18,858	18,858	8,771	-	8,771	10,087
CNG fueling station grant - fast	-	1,037,830	1,037,830	707,795	20,562	728,357	309,473
CNG fueling station grant - slow	-	100,261	100,261	63,328	-	63,328	36,933
ACOG fleet conversion grant	-	86,494	86,494	8,872	-	8,872	77,622
Homeland security grant - UASI	-	237,240	237,240	237,239	-	237,239	1
Homeland security grant - Misc	-	19,598	19,598	19,598	-	19,598	-
Firefighter assistance grant	-	28,913	28,913	28,911	-	28,911	2
Industrial Pretreatment grant	-	1,000	1,000	1,000	-	1,000	-
School Zone Imp grant	15,000	-	15,000	-	-	-	15,000
City beautification	-	25,000	25,000	24,812	-	24,812	188

(Continued)

THE CITY OF NORMAN, OKLAHOMA

SPECIAL GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Total expenditures and encumbrances	207,208	2,509,332	2,716,540	\$ 1,380,483	\$ 27,963	1,408,446	1,308,094
Excess (deficiency) of revenues over expenditures and encumbrances	<u>(226)</u>	<u>(2,236,060)</u>	<u>(2,236,286)</u>			<u>76,282</u>	<u>2,312,568</u>
Other financing sources (uses):							
Transfers in							
General Fund	-	3,500	3,500			3,500	-
Capital Project Fund	-	507,916	507,916			507,916	-
Transfers out							
Capital Project Fund	<u>-</u>	<u>(679,431)</u>	<u>(679,431)</u>			<u>(679,431)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(168,015)</u>	<u>(168,015)</u>			<u>(168,015)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	(226)	(2,404,075)	(2,404,301)			(91,733)	2,312,568
Fund balance (deficit), July 1, 2011 (Non-GAAP budgetary basis)	<u>298,405</u>	<u>-</u>	<u>298,405</u>			<u>298,405</u>	<u>-</u>
Fund balance (deficit), June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 298,179</u>	<u>\$ (2,404,075)</u>	<u>\$ (2,105,896)</u>			<u>\$ 206,672</u>	<u>\$ 2,312,568</u>

(Concluded)

THE CITY OF NORMAN, OKLAHOMA

PARK LAND FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Investment earnings	\$ 15,000	\$ -	\$ 15,000			\$ 11,069	\$ (3,931)
Charges for services	<u>65,000</u>	<u>-</u>	<u>65,000</u>			<u>176,192</u>	<u>111,192</u>
Total revenues	<u>80,000</u>	<u>-</u>	<u>80,000</u>			<u>187,261</u>	<u>107,261</u>
EXPENDITURES AND ENCUMBRANCES:							
Parks and recreation	<u>35,000</u>	<u>410,690</u>	<u>445,690</u>	<u>\$ 128,303</u>	<u>\$ 154,016</u>	<u>282,319</u>	<u>163,371</u>
Total expenditures and encumbrances	<u>35,000</u>	<u>410,690</u>	<u>445,690</u>	<u>\$ 128,303</u>	<u>\$ 154,016</u>	<u>282,319</u>	<u>163,371</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	45,000	(410,690)	(365,690)			(95,058)	270,632
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>1,335,981</u>	<u>-</u>	<u>1,335,981</u>			<u>1,335,981</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 1,380,981</u>	<u>\$ (410,690)</u>	<u>\$ 970,291</u>			<u>\$ 1,240,923</u>	<u>\$ 270,632</u>

THE CITY OF NORMAN, OKLAHOMA

SEIZURES AND RESTITUTIONS FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
State Seizure/Restitution	\$ 9,000	\$ -	\$ 9,000			\$ 39,670	\$ 30,670
Federal Seizure/Restitution	6,000	-	6,000			57,254	51,254
Investment earnings	500	-	500			3,943	3,443
Juvenile Program	109,215	-	109,215			52,736	(56,479)
Miscellaneous income	-	-	-			(536)	(536)
	<u>124,715</u>	<u>-</u>	<u>124,715</u>			<u>153,067</u>	<u>28,352</u>
Total revenues							
EXPENDITURES AND ENCUMBRANCES:							
Public Safety:							
State seizures	31,600	1,056	32,656	\$ 28,999	\$ 2,518	31,517	1,139
Federal seizures	-	146,097	146,097	92,452	31,474	123,926	22,171
Juvenile program	<u>77,784</u>	<u>-</u>	<u>77,784</u>	<u>70,424</u>	<u>-</u>	<u>70,424</u>	<u>7,360</u>
Total expenditures and encumbrances	<u>109,384</u>	<u>147,153</u>	<u>256,537</u>	<u>\$ 191,875</u>	<u>\$ 33,992</u>	<u>225,867</u>	<u>30,670</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	15,331	(147,153)	(131,822)			(72,800)	59,022
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>592,465</u>	<u>-</u>	<u>592,465</u>			<u>592,465</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 607,796</u>	<u>\$ (147,153)</u>	<u>\$ 460,643</u>			<u>\$ 519,665</u>	<u>\$ 59,022</u>

THE CITY OF NORMAN, OKLAHOMA

CLEET FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Fines and forfeitures:							
Cleet training revenue	\$ 32,000	\$ -	\$ 32,000			\$ 27,510	\$ (4,490)
Investment earnings	-	-	-			204	204
Miscellaneous revenue	-	-	-			-	-
	<u>32,000</u>	<u>-</u>	<u>32,000</u>			<u>27,714</u>	<u>(4,286)</u>
Total revenues							
	<u>32,000</u>	<u>-</u>	<u>32,000</u>			<u>27,714</u>	<u>(4,286)</u>
EXPENDITURES AND ENCUMBRANCES:							
Public Safety:							
Court Cleet Training	2,000	-	2,000	\$ 1,700	\$ -	1,700	300
	<u>29,005</u>	<u>-</u>	<u>29,005</u>	<u>27,521</u>	<u>1,101</u>	<u>28,622</u>	<u>383</u>
Police Cleet Training							
	<u>29,005</u>	<u>-</u>	<u>29,005</u>	<u>27,521</u>	<u>1,101</u>	<u>28,622</u>	<u>383</u>
Total expenditures and encumbrances	<u>31,005</u>	<u>-</u>	<u>31,005</u>	<u>\$ 29,221</u>	<u>\$ 1,101</u>	<u>30,322</u>	<u>683</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	995	-	995			(2,608)	(3,603)
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>31,881</u>	<u>-</u>	<u>31,881</u>			<u>31,881</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 32,876</u>	<u>\$ -</u>	<u>\$ 32,876</u>			<u>\$ 29,273</u>	<u>\$ (3,603)</u>

THE CITY OF NORMAN, OKLAHOMA

TAX INCREMENT DISTRICT SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales taxes	\$ -	\$ -	\$ -			\$ -	\$ -
Property taxes	-	-	-			-	-
Investment earnings	-	-	-			1,081	1,081
Total revenues	-	-	-			1,081	1,081
EXPENDITURES AND ENCUMBRANCES:							
General government:							
Capital projects	<u>-</u>	<u>122,350</u>	<u>122,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>122,350</u>
Total expenditures and encumbrances	-	122,350	122,350	\$ -	\$ -	-	122,350
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	(122,350)	(122,350)			1,081	123,431
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>124,340</u>	<u>-</u>	<u>124,340</u>			<u>124,340</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 124,340</u>	<u>\$ (122,350)</u>	<u>\$ 1,990</u>			<u>\$ 125,421</u>	<u>\$ 123,431</u>

THE CITY OF NORMAN, OKLAHOMA

ART IN PUBLIC PLACES FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Other revenue	\$ 12,000	\$ -	\$ 12,000			\$ 10,561	\$ (1,439)
Total revenues	<u>12,000</u>	<u>-</u>	<u>12,000</u>			<u>10,561</u>	<u>(1,439)</u>
EXPENDITURES AND ENCUMBRANCES:							
Parks & recreation							
Donation	<u>12,000</u>	<u>-</u>	<u>12,000</u>	\$ 12,000	\$ -	<u>12,000</u>	<u>-</u>
Total expenditures and encumbrances	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>12,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	-	-			(1,439)	(1,439)
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>3,645</u>	<u>-</u>	<u>3,645</u>			<u>3,645</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 3,645</u>	<u>\$ -</u>	<u>\$ 3,645</u>			<u>\$ 2,206</u>	<u>\$ (1,439)</u>

THE CITY OF NORMAN, OKLAHOMA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Property tax	\$ 5,013,000	\$ -	\$ 5,013,000			\$ 7,161,580	\$ 2,148,580
Sales tax	<u>250,188</u>	<u>-</u>	<u>250,188</u>			<u>250,176</u>	<u>(12)</u>
Total taxes	5,263,188	-	5,263,188			7,411,756	2,148,568
Investment earnings	27,000	-	27,000			47,766	20,766
Other revenue:							
Special assessments	<u>12,356</u>	<u>-</u>	<u>12,356</u>			<u>31,672</u>	<u>19,316</u>
Total revenues	<u>5,302,544</u>	<u>-</u>	<u>5,302,544</u>			<u>7,491,194</u>	<u>2,188,650</u>
EXPENDITURES AND ENCUMBRANCES:							
Debt service:							
Principal	3,680,000	-	3,680,000	\$ 3,680,000	\$ -	3,680,000	-
Interest and fiscal charges	951,773	380	952,153	952,153	-	952,153	-
Special assessments	<u>89,918</u>	<u>184,829</u>	<u>274,747</u>	<u>274,747</u>	<u>-</u>	<u>274,747</u>	<u>-</u>
Total expenditures and encumbrances	<u>4,721,691</u>	<u>185,209</u>	<u>4,906,900</u>	<u>\$ 4,906,900</u>	<u>\$ -</u>	<u>4,906,900</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	580,853	(185,209)	395,644			2,584,294	2,188,650
OTHER FINANCING SOURCES (USES):							
Transfers out:							
Risk management fund	(870,000)	(656,944)	(1,526,944)			(1,368,419)	158,525
Net other financing sources (uses)	<u>(870,000)</u>	<u>(656,944)</u>	<u>(1,526,944)</u>			<u>(1,368,419)</u>	<u>158,525</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	(289,147)	(842,153)	(1,131,300)			1,215,875	2,347,175
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	<u>3,561,285</u>	<u>-</u>	<u>3,561,285</u>			<u>3,561,285</u>	<u>-</u>
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	<u>\$ 3,272,138</u>	<u>\$ (842,153)</u>	<u>\$ 2,429,985</u>			<u>\$ 4,777,160</u>	<u>\$ 2,347,175</u>

THE CITY OF NORMAN, OKLAHOMA

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales tax	\$ 10,475,412	\$ -	\$ 10,475,412			\$ 11,427,205	\$ 951,793
Sales tax - UNP TIF	2,547,990	-	2,547,990			2,712,603	164,613
Property tax - UNP TIF	835,000	-	835,000			770,412	(64,588)
Investment earnings	150,000	17,500	167,500			435,341	267,841
Intergovernmental	-	-	-			465,417	465,417
Miscellaneous	8,000	50,622	58,622			270,247	211,625
Total revenues	14,016,402	68,122	14,084,524			16,081,225	1,996,701
EXPENDITURES AND ENCUMBRANCES:							
Personnel costs	853,331	61,708	915,039	\$ 914,051	\$ -	914,051	988
Capital projects	11,044,021	27,818,093	38,862,114	8,959,888	8,116,316	17,076,204	21,785,910
Capital projects - UNP TIF	3,411,971	1,421,352	4,833,323	1,747,939	59,484	1,807,423	3,025,900
Debt service - UNP TIF	943,650	-	943,650	724,606	-	724,606	219,044
Debt service	-	111,339	111,339	111,338	-	111,338	1
Total expenditures and encumbrances	16,252,973	29,412,492	45,665,465	\$ 12,457,822	\$ 8,175,800	20,633,622	25,031,843
Excess (deficiency) of revenues over (under) expenditures and encumbrances	(2,236,571)	(29,344,370)	(31,580,941)			(4,552,397)	27,028,544
OTHER FINANCING SOURCES (USES):							
Transfers Out:							
General fund	(2,799,912)	(309,800)	(3,109,712)			(3,113,357)	(3,645)
Special grants fund	-	(507,916)	(507,916)			(507,916)	-
Westwood fund	(96,000)	-	(96,000)			(92,355)	3,645
Transfers In:							
PSST fund	-	1,687,867	1,687,867			1,687,867	-
Special grants fund	-	-	-			679,431	679,431
Debt proceeds	-	-	-			19,860,699	19,860,699
Net other financing sources (uses)	(2,895,912)	870,151	(2,025,761)			18,514,369	20,540,130
Excess (deficiency) of revenues over expenditures and encumbrances and other sources (uses)	(5,132,483)	(28,474,219)	(33,606,702)			13,961,972	47,568,674
Fund balance, July 1, 2011 (Non-GAAP budgetary basis)	24,096,608	-	24,096,608			24,096,608	-
Fund balance, June 30, 2012 (Non-GAAP budgetary basis)	\$ 18,964,125	\$ (28,474,219)	\$ (9,510,094)			\$ 38,058,580	\$ 47,568,674

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

Budget Reconciliations - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2012, are as follows:

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
Fund balances, June 30, 2012 (Non-GAAP budgetary basis)	\$ 2,422,474	\$ 4,777,160	\$ 38,058,580
Current year encumbrances included in expenditures	338,592	-	8,175,800
Prior year encumbrances outstanding	407,989	-	1,113,685
Current year revenue accrual	487,746	39,700	2,550,284
Current year expenditure accrual	(18,263)	0	(5,428)
GAAP basis fund balances, June 30, 2012	<u>\$ 3,638,538</u>	<u>\$ 4,816,860</u>	<u>\$ 49,892,921</u>
Budgetary basis revenues	\$ 4,618,315	\$ 7,491,194	\$ 16,081,225
Current year revenue accrual	487,746	39,700	2,550,284
Prior year revenue accrual	(312,458)	(104,479)	(2,425,432)
GAAP basis revenues	<u>\$ 4,793,603</u>	<u>\$ 7,426,415</u>	<u>\$ 16,206,077</u>
Budgetary basis expenditures	\$ 4,442,358	\$ 4,906,900	\$ 20,633,622
Current year encumbrances included in expenditures	(338,592)	-	(8,175,800)
Prior year encumbrances paid	435,526	2,852	6,241,412
Current year expenditure accrual	18,263	-	5,428
Prior year expenditure accrual	(14,699)	-	(4,442)
GAAP basis expenditures	<u>\$ 4,542,856</u>	<u>\$ 4,909,752</u>	<u>\$ 18,700,220</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF NET ASSETS

ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY

JUNE 30, 2012

ASSETS	Westwood Park	Sanitation Services	Total
Current assets:			
Cash and cash equivalents	\$ 99,929	\$ 277,339	\$ 377,268
Restricted cash and cash equivalents	32,556	3,628,224	3,660,780
Investments	-	741,328	741,328
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	-	973,290	973,290
Interest	1,294	3,431	4,725
Due from other funds	-	12,485	12,485
Total current assets	<u>133,779</u>	<u>5,636,097</u>	<u>5,769,876</u>
Noncurrent assets:			
Restricted cash and cash equivalents	87,566	318,843	406,409
Restricted investments	114,899	-	114,899
Unamortized bond issue costs	25,483	41,529	67,012
Capital assets, net	<u>7,673,245</u>	<u>9,160,927</u>	<u>16,834,172</u>
Total noncurrent assets	<u>7,901,193</u>	<u>9,521,299</u>	<u>17,422,492</u>
Total assets	<u>8,034,972</u>	<u>15,157,396</u>	<u>23,192,368</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	33,323	236,980	270,303
Payroll payable	52,502	159,051	211,553
Accrued interest payable	7,434	27,600	35,034
Guaranty deposits	-	327,198	327,198
Revenue bonds payable	115,000	-	115,000
Notes payable	-	210,000	210,000
Compensated absences	<u>2,440</u>	<u>9,703</u>	<u>12,143</u>
Total current liabilities	<u>210,699</u>	<u>970,532</u>	<u>1,181,231</u>
Noncurrent liabilities:			
Notes payable	-	2,990,000	2,990,000
Compensated absences	84,496	336,008	420,504
Revenue bonds payable, net	<u>1,353,961</u>	<u>-</u>	<u>1,353,961</u>
Total noncurrent liabilities	<u>1,438,457</u>	<u>3,326,008</u>	<u>4,764,465</u>
Total liabilities	<u>1,649,156</u>	<u>4,296,540</u>	<u>5,945,696</u>
NET ASSETS			
Invested in capital assets, net	6,204,284	9,181,690	15,385,974
Restricted for debt service	227,587	44,308	271,895
Unrestricted	<u>(46,055)</u>	<u>1,634,858</u>	<u>1,588,803</u>
Total net assets	<u>\$ 6,385,816</u>	<u>\$ 10,860,856</u>	<u>\$ 17,246,672</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2012

	Westwood Park	Sanitation Services	Total
Operating revenues:			
Golf and pool fees	\$ 1,167,227	\$ -	\$ 1,167,227
Sanitation services, net	-	13,150,935	13,150,935
Other	600	450,539	451,139
Total operating revenues	1,167,827	13,601,474	14,769,301
Operating expenses:			
Salaries and benefits	833,565	3,934,255	4,767,820
Supplies and materials	119,970	1,359,325	1,479,295
Services and maintenance	263,469	5,289,589	5,553,058
Depreciation and amortization	149,823	868,030	1,017,853
Total operating expenses	1,366,827	11,451,199	12,818,026
Operating income (loss)	(199,000)	2,150,275	1,951,275
Nonoperating revenues (expenses):			
Investment earnings	1,374	-	1,374
Interest and fiscal charges	(102,087)	(189,754)	(291,841)
Miscellaneous income (expense)	8,398	30,189	38,587
Net nonoperating revenues (expenses)	(92,315)	(159,565)	(251,880)
Income (loss) before transfers	(291,315)	1,990,710	1,699,395
Transfers in (out):			
Transfers in	314,913	-	314,913
Net transfers	314,913	-	314,913
Net income	23,598	1,990,710	2,014,308
Net assets - beginning	6,362,218	8,870,146	15,232,364
Net assets - ending	\$ 6,385,816	\$ 10,860,856	\$ 17,246,672

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF CASH FLOWS

ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2012

	Westwood Park	Sanitation Services	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,167,827	\$ 13,444,455	\$ 14,612,282
Cash paid to employees for services	(829,581)	(3,892,390)	(4,721,971)
Cash paid to suppliers	(369,457)	(6,718,766)	(7,088,223)
Other receipts (payments)	-	(852,269)	(852,269)
Net cash provided by (used for) operating activities	<u>(31,211)</u>	<u>1,981,030</u>	<u>1,949,819</u>
Cash flows from noncapital financing activities:			
Transfers in*	<u>314,913</u>	<u>-</u>	<u>314,913</u>
Net cash provided by (used for) noncapital financing activities	<u>314,913</u>	<u>-</u>	<u>314,913</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	29,950	38,922	68,872
Payments for the acquisition of capital assets	(108,909)	(1,007,406)	(1,116,315)
Principal payments on revenue bonds payable	(110,000)	-	(110,000)
Principal payments on notes payable	-	(200,000)	(200,000)
Interest and fiscal charges paid	<u>(96,930)</u>	<u>(188,284)</u>	<u>(285,214)</u>
Net cash used for capital and related financing activities	<u>(285,889)</u>	<u>(1,356,768)</u>	<u>(1,642,657)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	95,222	131,769	226,991
Payments for purchases of investments	-	(472,488)	(472,488)
Investment earnings received	<u>6,478</u>	<u>4,611</u>	<u>11,089</u>
Net cash provided by investing activities	<u>101,700</u>	<u>(336,108)</u>	<u>(234,408)</u>
Net change in cash and cash equivalents	99,513	288,154	387,667
Cash and cash equivalents - beginning	<u>120,538</u>	<u>3,936,252</u>	<u>4,056,790</u>
Cash and cash equivalents - ending	<u>\$ 220,051</u>	<u>\$ 4,224,406</u>	<u>\$ 4,444,457</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (199,000)	\$ 2,150,275	\$ 1,951,275
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous income	8,398	30,189	38,587
Bad debt expense	-	75,775	75,775
Depreciation	149,823	868,030	1,017,853
Gain on disposal of property, plant and equipment	(8,398)	(38,922)	(47,320)
Increase in accounts receivable, net	-	(242,682)	(242,682)
Increase in due from other funds	-	(843,536)	(843,536)
Increase (decrease) in accounts payable and accrued liabilities	13,982	(69,852)	(55,870)
Increase in payroll payable	4,160	29,686	33,846
Increase in guaranty deposits	-	9,888	9,888
Increase (decrease) in compensated absences	<u>(176)</u>	<u>12,179</u>	<u>12,003</u>
Net cash provided by (used for) operating activities	<u>\$ (31,211)</u>	<u>\$ 1,981,030</u>	<u>\$ 1,949,819</u>
NONCASH ACTIVITIES:			
Change in unrealized (gain) loss on investments	<u>\$ 4,568</u>	<u>\$ 6,108</u>	<u>\$ 10,676</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF NET ASSETS

ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY

JUNE 30, 2012

ASSETS	Water	Wastewater	Total
Current assets:			
Cash and cash equivalents	\$ 4,127,259	\$ -	\$ 4,127,259
Restricted cash and cash equivalents	8,987,472	3,717,840	12,705,312
Investments	13,797,414	8,481,158	22,278,572
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	1,174,233	676,961	1,851,194
Interest	63,328	112,753	176,081
Due from other funds	104,007	134,113	238,120
Total current assets	28,253,713	13,122,825	41,376,538
Noncurrent assets:			
Restricted cash and cash equivalents	154,308	3,421,239	3,575,547
Restricted investments	-	16,099,473	16,099,473
Unamortized bond issue costs	316,959	153,254	470,213
Capital assets, net	69,792,335	98,759,126	168,551,461
Total noncurrent assets	70,263,602	118,433,092	188,696,694
Total assets	98,517,315	131,555,917	230,073,232
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	483,190	218,147	701,337
Payroll payable	150,355	120,397	270,752
Accrued interest payable	246,826	67,213	314,039
Guaranty deposits	789,459	316,469	1,105,928
Revenue bonds payable	835,000	1,025,000	1,860,000
Notes payable	610,241	692,642	1,302,883
Compensated absences	11,547	8,810	20,357
Total current liabilities	3,126,618	2,448,678	5,575,296
Noncurrent liabilities:			
Notes payable	11,331,255	6,190,539	17,521,794
Compensated absences	399,872	305,099	704,971
Revenue bonds payable, net	16,258,082	4,677,062	20,935,144
Total noncurrent liabilities	27,989,209	11,172,700	39,161,909
Total liabilities	31,115,827	13,621,378	44,737,205
NET ASSETS			
Invested in capital assets, net	48,101,391	86,173,883	134,275,274
Restricted for debt service	761,861	654,209	1,416,070
Restricted for capital improvements	-	22,200,661	22,200,661
Unrestricted	18,538,236	8,905,786	27,444,022
Total net assets	\$ 67,401,488	\$ 117,934,539	\$ 185,336,027

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2012

	Water	Wastewater	Total
Operating revenues:			
Water service, net	\$ 16,368,072	\$ -	\$ 16,368,072
Wastewater service, net	-	11,451,634	11,451,634
Other	<u>284,509</u>	<u>396,876</u>	<u>681,385</u>
Total operating revenues	<u>16,652,581</u>	<u>11,848,510</u>	<u>28,501,091</u>
Operating expenses:			
Salaries and benefits	3,547,850	2,990,065	6,537,915
Supplies and materials	1,763,219	443,426	2,206,645
Services and maintenance	6,212,955	4,636,316	10,849,271
Depreciation and amortization	<u>2,069,700</u>	<u>3,803,173</u>	<u>5,872,873</u>
Total operating expenses	<u>13,593,724</u>	<u>11,872,980</u>	<u>25,466,704</u>
Operating income	<u>3,058,857</u>	<u>(24,470)</u>	<u>3,034,387</u>
Nonoperating revenues (expenses):			
Tax revenue	-	1,597,960	1,597,960
Investment earnings	117,490	159,887	277,377
Interest and fiscal charges	(1,202,557)	(464,550)	(1,667,107)
Miscellaneous income (expense)	<u>11,007</u>	<u>(462,940)</u>	<u>(451,933)</u>
Net nonoperating revenues	<u>(1,074,060)</u>	<u>830,357</u>	<u>(243,703)</u>
Income before capital contributions and operating transfers	<u>1,984,797</u>	<u>805,887</u>	<u>2,790,684</u>
Capital contributions - donated water and sewer distribution systems	2,511,715	1,779,523	4,291,238
Transfers out	<u>(732,741)</u>	<u>(356,064)</u>	<u>(1,088,805)</u>
Net capital contributions and transfers	<u>1,778,974</u>	<u>1,423,459</u>	<u>3,202,433</u>
Net income	3,763,771	2,229,346	5,993,117
Net assets - beginning	<u>63,637,717</u>	<u>115,705,193</u>	<u>179,342,910</u>
Net assets - ending	<u>\$ 67,401,488</u>	<u>\$ 117,934,539</u>	<u>\$ 185,336,027</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF CASH FLOWS

**ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2012**

	Water	Wastewater	Total
Cash flows from operating activities:			
Cash received from customers	\$ 16,758,429	\$ 11,854,481	\$ 28,612,910
Cash paid to employees for services	(3,523,135)	(2,911,772)	(6,434,907)
Cash paid to suppliers	(7,868,377)	(5,796,066)	(13,664,443)
Other receipts (payments)	37,939	(1,354,795)	(1,316,856)
Net cash provided by operating activities	<u>5,404,856</u>	<u>1,791,848</u>	<u>7,196,704</u>
Cash flows from noncapital financing activities:			
Transfers out	(732,741)	(356,064)	(1,088,805)
Net cash used for noncapital financing activities	<u>(732,741)</u>	<u>(356,064)</u>	<u>(1,088,805)</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	16,008	2,210	18,218
Payments for the acquisition of capital assets	(1,660,434)	(1,511,750)	(3,172,184)
Proceeds from taxes	-	1,597,960	1,597,960
Principal payments on revenue bonds	(800,000)	(1,000,000)	(1,800,000)
Proceeds from notes payable	1,717,231	1,772,099	3,489,330
Principal payments on notes payable	(660,220)	(692,643)	(1,352,863)
Interest and fiscal charges paid	(1,086,567)	(349,593)	(1,436,160)
Net cash used for capital and related financing activities	<u>(2,473,982)</u>	<u>(181,717)</u>	<u>(2,655,699)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	5,193,494	18,684,642	23,878,136
Payments for purchases of investments	(8,793,831)	(15,666,554)	(24,460,385)
Investment earnings received	229,833	451,170	681,003
Net cash used for investing activities	<u>(3,370,504)</u>	<u>3,469,258</u>	<u>98,754</u>
Net change in cash and cash equivalents	(1,172,371)	4,723,325	3,550,954
Cash and cash equivalents - beginning	<u>14,441,410</u>	<u>2,415,754</u>	<u>16,857,164</u>
Cash and cash equivalents - ending	<u>\$ 13,269,039</u>	<u>\$ 7,139,079</u>	<u>\$ 20,408,118</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 3,058,857	\$ (24,470)	\$ 3,034,387
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous income (expense)	11,007	(462,940)	(451,933)
Bad debt expense	94,775	20,561	115,336
Depreciation	2,069,700	3,803,173	5,872,873
(Gain) loss on disposal of property, plant and equipment	7,374	(853,322)	(845,948)
(Increase) decrease in accounts receivable, net	31,157	(26,350)	4,807
(Increase) decrease in due from other funds	19,558	(38,533)	(18,975)
Increase (decrease) in accounts payable and accrued liabilities	107,797	(716,324)	(608,527)
Increase in payroll payable	27,070	25,376	52,446
Increase (decrease) in guaranty deposits	(20,084)	11,760	(8,324)
Increase (decrease) in compensated absences	(2,355)	52,917	50,562
Net cash provided by operating activities	<u>\$ 5,404,856</u>	<u>\$ 1,791,848</u>	<u>\$ 7,196,704</u>
NONCASH ACTIVITIES:			
Donated water and sewer distribution systems	<u>\$ 2,511,715</u>	<u>\$ 1,779,523</u>	<u>\$ 4,291,238</u>
Change in unrealized (gain) loss on investments	<u>\$ (8,758)</u>	<u>\$ (62,404)</u>	<u>\$ (71,162)</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2012

	Annuity Pool Fund	401(a) Plan Fund	Total
ASSETS			
Investments - mutual funds	\$ 486,948	\$ 54,631,115	\$ 55,118,063
Loans to 401(a) Plan participants	<u>-</u>	<u>3,727,793</u>	<u>3,727,793</u>
Total assets	<u>\$ 486,948</u>	<u>\$ 58,358,908</u>	<u>\$ 58,845,856</u>
LIABILITIES AND NET ASSETS			
Net assets:			
Held in trust for pension benefits	\$ 486,948	\$ -	\$ 486,948
Held in trust for retirement benefits	<u>-</u>	<u>58,358,908</u>	<u>58,358,908</u>
Total liabilities and net assets	<u>\$ 486,948</u>	<u>\$ 58,358,908</u>	<u>\$ 58,845,856</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	Annuity Pool Fund	401(a) Fund	Total
ADDITIONS:			
Contributions:			
Employer	\$ 35,718	\$ 2,186,199	\$ 2,221,917
Employee	<u>-</u>	<u>1,706,737</u>	<u>1,706,737</u>
Total contributions	35,718	3,892,936	3,928,654
Investment income (loss)	<u>5,864</u>	<u>836,307</u>	<u>842,171</u>
Total additions	<u>41,582</u>	<u>4,729,243</u>	<u>4,770,825</u>
DEDUCTIONS:			
Pension benefits paid	125,035	4,075,333	4,200,368
Administration costs	<u>1,552</u>	<u>155,131</u>	<u>156,683</u>
Total deductions	<u>126,587</u>	<u>4,230,464</u>	<u>4,357,051</u>
NET INCREASE	(85,005)	498,779	413,774
Net assets held in trust for pension and retirement benefits, Beginning of year	<u>571,953</u>	<u>57,860,129</u>	<u>58,432,082</u>
End of year	<u>\$ 486,948</u>	<u>\$58,358,908</u>	<u>\$58,845,856</u>

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
CENTENNIAL AGENCY FUND:				
ASSETS				
Cash	\$ 580	\$ 187	\$ -	\$ 767
Investments	5,157	-	(137)	5,020
Interest receivable	22	1	-	23
Due from other funds	<u>31</u>	<u>-</u>	<u>(15)</u>	<u>16</u>
Total assets	<u>\$ 5,790</u>	<u>\$ 188</u>	<u>\$ (152)</u>	<u>\$ 5,826</u>
LIABILITIES				
Funds held for others	<u>\$ 5,790</u>	<u>\$ 188</u>	<u>\$ (152)</u>	<u>\$ 5,826</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends	95-100
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	101-103
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity	104-108
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	109-110
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	111-113
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 226,301,248	\$ 206,982,527	\$ 175,482,607	\$ 168,461,960	\$ 161,077,889	\$ 151,721,378	\$ 144,638,125	\$ 134,376,760	\$ 129,071,326	\$ 128,570,764
Restricted	46,103,535	42,431,883	33,165,081	26,111,498	21,745,305	19,049,233	15,964,056	15,341,531	12,566,447	13,252,369
Unrestricted	(2,190,465)	(1,500,859)	(259,210)	8,974,819	9,974,408	8,645,895	7,822,176	2,899,892	549,670	3,075,375
Total governmental activities net assets	\$ 270,214,318	\$ 247,913,551	\$ 208,388,478	\$ 203,548,277	\$ 192,797,602	\$ 179,416,506	\$ 168,424,357	\$ 152,618,183	\$ 142,187,443	\$ 144,898,508
Business-type activities										
Invested in capital assets, net of related debt	\$ 149,661,248	\$ 149,829,383	\$ 146,472,150	\$ 135,025,019	\$ 123,751,512	\$ 109,987,262	\$ 89,473,826	\$ 73,768,669	\$ 67,215,520	\$ 62,002,705
Restricted	23,888,626	22,568,084	23,202,532	22,411,356	24,610,916	27,853,537	33,173,855	32,154,744	22,836,310	15,855,487
Unrestricted	29,032,825	22,177,807	17,147,722	17,475,856	20,844,722	20,794,262	18,658,835	15,485,921	15,567,935	14,966,705
Total business-type activities net assets	\$ 202,582,699	\$ 194,575,274	\$ 186,822,404	\$ 174,912,231	\$ 169,207,150	\$ 158,635,061	\$ 141,306,516	\$ 121,409,334	\$ 105,619,765	\$ 92,824,897
Primary government										
Invested in capital assets, net of related debt	\$ 375,962,496	\$ 356,811,910	\$ 321,954,757	\$ 303,486,979	\$ 284,829,401	\$ 261,708,640	\$ 234,111,951	\$ 208,145,429	\$ 196,286,846	\$ 190,573,469
Restricted	69,992,161	64,999,967	56,367,613	48,522,854	46,356,221	46,902,770	49,137,911	47,496,275	35,402,757	29,107,856
Unrestricted	26,842,360	20,676,948	16,888,512	26,450,675	30,819,130	29,440,157	26,481,011	18,385,813	16,117,605	18,042,080
Total primary government net assets	\$ 472,797,017	\$ 442,488,825	\$ 395,210,882	\$ 378,460,508	\$ 362,004,752	\$ 338,051,567	\$ 309,730,873	\$ 274,027,517	\$ 247,807,208	\$ 237,723,405

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES										
Governmental activities:										
General government	\$ 10,443,931	\$ 6,904,076	\$ 5,830,137	\$ 3,751,170	\$ 3,829,737	\$ 4,832,140	\$ 4,320,751	\$ 4,003,837	\$ 4,972,208	\$ 5,279,090
Planning	3,063,260	2,944,363	3,345,225	3,139,732	2,892,976	2,659,676	2,541,205	2,481,637	2,583,757	2,562,191
City controller	2,404,401	2,299,619	3,487,837	3,317,241	3,128,315	1,768,656	1,674,137	1,639,898	1,930,423	1,733,489
Parks and recreation	5,076,388	4,951,495	5,909,298	5,441,885	4,975,386	4,922,448	4,533,259	4,377,816	4,432,087	4,091,801
Public works	19,810,834	17,384,501	17,665,244	18,412,370	21,420,245	15,465,589	15,406,784	14,756,411	20,422,492	20,429,527
Public service	2,368,850	2,777,749	2,964,057	3,871,811	2,655,470	1,961,034	2,003,240	2,581,878	1,998,243	1,880,099
Public safety	44,528,493	41,050,651	41,750,244	38,223,543	34,176,717	33,641,406	29,942,277	29,553,860	26,573,522	26,523,645
Interest on long-term debt	1,715,040	1,306,589	1,175,941	1,022,021	844,342	554,082	569,374	274,343	289,681	365,919
Total governmental activities expenses	89,411,197	79,619,043	82,127,983	77,179,773	73,923,188	65,805,031	60,991,027	59,669,680	63,202,413	62,865,761
Business-type activities:										
Westwood Park	1,477,312	1,475,445	1,458,522	1,498,891	1,343,650	1,221,446	1,238,681	1,206,417	1,172,430	986,296
Water	13,630,489	10,479,592	10,307,362	10,650,815	9,582,054	8,895,911	8,435,930	7,122,255	7,244,078	7,194,085
Wastewater	11,846,247	12,736,928	10,794,791	11,534,123	11,417,808	9,433,989	8,781,441	10,563,694	10,963,173	9,745,120
Sanitation	11,679,875	11,055,474	10,802,282	10,395,098	9,765,306	8,499,407	7,982,112	7,538,650	7,303,229	6,861,269
Total business-type activities expenses	38,633,923	35,747,439	33,362,957	34,078,927	32,108,818	28,050,753	26,438,164	26,431,016	26,682,910	24,786,770
Total primary government expenses	\$ 128,045,120	\$ 115,366,482	\$ 115,490,940	\$ 111,258,700	\$ 106,032,006	\$ 93,855,784	\$ 87,429,191	\$ 86,100,696	\$ 89,885,323	\$ 87,652,531

(Continued)

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,297,341	\$ 186,094	\$ 244,495	\$ 253,409	\$ 775,038	\$ 223,889	\$ 321,790	\$ 212,778	\$ 201,011	\$ 182,938
Planning	1,123,524	1,009,561	1,080,835	893,633	1,140,867	1,253,092	1,024,964	1,106,865	857,780	717,912
City controller	155,226	66,093	-	-	-	-	-	-	-	-
Parks and recreation	568,817	592,238	586,611	426,476	398,639	376,318	495,742	536,999	517,353	460,818
Public safety	3,208,642	3,066,665	2,815,951	2,877,921	3,112,702	3,219,228	3,052,862	2,717,420	2,688,111	2,740,784
Operating grants and contributions	8,241,861	6,771,145	8,143,742	6,427,085	10,611,762	5,808,782	6,023,313	6,481,206	2,621,504	5,252,528
Capital grants and contributions	13,944,754	30,934,491	2,513,839	8,102,826	8,507,544	8,913,773	9,867,700	8,963,036	6,251,683	4,538,761
Total governmental activities	29,540,165	42,626,287	15,385,473	18,981,350	24,546,552	19,795,082	20,786,371	20,018,304	13,137,442	13,893,741
Business-type activities:										
Charges for services										
Westwood Park	1,167,227	1,143,973	1,067,800	1,089,329	1,103,631	917,367	970,765	918,127	813,963	366,456
Water	15,460,504	14,185,492	13,267,513	12,881,381	12,500,439	13,270,582	9,692,489	7,512,752	7,901,537	7,378,064
Wastewater	11,451,634	11,075,566	11,012,593	11,000,250	10,818,981	11,184,361	10,875,535	11,392,295	11,140,980	10,530,769
Sanitation	13,501,474	11,820,912	11,028,021	11,035,050	10,144,328	9,514,899	9,321,590	9,185,805	7,165,896	6,941,751
Capital grants and contributions	4,291,238	4,474,408	7,215,720	2,055,411	4,631,310	4,538,829	6,590,459	4,454,070	3,722,153	2,276,522
Total business-type activities	45,872,077	42,700,351	43,591,647	38,061,421	39,198,689	39,426,038	37,450,838	33,463,049	30,744,529	27,493,562
program revenues	<u>\$ 75,412,242</u>	<u>\$ 85,326,638</u>	<u>\$ 58,977,120</u>	<u>\$ 57,042,771</u>	<u>\$ 63,745,241</u>	<u>\$ 59,221,120</u>	<u>\$ 58,237,209</u>	<u>\$ 53,481,353</u>	<u>\$ 43,881,971</u>	<u>\$ 41,387,303</u>
Total primary government revenues										
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (59,871,032)	\$ (36,992,756)	\$ (66,742,510)	\$ (58,198,423)	\$ (49,376,636)	\$ (46,009,949)	\$ (40,204,656)	\$ (39,651,376)	\$ (50,064,971)	\$ (48,972,020)
Business-type activities	7,238,154	6,952,912	10,201,690	3,982,494	7,089,871	11,375,285	11,012,674	7,032,033	4,061,619	2,706,792
Total primary government net expense	<u>\$ (52,632,878)</u>	<u>\$ (30,039,844)</u>	<u>\$ (56,540,820)</u>	<u>\$ (54,215,929)</u>	<u>\$ (42,286,765)</u>	<u>\$ (34,634,664)</u>	<u>\$ (29,191,982)</u>	<u>\$ (32,619,343)</u>	<u>\$ (46,003,352)</u>	<u>\$ (46,265,228)</u>

(Continued)

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GENERAL REVENUE AND										
OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Sales taxes	\$ 58,777,068	\$ 56,146,152	\$ 53,601,698	\$ 52,261,757	\$ 45,565,002	\$ 42,254,425	\$ 40,475,824	\$ 38,468,473	\$ 36,718,650	\$ 34,269,487
Franchise taxes	6,584,853	6,228,264	6,262,225	6,215,692	5,797,844	5,646,417	5,670,247	4,752,757	4,701,024	4,273,363
Property taxes	7,931,992	7,684,537	6,111,415	3,373,306	3,485,026	2,219,753	1,989,565	529,570	1,290,799	847,504
State use taxes	2,393,708	2,187,289	2,179,503	2,401,933	2,025,502	1,793,426	1,382,344	1,354,892	1,120,771	951,941
Hotel/Motel taxes	1,130,488	1,068,000	1,033,060	991,435	905,341	766,801	669,023	633,319	618,176	556,028
Alcoholic beverage taxes	271,359	247,014	232,016	231,077	222,079	205,822	196,415	188,975	179,792	170,123
Cigarette taxes	845,149	816,503	744,416	705,377	641,678	646,688	700,998	298,191	-	-
Investment earnings	701,524	396,095	490,604	1,074,489	1,718,553	1,959,682	1,203,712	544,085	148,828	416,016
Miscellaneous	2,761,766	962,203	838,558	1,003,269	1,632,050	674,084	1,087,155	2,766,996	811,591	511,763
Transfers	773,892	781,772	89,216	690,763	764,657	835,000	2,635,547	544,858	166,394	1,026,361
Total governmental activities	82,171,799	76,517,829	71,582,711	68,949,098	62,757,732	57,002,098	56,010,830	50,082,116	45,756,025	43,022,586
Business-type activities:										
Sales taxes	-	-	-	-	-	1,737,585	6,860,051	6,526,840	6,246,464	5,681,683
Excise taxes	1,597,960	1,038,715	1,562,722	1,251,242	1,608,254	1,802,750	2,433,537	1,938,152	1,216,873	1,048,297
State use taxes	-	-	-	-	-	77,528	363,329	160,186	127,293	179,868
Investment earnings	278,751	355,657	440,118	1,109,011	2,561,016	3,416,220	1,633,778	893,835	311,878	610,149
Miscellaneous	(333,548)	187,358	(205,141)	53,097	77,605	(245,823)	229,660	(216,619)	393,182	(39,011)
Transfers	(773,892)	(781,772)	(89,216)	(690,763)	(764,657)	(835,000)	(2,635,547)	(544,858)	(166,394)	(1,026,361)
Total business-type activities	769,271	799,958	1,708,483	1,722,587	3,482,218	5,953,260	8,884,808	8,757,536	8,129,296	6,454,625
Total primary government	\$ 82,941,070	\$ 77,317,787	\$ 73,291,194	\$ 70,671,685	\$ 66,239,950	\$ 62,955,358	\$ 64,895,638	\$ 58,839,652	\$ 53,885,321	\$ 49,477,211
CHANGE IN NET ASSETS										
Governmental activities	\$ 22,300,767	\$ 39,525,073	\$ 4,840,201	\$ 10,750,675	\$ 13,381,096	\$ 10,992,149	\$ 15,806,174	\$ 10,430,740	\$ (4,308,946)	\$ (5,949,434)
Business-type activities	8,007,425	7,752,870	11,910,173	5,705,081	10,572,089	17,328,545	19,897,182	15,789,569	12,190,915	9,161,417
Total primary government	\$ 30,308,192	\$ 47,277,943	\$ 16,750,374	\$ 16,455,756	\$ 23,953,185	\$ 28,320,694	\$ 35,703,356	\$ 26,220,309	\$ 7,881,969	\$ 3,211,983

(Concluded)

THE CITY OF NORMAN, OKLAHOMA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund										
Reserved	\$ 1,467,574	\$ 1,055,126	\$ 1,826,810	\$ 1,819,264	\$ 1,825,186	\$ 1,012,154	\$ 421,204	\$ 626,408	\$ 440,402	\$ 1,132,334
Unreserved	12,007,947	12,614,678	19,530,033	17,472,575	16,611,606	15,589,593	14,031,688	11,396,491	10,020,748	10,320,090
Nonspendable	320,512	334,339								
Restricted	-	14,307								
Committed	1,503,429									
Unassigned	11,651,580	13,321,158								
Total general fund	\$ 13,475,521	\$ 13,669,804	\$ 21,356,843	\$ 19,291,839	\$ 18,436,792	\$ 16,601,747	\$ 14,452,892	\$ 12,022,899	\$ 10,461,150	\$ 11,452,424
All other governmental funds										
Reserved										
Encumbrances	\$ 9,923,490	\$ 8,912,585	\$ 7,865,963	\$ 5,682,896	\$ 8,769,381	\$ 7,400,109	\$ 8,083,495	\$ 3,967,941	\$ 4,238,974	\$ 6,216,917
Debt service	4,816,860	3,668,619	2,512,584	1,590,705	2,218,703	1,359,284	1,613,892	789,936	1,528,939	1,413,862
Unreserved, reported in:										
Public safety sales tax fund	10,752,127	7,525,602								
Capital projects fund	40,716,015	26,517,597	21,127,319	30,098,079	17,761,773	20,178,393	11,709,351	18,381,249	6,268,468	5,176,258
Special revenue funds	2,891,954	2,753,806	2,647,787	2,800,254	3,863,008	4,217,793	3,452,739	3,202,233	727,788	795,820
Restricted	68,041,077	48,791,046								
Assigned	1,059,369	587,163								
Total all other governmental funds	\$ 69,100,446	\$ 49,378,209	\$ 34,153,653	\$ 40,171,934	\$ 32,612,865	\$ 33,155,579	\$ 24,859,477	\$ 26,341,359	\$ 12,764,169	\$ 13,602,857

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

THE CITY OF NORMAN, OKLAHOMA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(Dollars in Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES										
Taxes	\$ 76,818	\$ 73,314	\$ 69,188	\$ 65,244	\$ 57,779	\$ 52,681	\$ 50,187	\$ 45,739	\$ 44,449	\$ 40,898
Licenses & permits	1,190	1,086	1,156	968	1,165	1,126	933	1,018	927	785
Intergovernmental revenues	9,370	9,608	8,354	7,456	12,946	7,174	7,106	7,059	5,143	5,631
Charges for services	10,268	11,775	11,836	10,874	10,070	9,326	8,988	8,448	8,218	7,534
Fines and forfeits	2,554	2,490	2,176	2,204	2,477	2,548	2,465	2,243	2,206	2,306
Investment earnings	517	389	491	1,075	1,718	1,959	1,204	544	149	416
Special assessment revenue	26	38	50	57	60	74	155	196	924	27
Other	2,381	1,006	969	1,196	1,399	846	1,392	2,939	870	681
Total revenues	103,124	99,706	94,220	89,074	87,614	75,734	72,430	68,186	62,886	58,278
EXPENDITURES										
General government	8,571	8,036	8,960	6,399	6,136	6,862	6,262	5,843	6,851	6,703
Planning	3,261	3,112	3,394	3,237	2,962	2,763	2,666	2,508	2,561	2,367
City controller	4,405	6,009	5,645	5,360	4,962	3,582	3,416	3,369	3,570	3,291
Parks & recreation	4,598	4,760	5,372	5,034	4,449	4,237	4,189	3,936	3,961	3,685
Public works	17,240	15,863	16,151	16,519	19,923	13,666	13,353	12,332	15,349	12,531
Public service	2,401	2,772	2,961	3,749	2,535	1,839	1,873	2,450	1,861	1,767
Public safety	40,310	37,997	37,312	34,643	32,593	30,808	29,688	27,818	24,431	25,128
Capital Outlay	16,449	16,150	15,654	18,043	11,212	10,293	9,688	4,940	5,765	5,966
Debt Service:										
Principal	4,319	3,750	2,647	2,510	1,470	1,470	2,414	1,317	1,210	1,166
Interest	1,315	1,223	1,004	1,022	844	554	568	274	290	365
Total expenditures	102,869	99,672	99,100	96,516	87,086	76,074	74,117	64,787	65,849	62,969
Excess of revenues over (under) expenditures	255	34	(4,880)	(7,442)	528	(340)	(1,687)	3,399	(2,963)	(4,691)
OTHER FINANCING SOURCES (USES)										
Bonds issued	19,861	7,559	-	15,166	-	9,950	-	11,195	798	-
Transfers in	7,404	9,564	6,900	8,867	5,639	5,612	7,904	4,613	5,023	5,057
Transfers out	(7,992)	(8,782)	(6,811)	(8,177)	(4,875)	(4,777)	(5,269)	(4,068)	(4,857)	(4,031)
Total other financing sources (uses)	19,273	8,341	89	15,856	764	10,785	2,635	11,740	964	1,026
Net change in fund balances	\$ 19,528	\$ 8,375	\$ (4,791)	\$ 8,414	\$ 1,292	\$ 10,445	\$ 948	\$ 15,139	\$ (1,999)	\$ (3,665)
Debt service as a percentage of noncapital expenditures	6.52%	5.95%	4.38%	4.50%	3.05%	3.08%	4.63%	2.66%	2.50%	2.69%

THE CITY OF NORMAN, OKLAHOMA

TAXABLE SALES BY CATEGORY

LAST TEN FISCAL YEARS

(Dollars in Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General merchandise	\$ 14,697	\$ 14,515	\$ 14,138	\$ 13,656	\$ 11,759	\$ 11,323	\$ 12,055	\$ 10,783	\$ 10,242	\$ 10,033
Eating and drinking establishments	9,350	8,973	8,498	8,015	7,134	6,714	6,917	6,475	6,186	5,641
Miscellaneous retail	6,177	5,696	5,017	4,444	3,926	3,982	3,933	3,972	3,806	3,516
Building materials and farm tools	3,985	3,421	3,535	3,630	3,216	3,278	3,737	3,577	3,462	3,050
Electric, gas & sanitary services	3,538	3,304	3,377	3,170	2,584	2,795	3,136	2,612	2,518	2,402
Home furnishings and appliances	3,156	3,246	3,045	3,306	2,897	3,038	2,983	2,850	2,209	1,741
Food stores	3,470	3,136	2,933	2,756	2,428	2,493	2,820	3,159	3,227	3,203
Apparel and accessory stores	3,050	2,983	2,765	2,613	2,297	2,162	2,306	2,279	2,191	2,081
Communications	2,480	2,463	2,576	2,398	2,076	1,995	2,116	2,195	2,193	2,132
Wholesale trade-durable goods	2,018	1,687	1,561	1,623	1,472	1,411	1,483	1,520	1,396	1,235
All other outlets	7,267	7,043	6,366	6,498	5,863	5,755	6,037	5,838	5,660	5,293
Total	\$ 59,188	\$ 56,467	\$ 53,811	\$ 52,109	\$ 45,652	\$ 44,946	\$ 47,523	\$ 45,260	\$ 43,090	\$ 40,327
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%

Sources: Oklahoma Tax Commission

THE CITY OF NORMAN, OKLAHOMA

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	State of Oklahoma	Cleveland County
2012	3.5 %	4.5 %	0.25 %
2011	3.5 %	4.5 %	0.25 %
2010	3.5 %	4.5 %	0.25 %
2009	3.5 %	4.5 %	0.25 %
2008	3.0 %	4.5 %	0.00 %
2007	3.0 %	4.5 %	0.00 %
2006	3.5 %	4.5 %	0.00 %
2005	3.5 %	4.5 %	0.00 %
2004	3.5 %	4.5 %	0.00 %
2003	3.5 %	4.5 %	0.00 %

Source: Oklahoma Tax Commission

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

THE CITY OF NORMAN, OKLAHOMA

SALES TAX REVENUE PAYERS BY INDUSTRY

FISCAL YEARS 2012 AND 2011

(Dollars in Thousands)

	Fiscal Year 2012				Fiscal Year 2011			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail trade	1,417	48.9 %	\$45,474	76.8 %	1,353	46.7 %	\$43,347	73.2 %
Transportation and utilities	151	5.2 %	6,045	10.2 %	152	5.2 %	5,797	9.8 %
Services	480	16.6 %	3,663	6.2 %	459	15.8 %	3,797	6.4 %
Wholesale trade	492	17.0 %	2,385	4.0 %	468	16.1 %	1,999	3.4 %
Manufacturing	169	5.8 %	1,071	1.8 %	164	5.7 %	1,053	1.8 %
Agricultural	14	0.5 %	99	0.2 %	16	0.6 %	93	0.2 %
Construction	16	0.6 %	66	0.1 %	15	0.5 %	28	0.0 %
Mining	6	0.2 %	8	0.0 %	3	0.1 %	7	0.0 %
Finance, insurance and real estate	13	0.4 %	10	0.0 %	16	0.6 %	17	0.0 %
Government	1	0.0 %	111	0.2 %	1	0.0 %	110	0.2 %
Nonclassifiable	141	4.9 %	256	0.4 %	113	3.9 %	219	0.4 %
Total	2,900	100.0 %	\$59,188	100.0 %	2,760	95.2 %	\$56,467	95.4 %

Sources: Oklahoma Tax Commission

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

THE CITY OF NORMAN, OKLAHOMA

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

Fiscal Year	Governmental Activities				Business-Type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General		Special		Revenue	Term Loans	Capital Leases	Term Loans	Capital Leases				
	Obligation Bonds	Assessment Debt	Term Loans	Assessment Debt									
2003	\$ 6,420	\$ 110	\$ -	\$ 16,550	\$10,096	\$ -	-	-	-	\$ 33,176	0.6 %	327.44	
2004	5,270	847	-	15,205	9,131	103	-	-	-	30,556	0.5 %	293.28	
2005	15,275	721	-	14,055	8,141	75	-	-	-	38,267	0.6 %	358.86	
2006	12,945	638	-	13,905	7,122	41	-	-	-	34,651	0.5 %	318.64	
2007	21,505	558	-	33,595	6,478	8	-	-	-	62,144	0.9 %	565.78	
2008	20,115	479	-	31,885	5,825	-	-	-	-	58,304	0.7 %	526.20	
2009	28,370	399	4,481	30,135	5,162	-	-	-	-	68,547	0.8 %	622.72	
2010	25,915	319	4,481	28,335	10,816	-	-	-	-	69,866	0.8 %	614.30	
2011	28,495	239	5,789	26,480	20,088	-	-	-	-	81,091	0.9 %	733.26	
2012	43,140	-	6,925	24,570	22,025	-	-	-	-	96,660	1.1 %	853.34	

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

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

THE CITY OF NORMAN, OKLAHOMA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS (dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
2003	\$ 6,420	\$ 1,414	\$5,006	1.09%	49.41
2004	5,270	1,529	3,741	0.76%	35.91
2005	15,275	790	14,485	2.77%	135.84
2006	12,945	1,614	11,331	1.99%	104.20
2007	21,505	1,359	20,146	3.27%	183.42
2008	20,115	2,219	17,896	2.69%	161.51
2009	28,370	1,591	26,779	3.74%	239.49
2010	25,915	2,513	23,402	3.26%	206.29
2011	28,495	3,669	24,826	3.21%	222.86
2012	43,140	4,817	38,323	4.85%	338.32

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

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

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

THE CITY OF NORMAN, OKLAHOMA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2012

(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ -	46.15%	\$ -
Debt repaid with property taxes: Norman Public Schools	65,380	97.01%	63,425
Debt repaid with property taxes: McLoud Public Schools	1,980	0.03%	1
Debt repaid with property taxes: Robin Hill Public Schools	165	0.11%	0
Debt repaid with property taxes: Noble Public Schools	5,825	0.71%	41
Debt repaid with property taxes: Mid Del Public Schools	36,100	0.02%	7
Debt repaid with property taxes: Little Axe Public Schools	1,045	0.02%	0
Debt repaid with property taxes: Moore Public Schools	<u>72,175</u>	1.95%	<u>1,407</u>
Subtotal, overlapping debt	182,670		64,882
City of Norman direct debt			<u>43,140</u>
Total direct and overlapping debt			<u>\$ 108,022</u>

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

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

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

THE CITY OF NORMAN, OKLAHOMA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(dollars in thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed value of property	\$ 790,324	\$ 773,094	\$ 719,235	\$ 715,777	\$ 665,056	\$ 616,042	\$ 568,867	\$ 523,590	\$ 495,332	\$ 459,766
Debt limit ¹ , 10% of assessed value	79,032	77,309	71,924	71,578	66,506	61,604	56,887	52,359	49,533	45,977
Amount of debt applicable to limit:										
General Obligation Bonds back by property taxes	-	-	-	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 79,032	\$ 77,309	\$ 71,924	\$ 71,578	\$ 66,506	\$ 61,604	\$ 56,887	\$ 52,359	\$ 49,533	\$ 45,977
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt limit ² , 30% of assessed value	\$ 237,097	\$ 231,928	\$ 215,771	\$ 214,733	\$ 199,517	\$ 184,813	\$ 170,660	\$ 157,077	\$ 148,600	\$ 137,930
Amount of debt applicable to limit:										
General Obligation Bonds	43,140	28,495	25,915	28,370	20,115	21,505	12,945	15,275	5,270	6,420
Less: Resources restricted to paying principal	(4,817)	(3,669)	(2,513)	(1,591)	(2,219)	(1,359)	(1,614)	(790)	(1,529)	(1,350)
Total net debt applicable to limit	38,323	24,826	23,402	26,779	17,896	20,146	11,331	14,485	3,741	5,070
Legal debt margin	\$ 198,774	\$ 207,102	\$ 192,369	\$ 187,954	\$ 181,621	\$ 164,667	\$ 159,329	\$ 142,592	\$ 144,859	\$ 132,860
Total net debt applicable to the limit as a percentage of debt limit	16.16%	10.70%	10.85%	12.47%	8.97%	10.90%	6.64%	9.22%	2.52%	3.68%

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

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

THE CITY OF NORMAN, OKLAHOMA

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

Fiscal Year	NUA Revenue Bonds & Term Loans					NMA Revenue Bonds and Term Loans					Special Assessment Term Loans				
	Less:		Net			Less:		Net			Special Assessment		Debt Service		Coverage
	Gross Revenue ¹	Operating Expenses ²	Available Revenue	Gross Revenue ¹	Coverage	Gross Revenue ¹	Operating Expenses ²	Available Revenue	Principal	Interest	Collections	Principal	Interest	Coverage	
2003	\$ 18,870	\$ 12,306	\$ 6,564	\$ 1,491	914	\$ 7,673	\$ 6,994	\$ 679	\$ 430	\$ 257	\$ 84	\$ 56	\$ 12	1.24	
2004	19,550	13,337	6,213	2,614	813	8,512	7,724	788	525	242	947	60	8	13.93	
2005	24,282	10,130	14,152	1,595	690	10,409	7,803	2,606	545	214	215	127	38	1.30	
2006	28,405	9,828	18,577	1,300	365	10,568	8,341	2,227	575	169	169	83	31	1.48	
2007	33,524	5,663	27,861	1,454	1,063	10,872	8,681	2,191	200	160	74	80	27	0.69	
2008	31,428	7,888	23,540	2,153	1,401	11,715	9,931	1,784	210	147	60	80	24	0.58	
2009	27,662	13,513	14,149	2,193	1,358	12,384	10,630	1,754	220	136	57	80	20	0.57	
2010	33,559	10,873	22,686	2,242	1,251	12,659	10,947	1,712	375	194	50	80	17	0.52	
2011	30,345	11,793	18,552	1,807	1,354	13,382	11,243	2,139	295	204	38	80	14	0.40	
2012	31,347	14,361	16,986	3,153	1,667	15,124	11,800	3,324	310	291	32	239	37	0.12	

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

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

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

THE CITY OF NORMAN, OKLAHOMA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal year	Population ¹	Personal Income (billions of dollars) ⁵	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2003	101,318	\$5.8	23,874	29.3	12,402	4.20%
2004	104,188	6.1	23,874	29.3	12,433	3.50%
2005	106,636	6.5	26,240	32.9	12,672	4.70%
2006	108,748	6.9	27,440	33.3	12,767	4.10%
2007	109,837	7	23,089	30	12,736	4.70%
2008	110,803	7.9	24,532	29.6	13,296	3.70%
2009	111,817	8.1	26,371	29.4	13,563	4.80%
2010	113,733	8.7	26,371	29.4	14,025	5.30%
2011	111,398	8.7	24,586	30.4	14,644	5.00%
2012	113,273	9	26,058	29.6	15,022	4.40%

Data Sources

¹ Years 2003-10 estimated by the City of Norman Planning Department. Years 2011 and 2012 obtained from census data

² Norman Chamber of Commerce, NEDC, Oklahoma Department of Commerce 2003-2005 estimated, U.S. Census Bureau, American Community Survey 2006-2012 estimated

³ Norman Public Schools

⁴ U.S. Department of Labor

⁵ Personal income estimated except for 2010 Census data

THE CITY OF NORMAN, OKLAHOMA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The University of Oklahoma	11,932	1	22.03%	8,430	1	16.41%
Norman Regional Hospital	2,600	2	4.80%	1,998	2	3.89%
Norman Public Schools	2,112	3	3.90%	1,530	3	2.98%
York International/Johnson Controls	1,118	4	2.06%	1,000	4	1.95%
City of Norman	834	5	1.54%	759	5	1.48%
Department of Mental Health & Substance Abuse	578	6	1.07%	-	-	-
NOAA National Severe Storm Laboratory	550	7	1.02%	-	-	-
USPS National Center for Employee Development	430	8	0.79%	500	6	0.97%
ClientLogic / Sitel	401	9	0.74%	-	-	-
Oklahoma Veteran's Center - Norman	361	10	0.67%	360	9	0.70%
Service Zone	-	-	-	460	7	0.90%
Griffin Memorial Hospital	-	-	-	455	8	0.89%
Hitachi	-	-	-	268	10	5.20%
Total	<u>20,916</u>		<u>38.62%</u>	<u>15,760</u>		<u>35.37%</u>

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

THE CITY OF NORMAN, OKLAHOMA

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

FUNCTION	Full-time Equivalent Employees as of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government	36	36	49	48	44	45	45	45	50	54
Planning	36	37	39	39	39	38	39	38	38	38
City controller	38	38	38	38	38	37	38	36	40	43
Parks & recreation	54	53	60	63	85	80	83	76	77	90
Public works	106	104	107	107	102	92	95	95	97	100
Public safety										
Police	229	237	216	192	186	177	184	161	181	179
Fire	142	137	134	133	131	127	124	125	128	122
Westwood	19	18	18	20	35	33	35	33	31	34
Water	49	48	47	50	50	51	47	47	50	50
Wastewater	40	41	42	42	42	40	42	40	41	42
Sanitation	55	56	52	53	52	52	49	48	48	48
Total	804	805	802	785	804	772	781	744	781	800

Source: City Payroll Office

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

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Sources: Various city departments.
Note: No indicators are available for the general government function.

THE CITY OF NORMAN, OKLAHOMA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	Fiscal year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	118	108	105	100	85	85	85	85	85	85
Fire stations	8	8	7	7	7	7	7	7	7	7
Sanitation										
Collection trucks	41	41	42	42	39	39	36	36	36	36
Highways and streets										
Streets (miles)	749	745	740	738	735	835	804	793	787	778
Streetlights	6,115	5,585	5,577	5,497	5,381	5,323	5,221	5,090	4,835	4,607
Traffic signals	185	176	170	170	165	159	155	155	148	145
Parks and recreation										
Acreage	1,150	1,142	1,142	1,133	1,131	1,125	1,004	1,004	999	939
Playgrounds	52	51	50	50	50	50	50	50	48	47
Swimming pools	5	5	5	5	5	5	5	5	6	6
Tennis courts	22	22	22	22	22	22	22	22	26	26
Community centers	5	5	5	5	5	5	5	5	10	10
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	562	547	536	531	520	510	498	490	481	459
Fire hydrants	5,392	5,337	5,158	5,038	4,904	4,779	4,566	4,401	4,170	4,030
Water towers	4	4	4	4	5	5	5	5	5	5
Maximum daily capacity (thousands of gallons)	22,600	20,300	20,300	19,577	20,100	14,000	14,000	14,000	14,000	14,000
Wastewater										
Sanitary sewers (miles)	479	476	466	462	455	451	438	431	423	400
Manholes	11,228	11,154	10,885	10,665	10,585	10,490	10,176	9,960	9,707	9,261
Maximum daily treatment capacity (thousands of gallons)	24,000	24,000	24,000	24,000	24,000	24,000	30,000	30,000	24,000	24,000

Sources: Various city departments.

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



