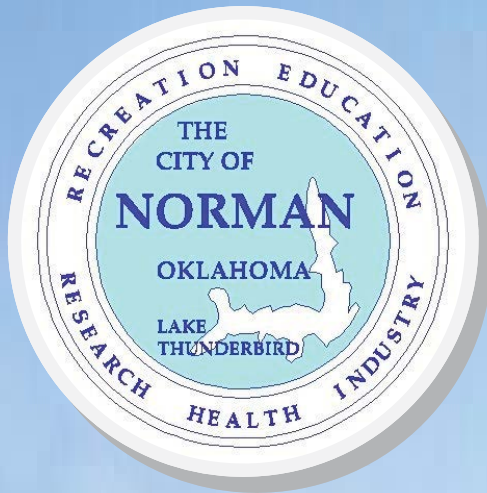
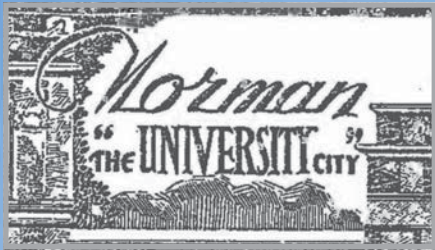
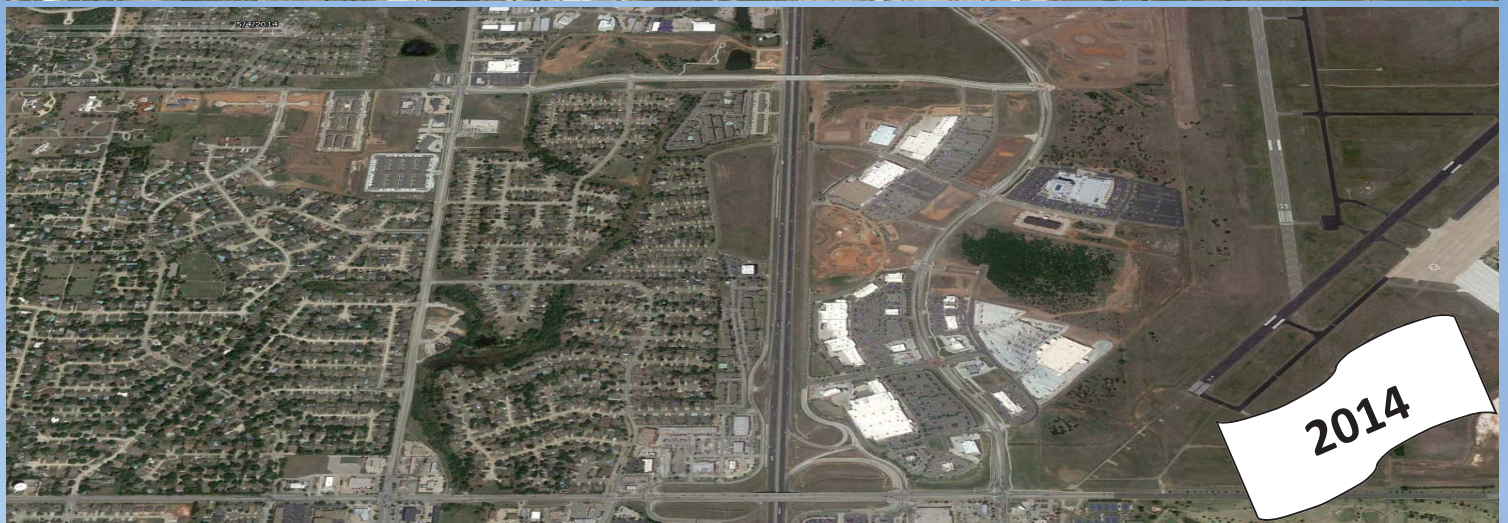
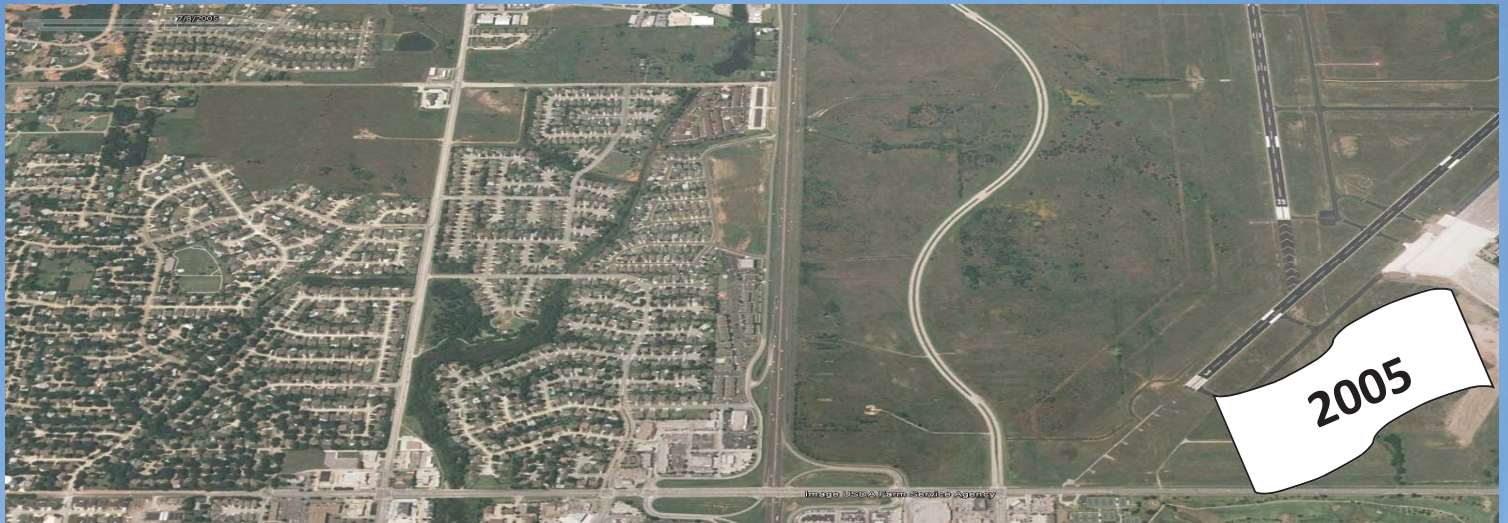


COMPREHENSIVE ANNUAL FINANCIAL REPORT

125th Anniversary of the City of Norman



**THE CITY OF NORMAN, OKLAHOMA
FISCAL YEAR ENDING JUNE 30, 2014**



Source Google Earth

ON THE COVER – The City of Norman will celebrate the 125th Anniversary of its incorporation as a municipal township in 2016. The City organization has prospered along with the city, and is well-positioned to continue to provide excellent public services to our citizens and utility customers in the future. The cover and divider page artwork was prepared by the City of Norman's Office Services Division staff, with sources as cited.

ABOVE – University North Park Town Center, a Tax Increment Finance District, in north-west Norman continues to be developed on what had been the site of a World War II naval aviation base.

**The City
of
Norman, Oklahoma**



**Comprehensive
Annual Financial Report
Fiscal Year Ended
June 30, 2014**

Prepared by:
City of Norman
Finance Department

THE CITY OF NORMAN, OKLAHOMA

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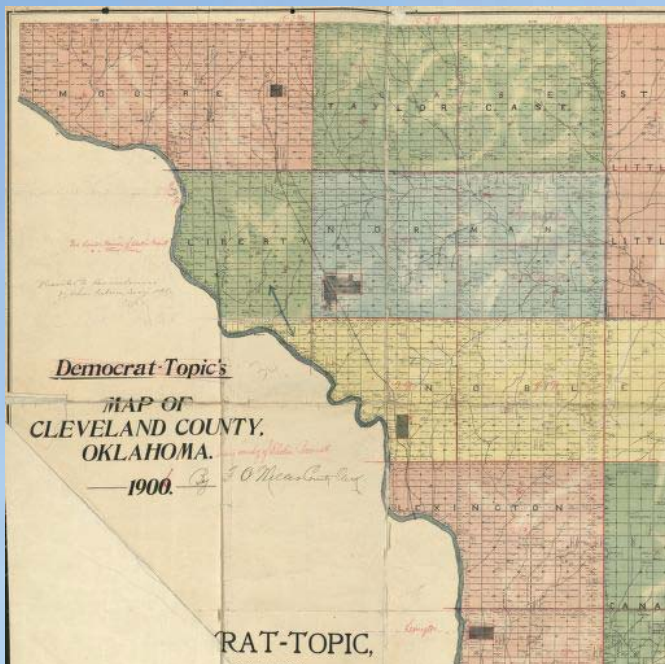
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Main Street of Norman, Oklahoma c. 1900 - Courtesy of the OU Western History Collection E.A. Coleman #7



INTRODUCTORY SECTION



The City of **NORMAN**

201 West Gray, Bldg. C • P.O. Box 370
Norman, Oklahoma 73069 • 73070

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

December 3, 2014

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, 2014.

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.

BKD, LLP has issued an unmodified (“clean”) opinion on the City of Norman (“City”) financial statements for the year ended June 30, 2014. The independent auditors’ 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 118,000 residents and numerous visitors annually. Municipal services provided include traffic control, municipal courts, water production and distribution, stormwater management and flood control, 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.

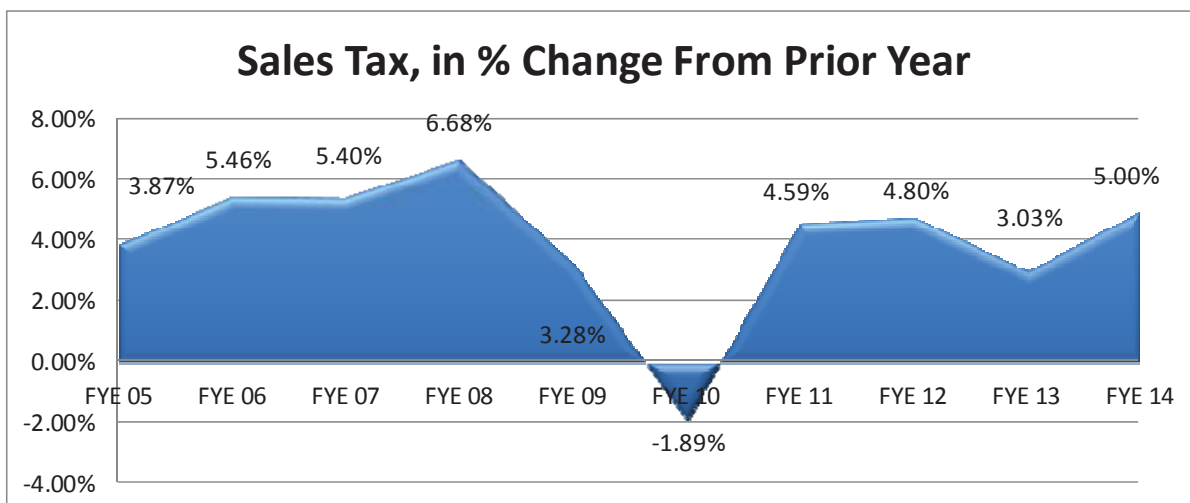
The City does not operate hospitals, schools, or public transportation systems. Special districts and governmental entities with independent authority administer the public hospital, public schools and the university within the City. The City contributes to a public transportation system operated by 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. City Council approval is needed for transfers between funds or between capital projects.

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. Several of the businesses have recently expanded or are planning major expansions in the near future, helping to sustain the health of the local economy for years to come.

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 68% of the City's total General Fund revenue. Overall, sales tax collections increased 5% from FYE 2013 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) increased 3.2% from FYE 2013 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:



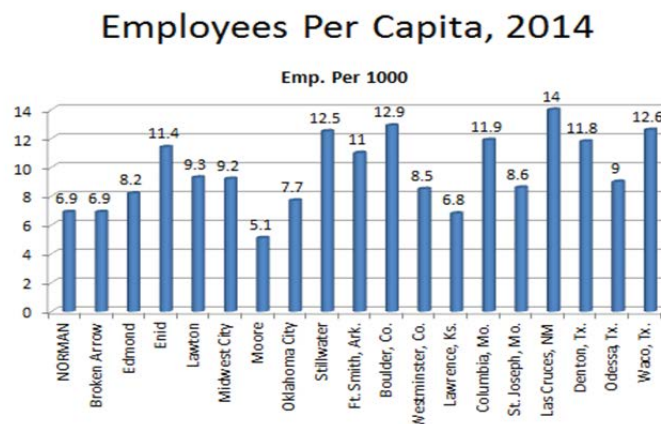
Since sales and use taxes and building permit revenues are a primary source of the City’s general governmental revenue and are by nature volatile, and because Norman is subject to volatile weather conditions which can necessitate significant unexpected expenditures during the course of the budget year, the City must budget conservatively and maintain sufficient fund balances to absorb any shortfalls that may occur. As a result of this factor, prudent reserve policies have been codified in a Net Revenue Stabilization (“Rainy Day”) Fund Ordinance. 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’s Rainy Day Fund is being maintained at its minimum level as of June 30, 2014, and all required General Fund reserve levels are met.

The Net Revenue Stabilization Ordinance also targets a total balance of 4.5% of General Fund expenditures to be held in the “Rainy Day Fund.” The City is taking actions to meet this targeted reserve level during fiscal year 2014-2015.

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. As illustrated below, the City of Norman has an extremely small general governmental workforce compared to similar cities.



The City continues to provide adequate service levels, but the ability to maintain these service levels without new revenue sources to support increased staffing will become doubtful. 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 is 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. On November 12, 2013, voters approved a sewer rate increase to finance \$63,000,000 in improvements to and expansion of the City's Water Reclamation Facility (sewage treatment plant). These improvements are now underway.

Major Initiatives

On May 13, 2008, the voters of Norman approved a temporary 7-year, one-half percent sales tax to add police and fire staffing and more improvements in the public safety area. This dedicated Public Safety Sales Tax (PSST), accounted for in a separate special revenue fund, has provided funding for the addition of 41 police personnel and 30 firefighter staff members. The PSST has also financed the construction and equipping of two new fire stations; the renovation of a former U.S. Army Reserve Armory into a new Norman Investigations Center; replacement of fire apparatus; and the replacement of the City's Computer Aided Dispatch, Mobile Data and Records Management Systems. The 2008 PSST had generated \$51,652,049 from its inception through October 31, 2014. The original PSST authorization expires on September 30, 2016.

On April 1, 2014, the voters of Norman approved a permanent extension of the Public Safety Sales Tax, effective on October 1, 2016. The "new" PSST ("PSST II") will add 13 police officer positions to implement a School Resource Officer program at Norman Public Schools (with costs shared with the school district); additional dispatcher and emergency vehicle mechanic staffing; and several major capital facilities to support the public safety function:

- Emergency Communication Systems Replacement \$15,000,000*
- Construction of Emergency Operations/Dispatch Facility \$ 6,500,000*
- Fire Apparatus Replacement \$ 6,800,000*
- Reconstruction/Relocation of Fire Station #5 \$ 3,500,000*

*ESTIMATED

At the time that the capital facilities listed above have been completed and paid for, the ongoing PSST II revenue will be permanently recorded in the City's General Fund (3/8%) and Capital Fund (1/8%) to offset the costs of maintaining the added public safety staffing and facilities.

In May, 2006 the City of Norman established the University North Park Tax Increment Finance District to provide for capital improvements to support development of the area along Interstate 35 in northwest Norman. Incremental sales and property taxes are apportioned into a TIF capital fund, which had generated approximately \$24,466,785 through October, 2014. UNP TIF Project Plan authorizes a total of \$54,725,000 in capital projects and development incentives, which has to date included various engineering and feasibility studies; the construction of major access roads; an overpass of I-35 at Rock Creek Road; and the construction of Legacy Park, which is slated to open within the next few months. An ongoing project is for the construction of an extended interstate frontage road to serve the development and tie in to industrial access roads being constructed by the Norman Economic Development Coalition to support the University North Park Corporate Center, a major economic driver for Norman and the Oklahoma City metropolitan area. The NEDC has contracted with the first commercial employer in UNP Corporate Center, Immuno Mycologics Incorporated (“IMMY”), a manufacturer of disease prevention and detection devices marketed to developing nations throughout the world.

Norman’s Water and Wastewater (Water Reclamation) Utility enterprises continue to plan for needed system expansion and improvement projects. As discussed above, the Water Reclamation Utility is progressing with the construction of major improvements and expansion to the Water Reclamation Facility (wastewater/sewer treatment plant). The Water Utility, as directed by the adopted 2060 Norman Strategic Water Supply Plan, proposes to construct additional water supply wells and major improvements to the Water Treatment Plant, totaling and estimated \$50,000,000, pending voter approval of adequate rate structures to finance the projects (the Norman City Charter requires voter approval of utility rate increases). The SWSP calls for ongoing improvements and expansions to the Water Enterprise Utility system in the future.

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, 2013. 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. Chief Accountant Clint Mercer, CPA, CPFO, and Municipal Accountant Debbie Whitaker deserve particular recognition for their efforts in preparing representative financial statements. We would also like to thank BKD, LLP, independent auditors of the City, for their guidance and technical assistance.

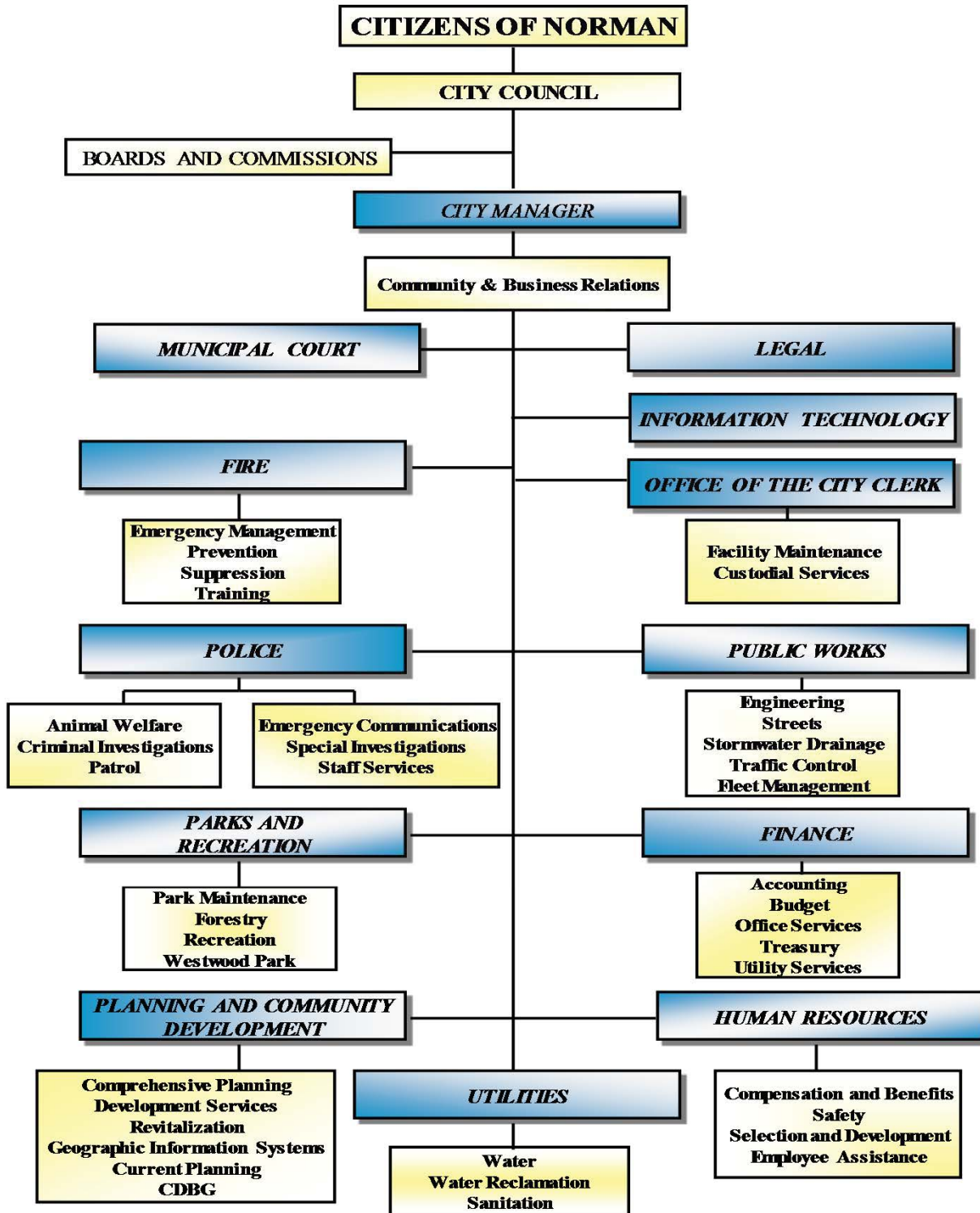
Finally, we would like to express our gratitude and appreciation to the members of the Norman City Council and the Council's Finance and Audit Committee for your policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting 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 2014 CAFR.

Respectfully submitted,



Steven Lewis
City Manager

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



CITY OFFICIALS

MAYOR
Cindy Rosenthal

Ward 1	Greg Heiple	Ward 5	Lynne Miller
Ward 2	Clint Williams	Ward 6	Jerry Lang
Ward 3	Robert Castleberry	Ward 7	Stephen Holman
Ward 4	Gregory Jungman	Ward 8	Dan Quinn

City Manager Steve Lewis

ACCOUNTING & RESEARCH STAFF

Anthony Francisco, CPFO, CTP, CPFA
Finance Director

Clint Mercer, CPA, CPFO
Chief Accountant

Debbie Whitaker
Municipal Accountant III

Mindy Aynes
Municipal Accountant I

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Administrative Technician IV

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Budget Manager

This document was prepared by the City of Norman Finance Department
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NORMAN
OKLAHOMA
Centennial
1889 • 1989



**FINANCIAL
SECTION**

Independent Auditor's Report on Financial Statements and Supplementary Information

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norman, Oklahoma (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Oklahoma City, Oklahoma
December 3, 2014

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, 2014. 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-vi of this report.

Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$511,806,030 (net position). Of this amount, \$24,924,624 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$19,459,517.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$101,302,696, a decrease of \$7,855,382 in comparison with the prior year. Approximately 92% or \$92,917,940 was nonspendable, restricted, committed or assigned for specific purposes. Approximately 8% or \$8,384,756 was unassigned at fiscal year end.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,384,756 or 11 % of total general fund expenditures.
- The City's total debt decreased by \$10,398,931 during the current fiscal year. The key factor of this change was normally scheduled payments. Also, the Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2009 (\$13,735,000) was refinanced with the Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2013 (\$14,215,000).

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 position presents information on all the City's assets, deferred outflow of resources and liabilities, with the difference between the assets plus deferred outflows of resources less liabilities is reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 17-18 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 19-21 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 22-24 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 25-26 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 27-62 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 63-72 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 73-95 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$511,806,030 at the close of the most recent fiscal year.

Net Position As of June 30

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 112,851,259	\$ 120,857,255	\$ 65,881,419	\$ 68,970,202	\$ 178,732,678	\$ 189,827,457
Capital assets	282,046,362	267,395,716	196,648,007	190,690,843	478,694,369	458,086,559
Total assets	394,897,621	388,252,971	262,529,426	259,661,045	657,427,047	647,914,016
Deferred outflows	-	-	210,173	275,767	210,173	275,767
Long-term liabilities	74,029,632	81,985,644	39,043,846	43,014,758	113,073,478	125,000,402
Other liabilities	22,901,719	23,205,517	9,855,993	7,637,351	32,757,712	30,842,868
Total liabilities	96,931,351	105,191,161	48,899,839	50,652,109	145,831,190	155,843,270
Net position:						
Net investment in capital assets	244,461,034	230,316,125	159,760,362	153,645,303	404,221,396	383,961,428
Restricted	59,573,841	59,450,003	23,214,855	23,764,771	82,788,696	83,214,774
Unrestricted	(6,068,605)	(6,704,318)	30,864,543	31,874,629	24,795,938	25,170,311
Total net position	\$ 297,966,270	\$ 283,061,810	\$ 213,839,760	\$ 209,284,703	\$ 511,806,030	\$ 492,346,513

By far the largest portion of the City’s net position (79 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 position (16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$24,795,938) may be used to meet the City's ongoing obligations to citizens and creditors.

There was an increase of \$4.6 million in the net position 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 position increased by \$14.9 million during the current fiscal year. This increase was due to several factors. See below for more information.

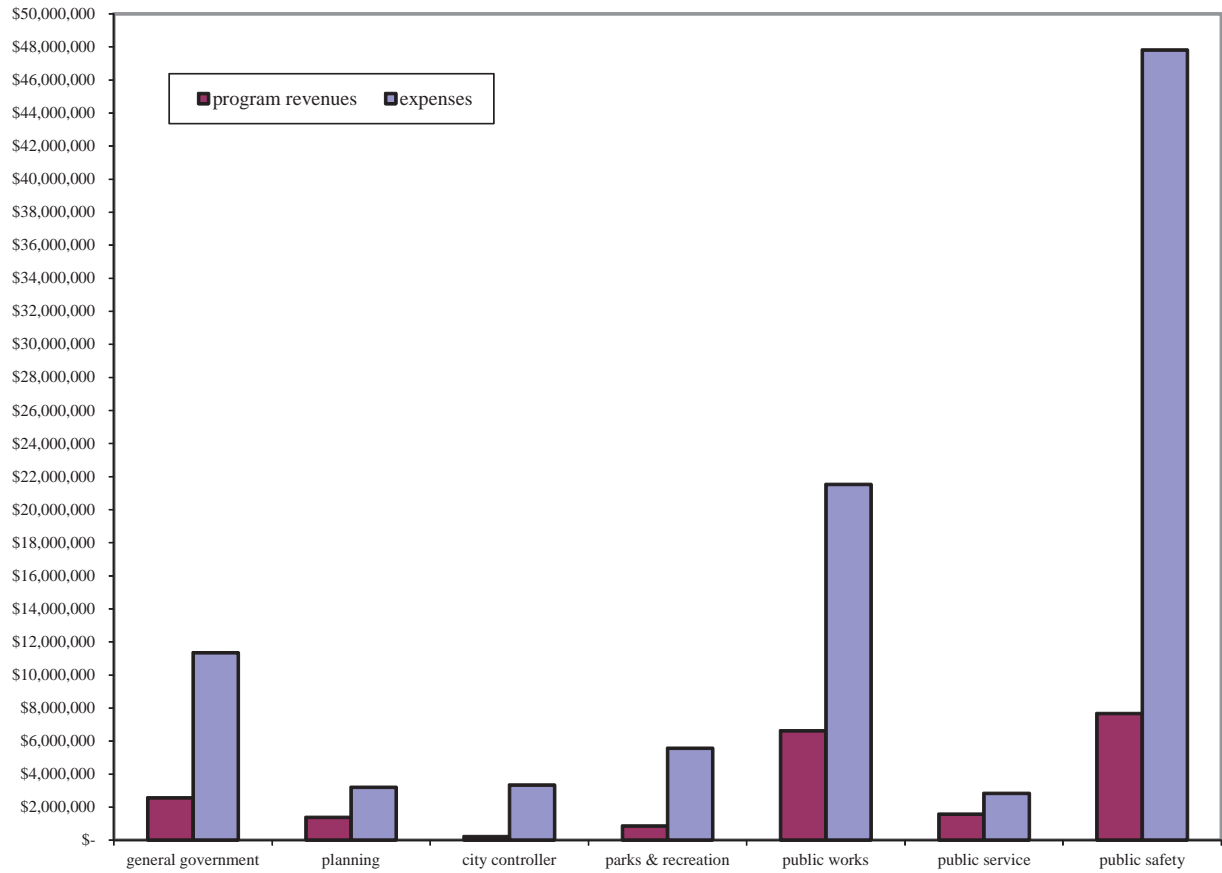
Change in Net Assets For the Year Ended June 30

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services	\$ 7,858,623	\$ 7,357,611	\$ 43,069,205	\$ 40,888,563	\$ 50,927,828	\$ 48,246,174
Operating grants & contributions	7,533,947	6,893,726	-	-	7,533,947	6,893,726
Capital grants & contributions	5,501,318	5,754,538	3,721,838	5,006,692	9,223,156	10,761,230
General revenues:					-	-
Sales and excise taxes	63,580,323	60,558,342	1,769,195	1,432,321	65,349,518	61,990,663
Franchise taxes	6,782,746	6,572,686	-	-	6,782,746	6,572,686
Property taxes	12,481,940	11,532,189	-	-	12,481,940	11,532,189
State use taxes	2,504,136	2,428,484	-	-	2,504,136	2,428,484
Other taxes	2,668,049	2,402,303	-	-	2,668,049	2,402,303
Investment earnings	379,805	208,763	342,984	187,837	722,789	396,600
Miscellaneous	2,458,091	2,319,411	312,984	241,978	2,771,075	2,561,389
Total revenues	111,748,978	106,028,053	49,216,206	47,757,391	160,965,184	153,785,444
Expenses:						
General government	11,353,764	10,067,554	-	-	11,353,764	10,067,554
Planning	3,208,350	3,334,674	-	-	3,208,350	3,334,674
City controller	3,337,932	3,256,464	-	-	3,337,932	3,256,464
Parks and recreation	5,555,796	5,251,598	-	-	5,555,796	5,251,598
Public works	21,530,165	21,126,808	-	-	21,530,165	21,126,808
Public service	2,841,186	2,242,861	-	-	2,841,186	2,242,861
Public safety	47,819,597	46,133,723	-	-	47,819,597	46,133,723
Interest on long-term debt	1,901,483	1,812,032	-	-	1,901,483	1,812,032
Westwood park	-	-	1,456,266	1,451,959	1,456,266	1,451,959
Water	-	-	13,261,728	13,776,395	13,261,728	13,776,395
Wastewater	-	-	15,658,935	12,229,767	15,658,935	12,229,767
Sanitation	-	-	13,580,465	12,325,246	13,580,465	12,325,246
Total expenses	97,548,273	93,225,714	43,957,394	39,783,367	141,505,667	133,009,081
Change in net assets before transfers	14,200,705	12,802,339	5,258,812	7,974,024	19,459,517	20,776,363
Transfers	703,755	734,795	(703,755)	(734,795)	-	-
Change in net assets	14,904,460	13,537,134	4,555,057	7,239,229	19,459,517	20,776,363
Net assets, beginning	283,061,810	270,214,318	209,284,703	202,582,699	492,346,513	472,797,017
Cumulative effect of accounting change	-	(689,642)	-	(537,225)	-	(1,226,867)
Net assets, beginning revised	283,061,810	269,524,676	209,284,703	202,045,474	492,346,513	471,570,150
Net assets, ending	\$ 297,966,270	\$ 283,061,810	\$ 213,839,760	\$ 209,284,703	\$ 511,806,030	\$ 492,346,513

Governmental activities – Governmental activities increased the City's net position by \$14.9 million. In the prior year, governmental activities increased the City's net position by \$13.5 million. Key elements of this change are as follows:

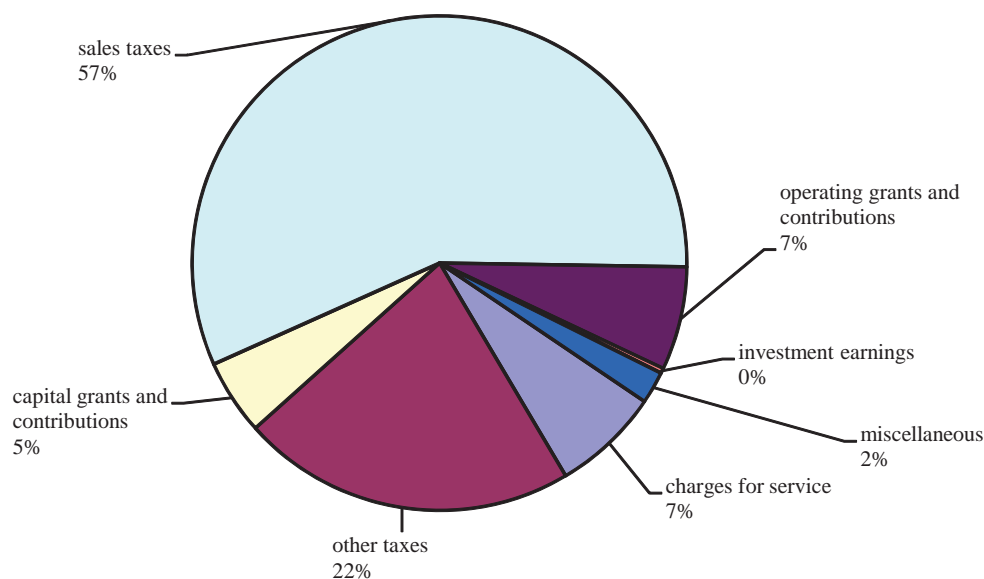
- Sales tax revenue within the governmental activities (the City's primary fund source) increased by \$3,021,981 or 4.99% over the prior fiscal year. This increase was due to continued improvement within the economy as a whole.
- Property taxes increased \$949,751 or 8.2% over the prior fiscal year. This increase was due to an increase in the property tax assessment to fund payment of general obligation bonds and judgments awarded against the City.
- Hotel/Motel taxes increased \$296,141 or 21.9% over the prior fiscal year. This increase was primarily due to an increase in the tax rate from 4% to 5% effective May 1, 2013.
- General government expenses increased \$1,228,852 or 12.2% over the prior fiscal year. This increase was due to several items, the most significant being: a \$161,443 increase in Legal Administration expenses; a \$134,766 increase in Library expenses; and a \$169,139 increase in Special Studies expenses. The legal expense increase was due to the increased use of out-side legal counsel. The library increase was due to lease payments for the new west side library branch. The increase in special studies expenses was due to various special studies done relating to the City's fleet inventory, Center City Study and information systems operations.
- Interest on long-term debt increased \$568,188 or 31.4% over the prior fiscal year. The City sold an additional \$20,050,000 in general obligation bonds during the prior fiscal year. As such, interest amounts due have increased in the current fiscal year.

Expenses and Program Revenues – Governmental Activities



Although governmental expenses exceed program revenue, most governmental activities are financed through general revenues such as taxes.

Revenues by Source - Governmental Activities

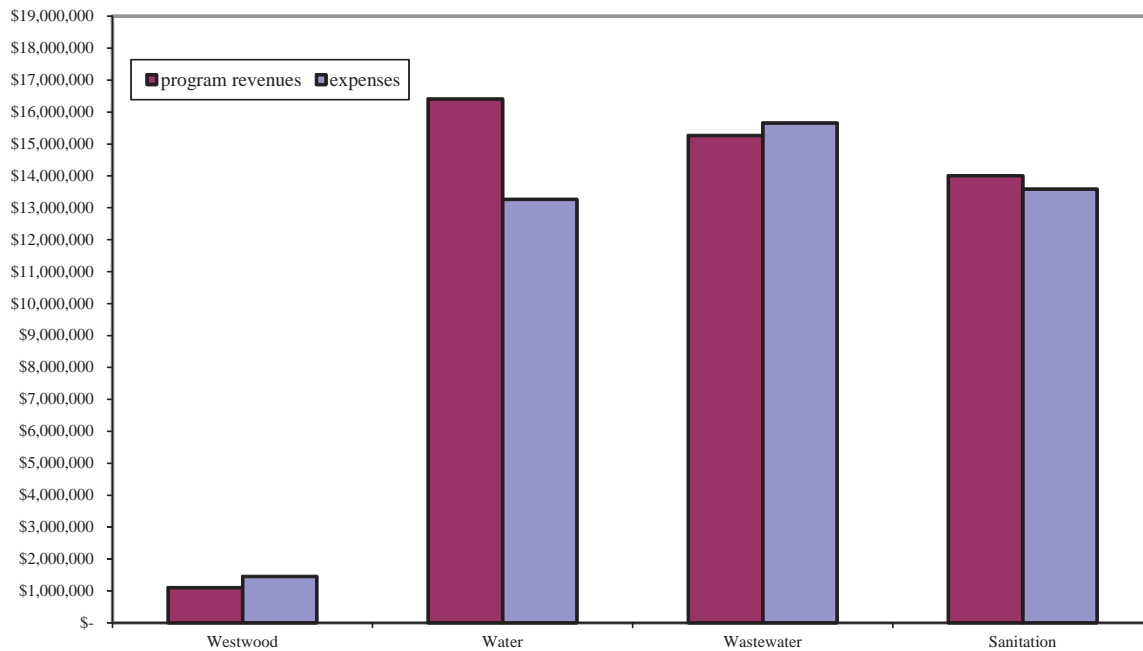


Business-type activities – Business-type activities increased the City’s net position by \$4.6 million. In the prior year, business-type activities increased the City’s net position by \$7.2 million. Key elements of this change are as follows:

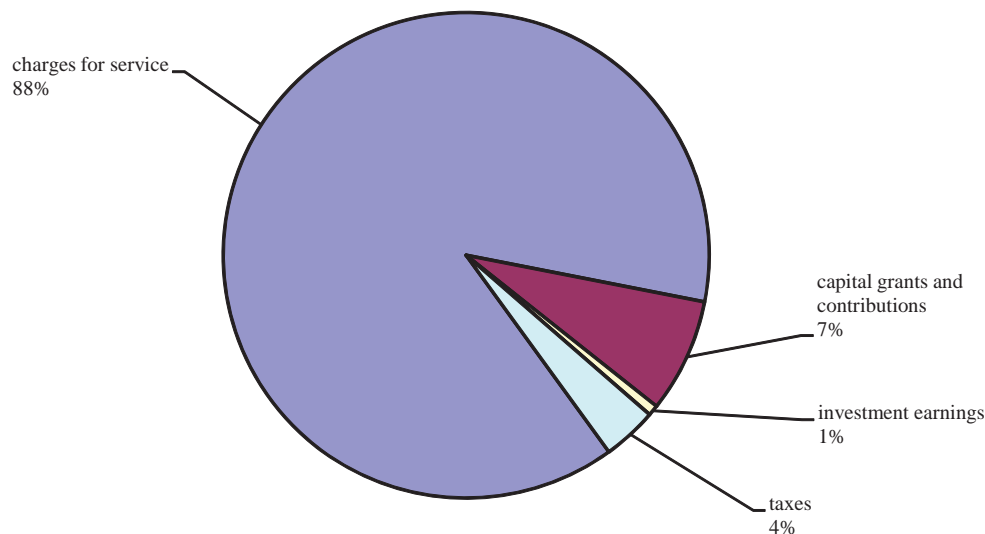
- Charges for service revenue increased \$2,180,642 or 5.3% from the prior fiscal year. The majority of this increase was due to a sewer rate increase that went into effect December 1, 2013. Norman citizens voted to increase sewer rates by an additional \$1.10 per month to the base charge and an additional \$1.10 per thousand gallons of sewage treated to the sewer use charge. These increases raised the total monthly base charge to \$5.00 and the total average monthly sewer use charge to \$2.70 per thousand gallons. The last sewer rate increase was in 1996.
- Tax revenue increased \$336,874 or 23.5% from the prior fiscal year. This tax represents an excise tax on development to fund wastewater improvements. The increase is directly attributable to development activity.
- Wastewater expenses increased \$3,416,583 or 27.9% over the prior fiscal year. Most of this increase was due to completion of a large sewer line maintenance project during the fiscal year.

- Sanitation expenses increased \$1,200,267 or 9.7% over the prior fiscal year. Most of this increase was due to the purchase of replacement refuse receptacles (i.e., polycarts).

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 \$101,302,696, a decrease of \$7,855,382 from the prior year. Approximately 8.3 percent of this total amount (\$8,384,756) 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 \$8,384,756 while total fund balance reached \$13,139,229. 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 11 percent of total General Fund expenditures, while total fund balance represents 18 percent of that same amount.

The fund balance of the City's General Fund increased by \$716,576 during the current fiscal year compared to a decrease of \$1,052,868 in the previous year. Key factors in the current year change are as follows:

- Sales tax revenues within the General Fund increased \$1,003,905 or 2.74% over the prior fiscal year. This increase was due to the continued improvement within the overall local economy.
- Other revenue increased \$824,059 or 98.1% over the prior fiscal year. The most significant portion of this increase (\$449,149 or 87.9%) was within the miscellaneous sales category that includes: a \$126,771 or 69.1% increase in compressed natural gas sales; a \$104,687 or 95.9% increase in mutual fire aid reimbursement; and a \$170,289 or 168% increase in parking fees.
- General government activities increased \$915,564 or 15.5% over the prior fiscal year. See comments noted above regarding these activities.

The Public Safety Sales Tax Fund has a total fund balance of \$9,795,435 all of which is restricted for public safety activities. The net decrease in fund balance during the current year was \$1,216,035. This decrease was due to the transfer of \$1,031,330 to the Net Revenue Stabilization Fund. The half-cent sales tax was extended indefinitely by voters on April 1, 2014.

The Debt Service Fund has a total fund balance of \$8,967,019 all of which is restricted for the payment of debt service. The net decrease in the fund balance during the current year was \$153,939 due to normally scheduled payments.

The Capital Projects Fund has a total fund balance of \$64,357,671. The net decrease in fund balance during the current year was \$7,266,602. This decrease was due to spending down of general obligation bond monies received in previous years.

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 position of the NMA and NUA funds were \$6,709,159 and \$24,284,070, respectively. The total growth in net position for these funds was \$595,540 and \$3,959,517, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

During the year there was a \$2,507,289 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$788,549 in increases to the public safety budget. The Patrol division received \$286,950 in increases with the most significant portion representing carryover appropriations for purchases of vehicles and computer equipment. The Fire Suppression division also received \$282,389 in increases with the most significant portion representing carryover appropriations for purchase of equipment.
- \$1,320,986 in increases to the public works budget. The Stormwater Drainage division received \$643,632 in increases with the most significant portion representing transfers from the City Council division of a portion of the 2% emergency reserve and the City Manager division for the December 21, 2013 ice storm clean-up.
- \$430,647 in increases to the city controller budget primarily within Information Services for increases related to carryover projects from previous years including document archiving, mobile support and phone system improvements.

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, 2014 the Rainy Day Fund had a balance of \$2,554,596.

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 \$812,763.
 - Taxes were below expectations by \$180,052. The City expected a 4.2% increase but as noted above, General Fund sales taxes increased 2.74%.
 - Franchise taxes were below expectations by \$643,554. This can be attributed to the continued milder weather conditions during Fiscal Year 2014 as was the case in the prior fiscal year.
 - Police court fines exceeded expectations by \$225,838. This revenue also exceeded expectations in the prior two fiscal years. The City continues to aggressively collect these revenues.
- General Fund expenditures and encumbrances were below expectations by \$4,919,836.
 - City Council expenditures were \$917,521 below expectation due to lack of expense of all the 2% reserve.
 - Stormwater Drainage expenditures were \$512,999 below expectations. A significant portion of this was due to savings within the fleet parts and fuel accounts.
 - Fire Suppression expenditures were \$525,924 below expectations. A significant portion of this was due to savings within salary and benefits.
- Net General Fund transfers were \$532,528 less than expected. The Capital Fund transferred \$2,860,760 to the General Fund to cover purchases of capital outlay; this was less than expected.

The City closed the year with a fund balance that was higher than what was budgeted by \$5,200,071.

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, 2014, amounted to \$478,694,369 (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 4% (5% increase for governmental activities and a 3% increase for business-type activities).

Capital Assets
As of June 30

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 54,721,884	\$ 54,137,701	\$ 9,564,008	\$ 9,487,634	\$ 64,285,892	\$ 63,625,335
Buildings and improvements	47,729,768	47,488,637	167,738,999	164,033,392	215,468,767	211,522,029
Machinery and equipment	45,221,812	42,046,941	122,290,803	114,117,417	167,512,615	156,164,358
Infrastructure	445,994,462	437,295,460	-	-	445,994,462	437,295,460
Construction in progress	53,258,104	41,828,185	33,055,186	30,882,711	86,313,290	72,710,896
Less: Accumulated depreciation	(364,879,668)	(355,401,208)	(136,000,989)	(127,830,311)	(500,880,657)	(483,231,519)
Total	\$ 282,046,362	\$ 267,395,716	\$ 196,648,007	\$ 190,690,843	\$ 478,694,369	\$ 458,086,559

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

- Various water line replacement projects were completed at a cost of \$4,076,618.
- Various roadway projects were completed in conjunction with ODOT at a cost of \$2,285,908. The donated portion funded by ODOT amounted to \$1,297,630.
- Certain road bond projects were completed at a cost of \$2,815,189 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 \$52,567,292.
- A variety of water and sewer projects were underway; NUA construction in progress as of the end of the current fiscal year was \$32,391,733.

Additional information on the City's capital assets can be found in note 4 on pages 40-41 of this report.

Long-term debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$72,050,000. Of this amount, \$49,495,000 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 \$22,555,000. The City also had notes payable outstanding of \$35,599,309 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 49,495,000	\$ 58,620,000	\$ -	\$ -	\$ 49,495,000	\$ 58,620,000
Special assessment debt with governmental commitment	-	-	-	-	-	-
Revenue bonds	-	-	22,555,000	22,595,000	22,555,000	22,595,000
Notes payable	14,356,077	13,965,481	21,243,232	22,867,759	35,599,309	36,833,240
Total	<u>\$ 63,851,077</u>	<u>\$ 72,585,481</u>	<u>\$ 43,798,232</u>	<u>\$ 45,462,759</u>	<u>\$ 107,649,309</u>	<u>\$ 118,048,240</u>

The City's total debt decreased by \$10,398,931 (9 percent) during the current fiscal year. The key factor of this change was normally scheduled payments. Also, the Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2009 (\$13,735,000) was refinanced with the Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2013 (\$14,215,000).

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 they rate.

Additional information on the City's long-term debt can be found in note 4 on pages 49-56 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 4.2 percent, which is a decrease of .8 percent from a year ago. This compares favorably to the state's average unemployment rate of 4.5 percent and favorably to the national average rate of 6.1 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 5% over the prior year total.

All of these factors were considered in preparing the City's budget for the 2015 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 POSITION

JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,210,430	\$ 6,167,854	\$ 18,378,284
Restricted cash and cash equivalents	42,761,068	8,450,149	51,211,217
Investments	32,595,136	26,490,248	59,085,384
Restricted investments	9,287,967	-	9,287,967
Receivables:			
Taxes	12,324,920	-	12,324,920
Accounts, net of allowance for estimated uncollectible Business-Type accounts of \$269,271	799,061	3,187,196	3,986,257
Interest	86,242	87,695	173,937
Due from Federal Government	670,898	-	670,898
Internal balances	(10,925)	10,925	-
Inventory	47,128	-	47,128
Total current assets	110,771,925	44,394,067	155,165,992
Non-current assets:			
Restricted cash and cash equivalents	2,079,334	7,986,401	10,065,735
Restricted investments	-	13,500,951	13,500,951
Capital assets not subject to depreciation	107,979,988	42,619,194	150,599,182
Capital assets, net	174,066,374	154,028,813	328,095,187
Total non-current assets	284,125,696	218,135,359	502,261,055
Total assets	394,897,621	262,529,426	657,427,047
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	-	210,173	210,173
Total deferred outflows of resources	-	210,173	210,173
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	2,386,833	3,101,540	5,488,373
Payroll payable	2,658,176	544,804	3,202,980
Accrued interest payable	351,012	323,175	674,187
Retainage payable	195,739	457,892	653,631
Guaranty deposits	5,298,839	1,488,884	6,787,723
Current portion of long-term debt	12,011,120	3,939,698	15,950,818
Total current liabilities	22,901,719	9,855,993	32,757,712
Non-current liabilities:			
Long-term debt and other liabilities	74,029,632	39,043,846	113,073,478
Total non-current liabilities	74,029,632	39,043,846	113,073,478
Total liabilities	96,931,351	48,899,839	145,831,190
NET POSITION			
Net investment in capital assets	244,461,034	159,760,362	404,221,396
Restricted for:			
Debt service	8,967,019	8,285,856	17,252,875
Capital improvements	36,331,961	14,928,999	51,260,960
Public safety	10,630,556	-	10,630,556
Public parks and recreation	1,646,038	-	1,646,038
Public service	788,005	-	788,005
Public works	1,210,262	-	1,210,262
Unrestricted (deficit)	(6,068,605)	30,864,543	24,795,938
Total net position	\$ 297,966,270	\$ 213,839,760	\$ 511,806,030

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary government						
Governmental activities:						
General government	\$ 11,353,764	\$ 2,554,566	\$ -	\$ -	\$ (8,799,198)	\$ (8,799,198)
Planning	3,208,350	1,376,330	-	-	(1,832,020)	(1,832,020)
City controller	3,337,932	214,838	-	-	(3,123,094)	(3,123,094)
Parks and recreation	5,555,796	587,433	277,088	-	(4,691,275)	(4,691,275)
Public works	21,530,165	-	1,132,693	5,501,318	(14,896,154)	(14,896,154)
Public service	2,841,186	-	1,571,526	-	(1,269,660)	(1,269,660)
Public safety	47,819,597	3,125,456	4,552,640	-	(40,141,501)	(40,141,501)
Interest on long-term debt	1,901,483	-	-	-	(1,901,483)	(1,901,483)
Total governmental activities	97,548,273	7,858,623	7,533,947	5,501,318	(76,654,385)	(76,654,385)
Business-type activities:						
Westwood Park	1,456,266	1,102,085	-	-	-	(354,181)
Water	13,261,728	14,053,978	-	2,359,596	-	3,151,846
Wastewater	15,658,935	13,906,530	-	1,362,242	-	(390,163)
Sanitation	13,580,465	14,006,612	-	-	-	426,147
Total business-type activities	43,957,394	43,069,205	-	3,721,838	-	2,833,649
Total primary government	\$ 141,505,667	\$ 50,927,828	\$ 7,533,947	\$ 9,223,156	(76,654,385)	(73,820,736)
General revenues:						
Taxes (unrestricted unless otherwise noted):						
Sales taxes					37,561,813	37,561,813
Sales taxes - restricted					26,018,510	26,018,510
Excise taxes - restricted					-	1,769,195
Franchise taxes					6,782,746	6,782,746
Property taxes - restricted					12,481,940	12,481,940
State use taxes					2,146,403	2,146,403
State use taxes - restricted					357,733	357,733
Hotel/Motel taxes					1,648,452	1,648,452
Alcoholic beverage taxes					272,697	272,697
Cigarette taxes					746,900	746,900
Investment earnings					379,805	342,984
Miscellaneous					2,458,091	312,984
Transfers					703,755	(703,755)
Total general revenues and transfers					91,558,845	93,280,253
Change in net position					14,904,460	19,459,517
Net position - beginning					283,061,810	492,346,513
Net position - ending					\$ 297,966,270	\$ 511,806,030

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2014

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,393,893	\$ -	\$ -	\$ 5,038,169	\$ 1,710,258	\$ 11,142,320
Investments	3,773,314	-	6,626,106	19,539,178	2,656,538	32,595,136
Receivables:						
Taxes	7,651,163	1,585,128	-	2,906,958	181,671	12,324,920
Accounts	736,760	-	-	38,905	23,396	799,061
Interest	8,270	14,796	14,524	42,828	5,824	86,242
Due from Federal Government	-	-	-	-	563,395	563,395
Due from other funds	7,290	1,284	1,789	4,019	899	15,281
Inventory	47,131	-	-	-	-	47,131
Restricted Assets:						
Cash and cash equivalents	1,739,971	1,771,853	2,324,600	39,003,976	-	44,840,400
Investments	2,537,671	6,750,296	-	-	-	9,287,967
Total assets	<u>\$ 20,895,463</u>	<u>\$ 10,123,357</u>	<u>\$ 8,967,019</u>	<u>\$ 66,574,033</u>	<u>\$ 5,141,981</u>	<u>\$ 111,701,853</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and other accrued liabilities	\$ 1,192,317	\$ 44,076	\$ -	\$ 957,443	\$ 53,969	\$ 2,247,805
Payroll payable	2,286,275	283,846	-	41,983	17,803	2,629,907
Due to other funds	-	-	-	-	26,867	26,867
Retainage payable	-	-	-	195,739	-	195,739
Guaranty deposits	4,277,642	-	-	1,021,197	-	5,298,839
Total liabilities	<u>7,756,234</u>	<u>327,922</u>	<u>-</u>	<u>2,216,362</u>	<u>98,639</u>	<u>10,399,157</u>

FUND BALANCES

Nonspendable	47,131	-	-	-	-	47,131
Restricted	-	9,795,435	8,967,019	62,896,569	4,669,813	86,328,836
Committed	2,554,596	-	-	-	-	2,554,596
Assigned	2,152,746	-	-	1,461,102	373,529	3,987,377
Unassigned	8,384,756	-	-	-	-	8,384,756
Total fund balances	<u>13,139,229</u>	<u>9,795,435</u>	<u>8,967,019</u>	<u>64,357,671</u>	<u>5,043,342</u>	<u>101,302,696</u>
Total liabilities and fund balance	<u>\$ 20,895,463</u>	<u>\$ 10,123,357</u>	<u>\$ 8,967,019</u>	<u>\$ 66,574,033</u>	<u>\$ 5,141,981</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

282,046,362

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 position.

(5,219,903)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(80,162,885)

Net assets of governmental activities

\$ 297,966,270

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, 2014

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 46,490,962	\$ 9,440,627	\$ 11,450,509	\$ 17,967,047	\$ 1,648,452	\$ 86,997,597
Licenses and permits	1,425,552	-	-	-	-	1,425,552
Intergovernmental revenues	6,358,385			10,000	2,404,115	8,772,500
Charges for services	10,740,172	-	-	-	177,518	10,917,690
Fines and forfeitures	2,461,635	-	-	-	-	2,461,635
Investment earnings	32,494	57,754	57,140	194,726	23,175	365,289
Other	1,663,802	-	-	480,676	279,990	2,424,468
Total revenues	<u>69,173,002</u>	<u>9,498,381</u>	<u>11,507,649</u>	<u>18,652,449</u>	<u>4,533,250</u>	<u>113,364,731</u>
Expenditures:						
Current:						
General government	6,831,237	-	-	3,386,632	-	10,217,869
Planning	3,378,642	-	-	-	-	3,378,642
City controller	4,483,448	-	-	8,169	-	4,491,617
Parks and recreation	4,186,778	-	-	589,851	153,826	4,930,455
Public works	15,312,665	-	-	2,741,063	-	18,053,728
Public service	-	-	-	-	2,803,244	2,803,244
Public safety	37,467,874	7,653,003	-	85,768	639,302	45,845,947
Capital outlay	1,984,655	1,612,792	-	16,643,318	656,126	20,896,891
Debt service:						
Principal retirement	89,404	-	9,125,000	13,735,000	-	22,949,404
Interest and fiscal charges	1,507	-	1,562,708	835,701	-	2,399,916
Total expenditures	<u>73,736,210</u>	<u>9,265,795</u>	<u>10,687,708</u>	<u>38,025,502</u>	<u>4,252,498</u>	<u>135,967,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,563,208)</u>	<u>232,586</u>	<u>819,941</u>	<u>(19,373,053)</u>	<u>280,752</u>	<u>(22,602,982)</u>
Other financing sources (uses):						
Transfers in	5,398,268	-	-	88,000	-	5,486,268
Transfers out	(118,484)	(1,448,621)	(973,880)	(2,952,948)	(216,134)	(5,710,067)
Issuance of debt and capital lease	-	-	-	14,971,399	-	14,971,399
Net other financing sources (uses)	<u>5,279,784</u>	<u>(1,448,621)</u>	<u>(973,880)</u>	<u>12,106,451</u>	<u>(216,134)</u>	<u>14,747,600</u>
Net change in fund balances	<u>716,576</u>	<u>(1,216,035)</u>	<u>(153,939)</u>	<u>(7,266,602)</u>	<u>64,618</u>	<u>(7,855,382)</u>
Fund balances, July 1, 2013	12,422,653	11,011,470	9,120,958	71,624,273	4,978,724	109,158,078
Fund balances, June 30, 2014	<u>\$ 13,139,229</u>	<u>\$ 9,795,435</u>	<u>\$ 8,967,019</u>	<u>\$ 64,357,671</u>	<u>\$ 5,043,342</u>	<u>\$ 101,302,696</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, 2014

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

Net change in fund balances - total governmental funds	\$ (7,855,382)
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.	9,276,497
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	5,357,516
Debt service principal retirement expensed in fund level financial statements but treated as reduction in outstanding debt in government-wide financial statements	23,214,367
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(142,186)
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	134,877
The issuance of long-term debt provides current financial resources to governmental funds	(14,971,399)
Decrease in liability for incurred claims and compensated absences and miscellaneous expensed in government-wide financial statements	(79,670)
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>(30,160)</u>
Change in net assets of governmental activities	<u>\$ 14,904,460</u>

See notes to financial statements

THE CITY OF NORMAN, OKLAHOMA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities			Governmental Activities
	Norman Municipal Authority	Norman Utilities Authority	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,140,363	\$ 4,027,491	\$ 6,167,854	\$ 1,068,110
Restricted cash and cash equivalents	527,374	7,922,775	8,450,149	-
Investments	4,623,719	21,866,529	26,490,248	-
Receivables:				
Accounts, net of allowance estimated uncollectible accounts	789,182	2,398,014	3,187,196	-
Interest	10,140	77,555	87,695	-
Due from Federal Government	-	-	-	107,503
Due from other funds	1,716	9,209	10,925	660
Total current assets	8,092,494	36,301,573	44,394,067	1,176,273
Noncurrent assets:				
Restricted cash and cash equivalents	537,109	7,449,292	7,986,401	-
Restricted investments	-	13,500,951	13,500,951	-
Capital assets, net	17,189,824	179,458,183	196,648,007	-
Total noncurrent assets	17,726,933	200,408,426	218,135,359	-
Total assets	25,819,427	236,709,999	262,529,426	1,176,273
DEFERRED OUTFLOW OF RESOURCES				
Deferred charge on refunding	-	210,173	210,173	-
Total deferred outflows of resources	-	210,173	210,173	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	236,021	2,865,519	3,101,540	139,150
Payroll payable	233,604	311,200	544,804	28,269
Accrued interest payable	34,404	288,771	323,175	-
Retainage payable	2,741	455,151	457,892	-
Guaranty deposits	351,116	1,137,768	1,488,884	-
Revenue bonds payable	130,000	1,985,000	2,115,000	-
Notes payable	535,000	1,256,124	1,791,124	-
Compensated absences	11,954	21,620	33,574	2,436
Total current liabilities	1,534,840	8,321,153	9,855,993	169,855
Noncurrent liabilities:				
Notes payable	3,680,000	15,772,108	19,452,108	-
Compensated absences	396,472	717,080	1,113,552	26,321
Liability for incurred claims	-	-	-	6,200,000
Revenue bonds payable, net	1,110,169	17,368,017	18,478,186	-
Total noncurrent liabilities	5,186,641	33,857,205	39,043,846	6,226,321
Total liabilities	6,721,481	42,178,358	48,899,839	6,396,176
NET POSITION				
Net investment in capital assets	11,709,824	148,050,538	159,760,362	-
Restricted for debt service	678,963	7,606,893	8,285,856	-
Restricted for capital improvements	-	14,928,999	14,928,999	-
Unrestricted	6,709,159	24,155,384	30,864,543	(5,219,903)
Total net position	\$ 19,097,946	\$ 194,741,814	\$ 213,839,760	\$ (5,219,903)

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities			Governmental Activities
	Norman Municipal Authority	Norman Utilities Authority	Total	Internal Service Fund
Operating revenues:				
Golf and pool fees	\$ 1,102,085	\$ -	\$ 1,102,085	\$ -
Water service, net	-	15,089,962	15,089,962	-
Wastewater service, net	-	13,906,530	13,906,530	-
Sanitation services, net	13,815,159	-	13,815,159	-
Self-insurance charges:				
Charges for services	-	-	-	12,094,185
Risk management administration	-	-	-	394,228
Workers' compensation	-	-	-	990,535
Other	233,353	279,377	512,730	284,794
Total operating revenues	15,150,597	29,275,869	44,426,466	13,763,742
Operating expenses:				
Salaries and benefits	4,889,088	6,844,260	11,733,348	957,489
Supplies and materials	1,435,756	1,741,245	3,177,001	-
Services, maintenance and claims	7,203,256	12,055,352	19,258,608	13,769,967
Depreciation and amortization	1,302,018	7,844,988	9,147,006	-
Total operating expenses	14,830,118	28,485,845	43,315,963	14,727,456
Operating income (loss)	320,479	790,024	1,110,503	(963,714)
Nonoperating revenues (expenses):				
Excise tax revenue	-	1,769,195	1,769,195	-
Investment earnings	39,240	303,744	342,984	6,000
Interest and fiscal charges	(206,613)	(1,750,178)	(1,956,791)	-
Miscellaneous income	37,538	233,545	271,083	-
Net nonoperating revenues (expenses)	(129,835)	556,306	426,471	6,000
Income before capital contributions and transfers	190,644	1,346,330	1,536,974	(957,714)
Capital contributions - donated water and sewer distribution systems	-	3,721,838	3,721,838	-
Transfers in	404,896	20,000	424,896	973,880
Transfers out	-	(1,128,651)	(1,128,651)	(46,326)
Net capital contributions and transfers	404,896	2,613,187	3,018,083	927,554
Net income (loss)	595,540	3,959,517	4,555,057	(30,160)
Net position - beginning	18,502,406	190,782,297	209,284,703	(5,189,743)
Net position - ending	\$ 19,097,946	\$ 194,741,814	\$ 213,839,760	\$ (5,219,903)
See notes to financial statements				

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities			Governmental Activities
	Norman Municipal Authority	Norman Utilities Authority	Total	Interal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 15,236,728	\$ 28,726,533	\$ 43,963,261	\$ 13,656,239
Cash paid to employees for services	(4,921,740)	(6,867,756)	(11,789,496)	(935,340)
Cash paid to suppliers	(8,693,806)	(11,762,598)	(20,456,404)	(13,712,770)
Other receipts (payments)	3,428	291,253	294,681	(660)
Net cash provided by (used for) operating activities	1,624,610	10,387,432	12,012,042	(992,531)
Cash flows from noncapital financing activities:				
Transfers in	404,896	20,000	424,896	973,880
Transfers out	-	(1,128,651)	(1,128,651)	(46,326)
Net cash provided by (used for) noncapital financing activities	404,896	(1,108,651)	(703,755)	927,554
Cash flows from capital and related financing activities:				
Proceeds from disposal of capital assets	129,244	13,938	143,182	-
Payments for the acquisition of capital assets	(2,078,052)	(9,481,985)	(11,560,037)	-
Proceeds from taxes	-	1,769,195	1,769,195	-
Principal payments on revenue bonds	(120,000)	(1,920,000)	(2,040,000)	-
Principal payments on notes payable	(395,000)	(1,229,528)	(1,624,528)	-
Interest and fiscal charges paid	(202,704)	(1,709,933)	(1,912,637)	-
Net cash provided by (used for) capital and related financing activities	(2,666,512)	(12,558,313)	(15,224,825)	-
Cash flows from investing activities:				
Proceeds from maturity of investments	503,747	13,608,998	14,112,745	-
Payments for purchases of investments	(1,249,582)	(9,558,228)	(10,807,810)	-
Investment earnings received	169,466	466,424	635,890	6,000
Net cash used for investing activities	(576,369)	4,517,194	3,940,825	6,000
Net change in cash and cash equivalents	(1,213,375)	1,237,662	24,287	(58,977)
Cash and cash equivalents - beginning	4,418,221	18,161,896	22,580,117	1,127,087
Cash and cash equivalents - ending	\$ 3,204,846	\$ 19,399,558	\$ 22,604,404	\$ 1,068,110
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 320,479	\$ 790,024	\$ 1,110,503	\$ (963,714)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Miscellaneous revenue	37,538	233,545	271,083	-
Bad debt expense	80,178	167,609	247,787	-
Depreciation	1,302,018	7,844,988	9,147,006	-
(Gain) on disposal of property, plant and equipment	(32,394)	66,917	34,523	-
Decrease in accounts receivable, net	(2,093)	(719,540)	(721,633)	-
Increase in due from Federal Government	-	-	-	(107,503)
Increase in due from other funds	(1,716)	(9,209)	(10,925)	(660)
Increase (decrease) in accounts payable and accrued liabilities	(57,535)	1,578,848	1,521,313	40,455
Increase in payroll payable	4,865	17,167	22,032	28,269
Increase in retainage payable	2,741	455,151	457,892	-
Increase in guaranty deposits	8,046	2,595	10,641	-
Decrease in compensated absences	(37,517)	(40,663)	(78,180)	(6,120)
Net cash provided by operating activities	\$ 1,624,610	\$ 10,387,432	\$ 12,012,042	\$ (1,009,273)
NONCASH ACTIVITIES:				
Donated water and sewer distribution systems	\$ -	\$ 3,721,838	\$ 3,721,838	\$ -
Change in unrealized (gain) loss on investments	\$ 126,208	\$ (161,077)	\$ (34,869)	\$ -

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS JUNE 30, 2014

	Pension Trust Fund	Centennial Agency Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,661
Investments		
Mutual funds	71,602,163	-
U.S. Agencies	-	4,209
Interest receivable	-	9
Due from other funds	-	1
Loans to 401(a) Plan participants	<u>4,157,812</u>	<u>-</u>
Total assets	<u>\$ 75,759,975</u>	<u>\$ 5,880</u>
LIABILITIES AND NET POSITION		
Funds held for others	\$ -	\$ 5,880
Net position:		
Held in trust for pension benefits	415,391	-
Held in trust for retirement benefits	<u>75,344,584</u>	<u>-</u>
Total liabilities and net position	<u>\$ 75,759,975</u>	<u>\$ 5,880</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund
ADDITIONS:	
Contributions:	
Employer	\$ 2,326,965
Employee	<u>1,752,876</u>
Total contributions	4,079,841
Investment income	<u>11,005,428</u>
Total additions	<u>15,085,269</u>
DEDUCTIONS:	
Pension benefits paid	5,271,390
Administration costs	<u>16,146</u>
Total deductions	<u>5,287,536</u>
NET INCREASE	9,797,733
Net position held in trust for pension and retirement benefits, Beginning of year	<u>65,962,242</u>
End of year	<u>\$ 75,759,975</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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”). 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. The accompanying 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. 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 and does not issue separate financial statements.

The Norman Utilities Authority (“NUA”) was established February 2, 1970. Activities of the NUA include financing and operating certain 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 and does not issue separate financial statements.

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 within the Capital Project Fund in the governmental funds balance sheet and does not issue separate financial statements.

The Norman Economic Development Authority (“NEDA”) was established June 12, 2012. Activities of the NEDA include financing and operating economic development activities for the City. The governing body of the NEDA is the same as the City’s governing body. The City is the sole beneficiary of the NEDA and receives all trust properties upon termination. The City maintains all accounting records. As of June 30, 2014, NEDA had no transactions.

Basis of presentation –The City follows Governmental Accounting Standards Board (“GASB”) statements in the preparation of its financial statements. Additional information regarding the basis of accounting and the differences in presentation are contained in the 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 position 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, intergovernmental revenues and other nonexchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

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. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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 and claims and judgments 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. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. 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 the general operations of the City and all other 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.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of financial resources that are restricted or assigned 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, committed or assigned to expenditures for specified purposes. The City has eight 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 received from the US Department of Housing and Urban Development ("HUD").
- *Special Grants Fund* - Established to account for revenues and expenditures of other miscellaneous grants received from various sources.
- *Park Land Fund* - Established by City ordinance to receive revenues from developer fees dedicated to the acquisition of park land around the City.
- *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 property tax revenue received 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 – A blended component unit established to account for the construction and operation of Westwood Park recreational facilities and the City's sanitation services.

Norman Utilities Authority – A blended component unit 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 by departments to provide for the self-insurance of Workers' Compensation and Unemployment Insurance and to pay claims and receive premiums on insurance for employee health and property loss on a long-term cost-reimbursement basis.

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 that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 and the internal service fund 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, 2014, 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.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure 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 position. Bond premiums and discounts, 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 expensed during the current period.

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, 2014, 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 statements for claims and judgments payable. A liability for these amounts is reported in governmental funds when they become due and payable.

- 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 position and displayed in three components:
 1. *Net investment in capital assets* – 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 position* – 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, 2014 related to three ordinances benefiting the City's wastewater system which provide funds that are being held to complete capital projects.
 3. *Unrestricted net position* – All other assets that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted net positions 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 and based on the nature of any limitations requiring the use of resources for specific purposes.

- 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 by City Council is taken (the adoption of another ordinance) to remove or revise the limitation.

- d) *Assigned* – Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e) *Unassigned* – Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is the City's policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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, 2014 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 position.
- 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.

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 position – The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$80,162,885 difference are as follows:

General obligation bonds payable	\$ 49,656,802
Notes payable	14,356,077
Capital leases payable	491,436
Compensated absences	7,124,088
Net OPEB obligation	8,183,470
Accrued interest payable	<u>351,012</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 80,162,885</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 position 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 \$9,276,497 difference are as follows:

Capital outlay	\$ 20,896,891
Depreciation expense	<u>(11,620,394)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 9,276,497</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 \$5,357,516 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 5,364,449
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.	128,926
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>(135,859)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,357,516</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 \$134,877 difference are as follows:

Accrued interest payable	\$ 241,986
Change in net OPEB obligation	(123,742)
Other	<u>16,633</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 134,877</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, 2014 amounted to \$40,723,031. Unencumbered appropriations lapse at year end while encumbered appropriations are carried over to the ensuing fiscal year until utilized or canceled and are classified within the restricted, committed or assigned fund balance category, as appropriate, based on the criteria of the fund balance classifications.

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's policy for collateralization is that pledged securities will have a market value of at least 102% of the value of funds on deposit and that collateral be limited to either 1) U.S. Treasury, agency and instrumentality securities or 2) direct debt obligations of municipalities, counties, and school districts in Oklahoma. As of June 30, 2014, none of the City's bank balance of \$65,432,039 was exposed to custodial credit risk. As of June 30, 2014, the City carrying balance of these deposits was \$64,846,362.

Interest Rate Risk – As of June 30, 2014, the City had the following investments subject to interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Mutual Funds	\$ 18,092,336	0.12
U.S. Treasury Notes	9,989,955	1.48
U.S. Treasury Strips	1,990,060	1.63
Federal Home Loan Bank	18,743,380	0.94
Federal Farm Credit Bank	13,526,065	1.46
Federal National Mortgage Association	29,857,265	1.62
Federal Home Loan Mortgage Corporation	4,484,115	2.38
Total fair value	<u>\$ 96,683,176</u>	
Portfolio weighted average maturity		1.45

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.

The following schedules reconcile the carrying amounts of deposits and investments above to the government-wide statement of net position:

Primary Government:

Carrying value of deposits -	
Pooled and nonpooled funds	\$ 64,846,362
Money market mutual funds	18,092,336
Less: Certificates or deposits classified as investments	<u>(3,283,462)</u>
	<u>\$ 79,655,236</u>

Cash as reported on the government-wide statement of net position -	
Cash and cash equivalents	\$ 18,378,284
Restricted cash and cash equivalents - current	51,211,217
Restricted cash and cash equivalents - long-term	<u>10,065,735</u>
	<u>\$ 79,655,236</u>

Carrying value of investments -	
Pooled and nonpooled funds	\$ 96,683,176
Site development certificate of deposits	3,283,462
Less: Money market mutual funds classified as cash equivalent	<u>(18,092,336)</u>
	<u>\$ 81,874,302</u>

As reported on the government-wide statement of net position -	
Investments	\$ 59,085,384
Restricted investments - current	9,287,967
Restricted investments - long-term	<u>13,500,951</u>
	<u>\$ 81,874,302</u>

Credit Risk –The City’s investment policy does not cover credit risk. The City’s investments as of June 30, 2014 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	Aaa	AA+
Federal Home Loan Mortgage Corporation	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
Federal National Mortgage Association	Aaa	AA+
Money Market Mutual Funds	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, United States Treasury Notes and Federal Home Loan Mortgage Corporation. These investments are 24%, 17%, 38%, 13% and 6%, respectively, of the City’s total investments.

Fiduciary Funds – The City’s fiduciary funds are not included in the risks and amounts identified above and are invested in mutual funds traded on public exchanges and have substantially the same risks as the primary government.

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, 2014, 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 \$670,898 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, 2014 consisted of the following:

Transfers In					
Transfers Out	General Fund	Capital Projects Fund	Enterprise Funds	Internal Service Fund	Total Transfers Out
General Fund	\$ -	\$ 10,000	\$ 108,484	\$ -	\$ 118,484
Public Safety Sales Tax Fund	1,370,621	78,000	-	-	1,448,621
Nonmajor Governmental Funds	12,000	-	204,134	-	216,134
Debt Svs Fund	-	-	-	973,880	973,880
Capital Projects Fund	2,860,670	-	92,278	-	2,952,948
Internal Service Fund	26,326	-	20,000	-	46,326
Enterprise Funds	<u>1,128,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128,651</u>
Total Transfers In	<u>\$ 5,398,268</u>	<u>\$ 88,000</u>	<u>\$ 424,896</u>	<u>\$ 973,880</u>	<u>\$ 6,885,044</u>

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

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

- The Capital Projects Fund transferred \$2,845,106 to the General Fund to pay for the purchase of vehicles and equipment and fund street maintenance projects.
- The Debt Services Fund transferred \$973,880 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 \$1,031,328 to the General Fund to further build a reserve in case of a revenue shortfall (i.e., Rainey Day Fund).

Capital Assets – Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 54,137,701	\$ 584,183	\$ -	\$ 54,721,884
Construction in progress	41,828,185	17,060,953	(5,631,034)	53,258,104
Capital assets, being depreciated:				
Buildings	30,671,037	328,699	(40,391)	30,959,345
Improvements other than buildings	16,817,600	-	(47,177)	16,770,423
Machinery and equipment	25,500,154	2,977,921	(927,076)	27,550,999
Vehicles	16,546,787	3,559,857	(2,435,831)	17,670,813
Infrastructure	<u>437,295,460</u>	<u>8,699,002</u>	<u>-</u>	<u>445,994,462</u>
Totals at historical cost	<u>622,796,924</u>	<u>33,210,615</u>	<u>(9,081,509)</u>	<u>646,926,030</u>
Less accumulated depreciation				
Buildings	(11,692,067)	(929,638)	33,457	(12,588,248)
Improvements other than buildings	(10,674,790)	(474,520)	47,177	(11,102,133)
Machinery and equipment	(17,923,853)	(1,716,407)	927,076	(18,713,184)
Vehicles	(10,669,240)	(1,186,090)	1,134,226	(10,721,104)
Infrastructure	<u>(304,441,258)</u>	<u>(7,313,741)</u>	<u>-</u>	<u>(311,754,999)</u>
Total accumulated depreciation	<u>(355,401,208)</u>	<u>(11,620,396)</u>	<u>2,141,936</u>	<u>(364,879,668)</u>
Governmental activities capital assets, net	<u>\$ 267,395,716</u>	<u>\$ 21,590,219</u>	<u>\$ (6,939,573)</u>	<u>\$ 282,046,362</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 9,487,634	\$ 76,374	\$ -	\$ 9,564,008
Construction in progress	30,882,711	8,077,584	(5,905,109)	33,055,186
Capital assets, being depreciated:				
Buildings and improvements	164,033,392	3,862,332	(156,725)	167,738,999
Machinery and equipment	<u>114,117,417</u>	<u>9,261,495</u>	<u>(1,088,109)</u>	<u>122,290,803</u>
Totals at historical cost	<u>318,521,154</u>	<u>21,277,785</u>	<u>(7,149,943)</u>	<u>332,648,996</u>
Less accumulated depreciation				
Buildings and improvements	(86,190,095)	(3,944,120)	84,202	(90,050,013)
Machinery and equipment	<u>(41,640,216)</u>	<u>(5,202,886)</u>	<u>892,126</u>	<u>(45,950,976)</u>
Total accumulated depreciation	<u>(127,830,311)</u>	<u>(9,147,006)</u>	<u>976,328</u>	<u>(136,000,989)</u>
Business-type activities capital assets, net	<u>\$ 190,690,843</u>	<u>\$ 12,130,779</u>	<u>\$ (6,173,615)</u>	<u>\$ 196,648,007</u>

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

Governmental activities:

General government	\$422,159
Planning	40,573
City controller	287,518
Parks and recreation	629,120
Public works	8,371,431
Public service	200
Public safety	<u>1,869,395</u>
Total depreciation expense – governmental activities	<u>\$11,620,396</u>

Business-type activities:

Westwood park	\$149,274
Utilities authority	7,844,988
Sanitation services	<u>1,152,744</u>
Total depreciation expense – business-type activities	<u>\$9,147,006</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, 2014, 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, 2014, the date of the last actuarial study, the Annuity Pool participants included only 11 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, 2014 the Actuarial Accrued Liability for the Annuity Pool was \$700,357 and the market value of assets in the Annuity Pool was \$461,799. The City’s actuary has suggested an annual contribution for a period of ten years commencing July 1, 2014. 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 made a \$40,000 contribution to the plan in 2014. 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, 2014 was \$26,905,471, and total City payroll was \$51,204,663.

Substantially all full-time, non-uniformed employees of the City are required to participate in the 401(a) Plan. At June 30, 2014, there were 516 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 2014 were \$4,079,841. The contributions expressed in dollars and percent of covered payroll were: City - \$2,286,965, 8.5%, participants - \$1,748,857, 6.5%. 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
2012	3,892,936	100%
2013	4,013,239	100%
2014	4,079,841	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 Position
June 30, 2014**

	Annuity Pool Fund	401(a) Plan Fund	Total
Assets			
Investments - mutual funds	\$ 415,391	\$ 71,186,772	\$ 71,602,163
Loans to 401(a) Plan participants	-	4,157,812	4,157,812
Total assets	<u>\$ 415,391</u>	<u>\$ 75,344,584</u>	<u>\$ 75,759,975</u>
Liabilities and Net Position			
Net assets - Held in trust for pension benefits	\$ 415,391	\$ -	\$ 415,391
Net assets - Held in trust for retirement benefits	-	75,344,584	75,344,584
Total liabilities and net position	<u>\$ 415,391</u>	<u>\$ 75,344,584</u>	<u>\$ 75,759,975</u>

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014**

	Annuity Pool Fund	401(a) Plan Fund	Total
Additions:			
Contributions - employer	\$ 40,000	\$ 2,286,965	\$ 2,326,965
Contributions - employee	-	1,752,876	1,752,876
Investment income	66,832	10,938,596	11,005,428
Total additions	<u>106,832</u>	<u>14,978,437</u>	<u>15,085,269</u>
Deductions:			
Pension benefits paid	113,592	5,157,798	5,271,390
Administration costs	2,363	13,783	16,146
Total deductions	<u>115,955</u>	<u>5,171,581</u>	<u>5,287,536</u>
Net increase (decrease)	(9,123)	9,806,856	9,797,733
Net assets held in trust for pension and retirement benefits:			
Beginning of year	<u>424,514</u>	<u>65,537,728</u>	<u>65,962,242</u>
End of year	<u>\$ 415,391</u>	<u>\$ 75,344,584</u>	<u>\$ 75,759,975</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 \$10,791,880 for the year ended June 30, 2014, while the City's total payroll for all employees was \$51,204,663 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 9% of their base pay to the pension plan (starting November 1, 2013) until they reach 20 years of service, after which no contributions are required. The City is required to pay 14% of base salary (starting November 1, 2013). For the year ended June 30, 2014, the total contribution to the system amounted to \$2,405,435 of which \$1,473,018 was made by the City and \$932,417 was made by the employees. These contributions represent 13.6% (City) and 8.6% (member) of covered payroll. The difference between the required 9% mentioned above and the actual contribution of 8.6% relates to 1) the change mid year (November 1, 2013) to the required contribution for members and 2) 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 \$3,000,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2014 financial statements.

Trend Information

Oklahoma Firefighters' Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed
2012	1,969,230	100%
2013	2,163,050	100%
2014	2,405,435	100%

Related Party Investments - During fiscal year 2014 and as of June 30, 2014, 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 \$10,645,515 for the year ended June 30, 2013, while the City's total payroll for all employees was \$51,204,663 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, 2014, the total contribution to the system amounted to \$2,236,899, of which \$1,383,917 was made by the City and \$852,982 was made by the employees. These contributions represent 13% (City) and 8% (member) of covered payroll. 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 2014 financial statements

Funding Status and Progress

Oklahoma Police Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed
2012	2,106,700	100%
2013	2,166,048	100%
2014	2,236,899	100%

Related Party Investments - During fiscal year 2014 and as of June 30, 2014, 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.

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, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	34
Terminated employees entitled to benefits but not yet receiving them	0
Active employees	<u>726</u>
Total	<u>760</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, 2014, 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 2012 through 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost		Percentage of Annual		Net Obligation (Asset)
			Employer Contributions	OPEB Cost Contributed	
June 30, 2012	\$	1,412,385	\$ 234,405	16.6%	\$ 7,141,294
June 30, 2013		1,131,187	212,753	18.8%	8,059,728
June 30, 2014		436,932	313,189	71.7%	8,183,470

The net OPEB obligation (NOO) as of June 30, 2014, was calculated as follows:

Annual required contribution	\$ 580,638
Interest on net OPEB obligation	322,389
Adjustment to annual required contribution	(466,096)
Annual OPEB cost	436,931
Contributions made	313,189
Increase (decrease) in net OPEB obligation	123,742
Net OPEB obligation, beginning of year	<u>8,059,728</u>
Net OPEB obligation, end of year	<u>\$ 8,183,470</u>

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 5,258,480
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 5,258,480
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 43,368,706
UAAL as a percentage of covered payroll	12%

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, 2013 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 over time to arrive at an ultimate healthcare cost trend rate of 3.8%. Dental trends were assumed to be 70% of medical trends. The rates included an inflation assumption that declines over time from 2.5% to 2.3%. 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 primarily attributed to a decrease in the claim costs assumption for medical benefits that was adjusted based on the actual reported claims and expenses incurred by the City over the previous 24 months.

Guaranty Deposits - At June 30, 2014, the guaranty deposit accounts of the City included the following deposit liabilities:

Governmental activities:

Oil and gas drilling escrow	\$219,000
Site improvements	4,695,257
Contractor's escrow	113,664
Park improvement	10,529
Court fines and bond deposits	65,712
Others	<u>194,677</u>
Total governmental activities	<u>\$5,298,839</u>

Business-type activities:

Utility deposits	<u>\$1,488,884</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, 2014, the net assessed valuation approximated \$843,439,701. The City had no such bonds outstanding at June 30, 2014. There is no such limit on the issuance of other types of general obligation bonds.

General obligation bonds outstanding as of June 30, 2014 are as follows:

\$8,370,000 2005A Combined Purpose General Obligation bonds, due in annual installments of \$440,000 to \$450,000 beginning June 1, 2007 through June 1, 2025 at interest rates ranging from 3.5% to 4.5% (for various street improvements and new fire station)	\$ 4,850,000
\$7,300,000 2007A Combined Purpose General Obligation bonds, due in annual installments of \$380,000 to \$460,000 beginning June 1, 2009 through June 1, 2027 at interest rates ranging from 3.8% to 4.25% (for various street improvements)	5,020,000
\$5,210,000 2008A Combined Purpose General Obligation bonds, due in annual installments of \$575,000 to \$610,000 beginning June 1, 2010 through December 1, 2018 at interest rates ranging from 3.375% to 4.25% (for various street improvements)	2,910,000
\$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 ranging from 1.00% to 1.50% (for citywide pavement reconstruction and outdoor warning sirens)	3,130,000
\$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 ranging from .50% to 2.00% (for citywide pavement reconstruction)	11,250,000
\$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 ranging from 1.00% to 2.00% (for construction of Animal Shelter)	2,285,000
\$20,050,000 2012D General Obligation bonds, due in annual installments of \$1,055,000 to \$1,060,000 beginning December 1, 2014 through December 1, 2032 at interest rates ranging from 2.5% to 3.0% (for various street reconstruction projects)	<u>20,050,000</u>
Total general obligation bonds	<u>\$ 49,495,000</u>

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

Fiscal Year	Principal	Interest	Total
2015	\$ 8,510,000	\$ 1,183,784	\$ 9,693,784
2016	8,520,000	1,064,236	9,584,236
2017	6,985,000	890,969	7,875,969
2018	2,450,000	725,226	3,175,226
2019	2,485,000	647,264	3,132,264
2020 – 2024	9,375,000	2,337,706	11,712,706
2024 – 2029	6,945,000	1,028,303	7,973,303
2030 – 2033	<u>4,225,000</u>	<u>245,153</u>	<u>4,470,153</u>
Total	<u>\$ 49,495,000</u>	<u>\$ 8,122,641</u>	<u>\$ 57,617,641</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, 2014 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 ranging from 3.5% to 6.125%	\$ 1,265,000
\$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 ranging from 2.25% to 4.00%	2,280,000
\$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 ranging from 3.25% to 4.00%	1,715,000
\$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 ranging from 3.875% to 5.00%	<u>15,295,000</u>
Total revenue bonds	<u>\$ 20,555,000</u>

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

Fiscal Year	Principal	Interest	Total
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	1,400,000	567,206	1,967,206
2019	1,470,000	496,488	1,966,488
2020 – 2024	6,880,000	1,554,297	8,434,297
2025 – 2027	<u>4,280,000</u>	<u>261,400</u>	<u>4,541,400</u>
Total	<u>\$ 20,555,000</u>	<u>\$ 5,081,635</u>	<u>\$ 25,636,635</u>

The Utility Revenue Bonds Series 2003 (\$7,740,000), Utility Revenue Bonds Series 2005 (\$4,780,000) and Utility Revenue Bonds Series 2006 (20,700,000) 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. Proceeds from the Series 2003 were used to advance refund a previous sewer revenue bond. Proceeds from the Series 2005 were used to refund a previous sewer revenue bond issue and advance refund a general obligation bond. Proceeds from the Series 2006 were used to complete construction improvements to the water system. The bonds are payable solely from sewer and water customer net revenues, respectively, and are payable through 2016, 2019 and 2027, respectively. Annual principal and interest payments on the sewer and water bonds are expected to require less than 25 and 38 percent of net revenues, respectively. The total principal and interest remaining to be paid on the bonds is \$2,420,343, \$1,890,696 and \$19,690,909, respectively. Principal and interest paid for the current year was \$761,265, \$461,573 and \$1,517,331, respectively. Total sewer and water customer net revenues were \$13,906,530 and \$15,089,962, respectively, for the current year.

The Municipal Revenue Bonds Series 2002 (\$2,315,000) 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. Proceeds were used to complete capital project improvements to the golf course property. As stated above, the bonds are payable solely from Westwood facility operations and room tax collections and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 29 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,634,685. Principal and interest paid for the current year was \$202,884. Total Westwood net revenues and room tax collections were \$1,506,981 for the current year.

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, 2014 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%.	\$ 552,117
\$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.	207,489
\$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.	1,367,949
\$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.	2,775,000
\$14,215,000 Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2013, due in annual payments ranging from \$750,000 to \$2,790,000 beginning September 1, 2014 through September 1, 2023. The loan has a 3.81% interest rate.	14,215,000
\$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.	4,751,429
\$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.	10,149,248
\$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%.	6,838

\$1,620,000 sanitation system loan payable to various holders due in semi-annual installments ranging from \$30,000 to \$165,000 beginning October 1, 2013 through October 1, 2018. The loan has a 1.1455% interest rate. 1,440,000

\$140,387 Norman Municipal Authority loan payable to Republic Bank in annual installments beginning January 1, 2014 through November 1, 2022. The loan has a 0% interest rate. 134,239

\$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, at interest rates not to exceed 8%. As of June 30, 2014, no advances have been drawn.

Total notes payable \$ 35,599,309

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

Fiscal Year	Principal	Interest	Total
2015	\$ 2,950,545	\$ 1,186,703	\$ 4,137,248
2016	2,963,118	1,115,236	4,078,354
2017	2,989,631	1,038,852	4,028,483
2018	2,992,728	958,842	3,951,570
2019	3,114,888	877,395	3,992,283
2020 – 2024	17,508,510	2,864,748	20,373,258
2025 – 2029	7,306,664	870,497	8,177,161
2030 – 2033	4,023,225	108,320	4,131,545
Less unfund note	<u>(8,250,000)</u>	<u>-</u>	<u>(8,250,000)</u>
Total	<u>\$ 35,599,309</u>	<u>\$ 9,020,593</u>	<u>\$ 44,619,902</u>

e. *Capital Leases Payable* – Capital leases payable as of June 30, 2014 are as follows:

\$746,399 capital lease payable in annual installments of \$264,963 beginning December 1, 2013 through December 1, 2015. The capital lease has a 6.643% interest rate. \$ 491,436

The City entered into a lease agreement as lessee for financing the acquisition of a new phone system. The assets acquired (machinery and equipment) totaled \$794,889. As of June 30, 2014 accumulated depreciation totaled \$0 on the phone system.

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

Fiscal Year	Principal	Interest	Total
2015	\$ 232,981	\$ 31,982	\$ 264,963
2016	<u>258,455</u>	<u>16,508</u>	<u>274,963</u>
Total	<u>\$ 491,436</u>	<u>\$ 48,490</u>	<u>\$ 539,926</u>

- f. *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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 58,620,000	\$ -	\$ (9,125,000)	\$ 49,495,000	\$ 8,510,000
Issuance premium/(discount)	<u>170,318</u>	<u>-</u>	<u>(8,516)</u>	<u>161,802</u>	<u>-</u>
Total bonds payable	58,790,318	-	(9,133,516)	49,656,802	8,510,000
Notes payable	13,965,481	14,215,000	(13,824,404)	14,356,077	1,159,419
Capital leases	-	756,399	(264,963)	491,436	232,981
Liability for incurred claims	6,200,000	12,134,605	(12,134,483)	6,200,122	1,500,000
Net OPEB obligation	8,059,728	436,931	(313,189)	8,183,470	-
Compensated absences	<u>7,079,293</u>	<u>5,079,145</u>	<u>(5,005,593)</u>	<u>7,152,845</u>	<u>608,720</u>
Government activity long-term liabilities	<u>\$ 94,094,820</u>	<u>\$ 32,622,080</u>	<u>\$ (40,676,148)</u>	<u>\$ 86,040,752</u>	<u>\$ 12,011,120</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 22,595,000	\$ -	\$ (2,040,000)	\$ 20,555,000	\$ 2,115,000
Less deferred amounts:					
For issuance premium and (discount)	<u>36,825</u>	<u>1,361</u>	<u>-</u>	<u>38,186</u>	<u>-</u>
Total bonds payable	22,631,825	1,361	(2,040,000)	20,593,186	2,115,000
Notes payable	22,867,759	-	(1,624,527)	21,243,232	1,791,124
Compensated absences	<u>1,225,307</u>	<u>903,061</u>	<u>(981,242)</u>	<u>1,147,126</u>	<u>33,574</u>
Business-type activity long-term liabilities	<u>\$ 46,724,891</u>	<u>\$ 904,422</u>	<u>\$ (4,645,769)</u>	<u>\$ 42,983,544</u>	<u>\$ 3,939,698</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, 2014:

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Inventory	\$ 47,131	\$ -	\$ -	\$ -	\$ -	\$ 47,131
Restricted:						
Debt service reserve	-	-	8,967,019	-	-	8,967,019
Arts and humanities	-	-	-	-	127,246	127,246
Convention and tourism	-	-	-	-	254,875	254,875
Grant activities	-	-	-	-	1,920,879	1,920,879
Bond capital projects	-	-	-	25,136,474	-	25,136,474
Other capital projects	-	-	-	37,760,095	1,518,010	39,278,105
Seizures	-	-	-	-	819,860	819,860
CLEET	-	-	-	-	28,943	28,943
Public safety	-	9,795,435	-	-	-	9,795,435
Committed:						
Economic stabilization	2,554,596	-	-	-	-	2,554,596
Assigned:						
Other capital projects	-	-	-	1,461,102	-	1,461,102
Grant activities	-	-	-	-	373,529	373,529
Orders on purchase	2,152,746	-	-	-	-	2,152,746
Unassigned:	<u>8,384,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,384,756</u>
Total fund balances	<u>\$13,139,229</u>	<u>\$ 9,795,435</u>	<u>\$ 8,967,019</u>	<u>\$ 64,357,671</u>	<u>\$ 5,043,342</u>	<u>\$ 101,302,696</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. Further, expenditures of the reserved amounts may occur only when specific circumstances exist. As of June 30, 2014 the Rainy Day Fund had a balance of \$2,554,596.

6. RISK MANAGEMENT

The City is self-insured against the following risks:

- Employee health claims to a maximum liability of \$195,000 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 \$195,000 limit are covered by insurance. The City's unpaid claims liability of \$6,200,122 reported at June 30, 2014 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. A liability for these amounts are recorded in governmental funds when they become due and payable. As of June 30, 2014, no liability has been recognized in the governmental fund financial statements. There are no allocated or unallocated claim adjustment expenditures/expenses included in the liability for unpaid claims.

At June 30, 2014, 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	Due Within One Year
Fiscal year 2013	\$ 5,000,000	\$ 16,054,855	\$ (14,854,855)	\$ 6,200,000	\$ 1,500,000
Fiscal year 2014	\$ 6,200,000	\$ 12,134,605	\$ (12,134,483)	\$ 6,200,122	\$ 1,500,000

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, 2014 was as follows:

	Norman Municipal Authority		
	Westwood Park	Sanitation Services	Total
Current assets:			
Cash and cash equivalents	\$ 113,417	\$ 2,026,946	\$ 2,140,363
Restricted cash and cash equivalents	6,347	521,027	527,374
Investments	-	4,623,719	4,623,719
Receivables:			
Accounts, net of allowance	-	789,182	789,182
Due from other funds	-	1,716	1,716
Interest	2	10,138	10,140
Total current assets	<u>119,766</u>	<u>7,972,728</u>	<u>8,092,494</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	218,266	318,843	537,109
Capital assets, net	<u>7,499,178</u>	<u>9,690,646</u>	<u>17,189,824</u>
Total noncurrent assets	<u>7,717,444</u>	<u>10,009,489</u>	<u>17,726,933</u>
Total assets	<u>\$ 7,837,210</u>	<u>\$ 17,982,217</u>	<u>\$ 25,819,427</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 26,511	\$ 209,510	\$ 236,021
Payroll payable	57,188	176,416	233,604
Accrued interest payable	6,347	28,057	34,404
Retainage payable	-	2,741	2,741
Guaranty deposits	-	351,116	351,116
Revenue bonds payable	130,000	-	130,000
Notes payable	-	535,000	535,000
Compensated absences	<u>2,407</u>	<u>9,547</u>	<u>11,954</u>
Total current liabilities	222,453	1,312,387	1,534,840
Non-current liabilities:			
Long-term debt and other liabilities	<u>1,189,992</u>	<u>3,996,649</u>	<u>5,186,641</u>
Total liabilities	<u>1,412,445</u>	<u>5,309,036</u>	<u>6,721,481</u>
Invested in capital assets, net of related debt	6,234,178	5,475,646	11,709,824
Restricted for debt service	218,266	460,697	678,963
Unrestricted	<u>(27,679)</u>	<u>6,736,838</u>	<u>6,709,159</u>
Total net assets	<u>6,424,765</u>	<u>12,673,181</u>	<u>19,097,946</u>

continued

Norman Municipal Authority			
	Westwood Park	Sanitation Services	Total
Charges for services and goods, net	1,102,085	13,815,159	14,917,244
Other	21,900	211,453	233,353
Total operating revenues	<u>1,123,985</u>	<u>14,026,612</u>	<u>15,150,597</u>
Operating expenses	1,220,314	12,307,786	13,528,100
Depreciation	149,274	1,152,744	1,302,018
Total operating expenses	<u>1,369,588</u>	<u>13,460,530</u>	<u>14,830,118</u>
Operating income (loss)	<u>(245,603)</u>	<u>566,082</u>	<u>320,479</u>
Investment earnings	(696)	39,936	39,240
Interest expense	(86,678)	(119,935)	(206,613)
Miscellaneous income (expense)	3,005	34,533	37,538
Net nonoperating revenues (expenses)	<u>(84,369)</u>	<u>(45,466)</u>	<u>(129,835)</u>
Income before capital contributions and transfers	(329,972)	520,616	190,644
Transfers, net	<u>404,896</u>	<u>-</u>	<u>404,896</u>
Change in net assets	74,924	520,616	595,540
Total net assets - beginning	<u>6,349,841</u>	<u>12,152,565</u>	<u>18,502,406</u>
Total net assets - ending	<u><u>6,424,765</u></u>	<u><u>12,673,181</u></u>	<u><u>19,097,946</u></u>
Net cash provided (used) by:			
Operating activities	(102,037)	1,726,647	1,624,610
Noncapital financing activities	404,896	-	404,896
Capital and related financing activities	(286,708)	(2,379,804)	(2,666,512)
Investing activities	111,014	(687,383)	(576,369)
Beginning cash and cash equivalents	<u>210,865</u>	<u>4,207,356</u>	<u>4,418,221</u>
Ending cash and cash equivalents	<u><u>\$ 338,030</u></u>	<u><u>\$ 2,866,816</u></u>	<u><u>\$ 3,204,846</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, 2014, the City maintained a litigation reserve, including judgments that have been awarded but not yet paid, of approximately \$1,000,000.

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, 2014, rent expenditures approximated \$498,000 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, 2014, the City paid the District \$1,262,575.

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, 2014 is as follows:

	Total Construction In Progress	Total Project	Remaining To Complete
General Government	\$ 53,258,104	\$ 121,129,665	\$ 67,871,561
Norman Municipal Authority:			
Sanitation	13,661	258,750	245,089
Norman Utilities Authority:			
Water Fund	13,606,609	29,405,102	15,798,493
Wastewater Fund	<u>19,434,916</u>	<u>67,049,673</u>	<u>47,614,757</u>
	<u>\$ 86,313,290</u>	<u>\$ 217,843,190</u>	<u>\$ 131,529,900</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, 2014 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 2,152,746
Public safety sales tax fund	2,497,543
Capital projects fund	13,533,498
Nonmajor governmental funds	<u>135,204</u>
Total	<u>\$ 18,318,991</u>

9. RECENTLY ISSUED ACCOUNTING STANDARDS

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

GASB Statement No. 68 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. This statement establishes standards of accounting and financial reporting for defined pension benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers that are administered through trusts or equivalent arrangements. GASB 68 amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The provisions of GASB 68 are effective for periods beginning after June 15, 2014, and would be applied on a prospective basis. The City has not yet determined the full potential impact this statement could have on its financial statements but it is anticipated to be significant.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term, "government combinations," includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This standard is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Report for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of simultaneously with the provisions of Statement 68.

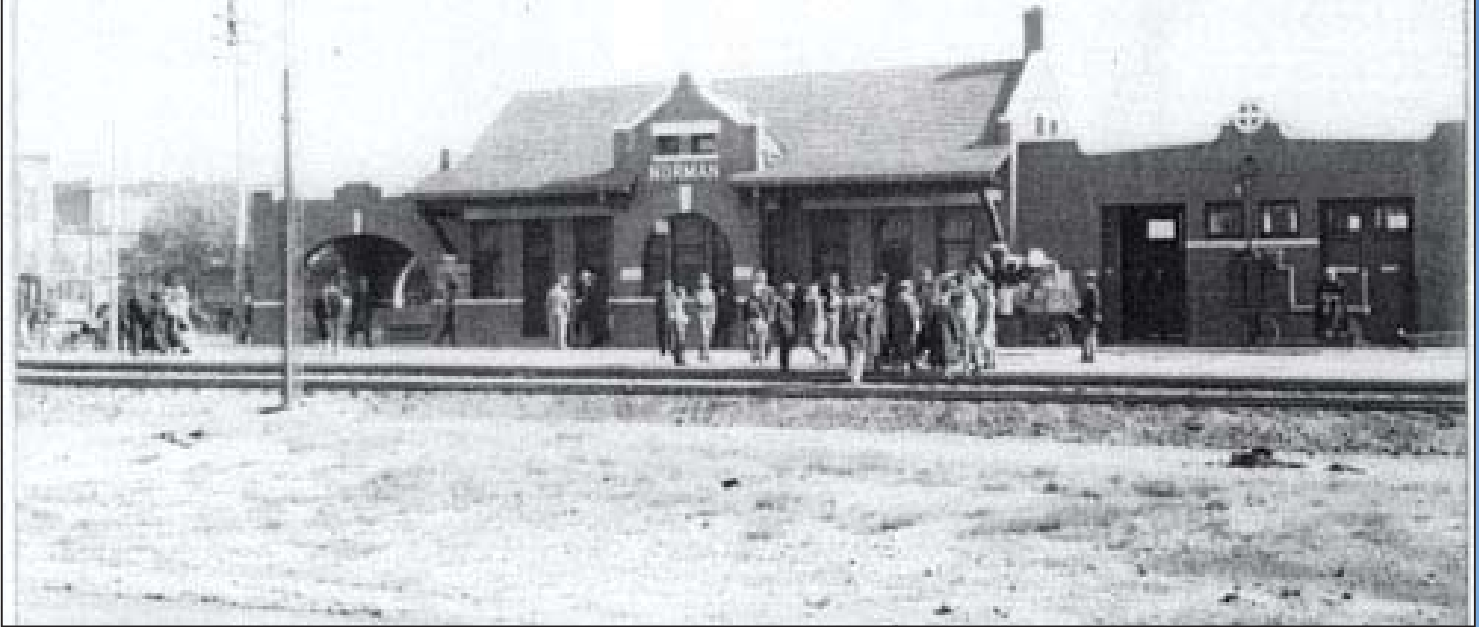
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A group of people in front of the Santa Fe Railroad Depot in Norman,

Summer 1909

- Courtesy of the OU Western History Collection, Oklahoma Geological Survey #4570



**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, 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
January 1, 2013	465,975	776,918	310,943	60.0 %	N/A	N/A
January 1, 2014	461,799	700,357	238,558	65.9 %	N/A	N/A

The only participants in the Annuity Pool in fiscal years 2004 through 2013 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, 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 %
January 1, 2013	45,300	0 %
January 1, 2014	34,755	115 %

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
July 1, 2008	\$ -	\$ 21,882,455	\$ 21,882,455	0.0 %	\$ 43,228,176
July 1, 2009	-	23,583,965	23,583,965	0.0 %	46,679,049
July 1, 2010	-	23,864,121	23,864,121	0.0 %	45,799,387
July 1, 2011	-	15,646,369 ¹	15,646,369	0.0 %	47,612,796
July 1, 2012	-	13,533,967	13,533,967	0.0 %	50,189,708
July 1, 2013	-	5,258,480 ¹	5,258,480	0.0 %	43,368,706

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 ¹	15.6 %
2013	212,753	1,242,633	17.1 %
2014	313,189	580,638 ¹	53.9 %

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

¹ Changes in assumptions were made for the claim costs incurred for medical benefits based on the actual reported claims and expenses incurred by the City over the previous 24 months.

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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Taxes:							
Sales taxes	\$ 37,767,030	\$ -	\$ 37,767,030			\$ 37,586,978	\$ (180,052)
Franchise taxes	7,426,300	-	7,426,300			6,782,746	(643,554)
State use taxes	2,057,611	-	2,057,611			2,146,403	88,792
Total taxes	<u>47,250,941</u>	<u>-</u>	<u>47,250,941</u>			<u>46,516,127</u>	<u>(734,814)</u>
Licenses and permits:							
Licenses	365,574	-	365,574			298,391	(67,183)
Permits	937,669	-	937,669			1,127,159	189,490
Total licenses and permits	<u>1,303,243</u>	<u>-</u>	<u>1,303,243</u>			<u>1,425,550</u>	<u>122,307</u>
State Shared Revenues:							
State motor fuel	259,856	-	259,856			209,410	(50,446)
Alcoholic beverage	267,474	-	267,474			272,697	5,223
Cigarette	844,410	-	844,410			746,900	(97,510)
State motor vehicle registration	828,796	-	828,796			911,313	82,517
Total intergovern- mental revenues	<u>2,200,536</u>	<u>-</u>	<u>2,200,536</u>			<u>2,140,320</u>	<u>(60,216)</u>
Charges for services:							
Zoning & subdivision	147,464	-	147,464			145,955	(1,509)
Public safety	358,104	-	358,104			631,549	273,445
Health	154,537	21,103	175,640			184,928	9,288
Recreation fees	392,700	-	392,700			409,915	17,215
Credit card convenience fees	85,850	-	85,850			214,838	128,988
911 emergency fees	43,000	-	43,000			30,868	(12,132)
Total charges for services	<u>1,181,655</u>	<u>21,103</u>	<u>1,202,758</u>			<u>1,618,053</u>	<u>415,295</u>
Fines and forfeits:							
Police court fines	2,253,918	-	2,253,918			2,479,756	225,838
Miscellaneous forfeitures	-	-	-			4,348	4,348
Total fines and forfeits	<u>2,253,918</u>	<u>-</u>	<u>2,253,918</u>			<u>2,484,104</u>	<u>230,186</u>
Investment earnings	<u>40,000</u>	<u>-</u>	<u>40,000</u>			<u>14,556</u>	<u>(25,444)</u>
Other revenue:							
Contributions	4,740	1,000	5,740			2,000	(3,740)
Rents and royalties	141,201	-	141,201			198,907	57,706
Cost allocations	9,451,313	-	9,451,313			9,395,044	(56,269)
Sale of fixed assets	40,000	-	40,000			274,520	234,520
Miscellaneous revenues	463,330	203,912	667,242			1,300,474	633,232
Total other revenue	<u>10,100,584</u>	<u>204,912</u>	<u>10,305,496</u>			<u>11,170,945</u>	<u>865,449</u>
Total revenues	<u>64,330,877</u>	<u>226,015</u>	<u>64,556,892</u>			<u>65,369,655</u>	<u>812,763</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
General government:							
City council	\$ 2,244,315	\$ (429,540)	\$ 1,814,775	\$ 882,280	\$ 14,974	\$ 897,254	\$ 917,521
City manager's office	484,275	(44,071)	440,204	415,749	-	415,749	24,455
Community relations	210,019	(39,459)	170,560	151,520	18,359	169,879	681
City clerk's office	553,620	(7,297)	546,323	556,691	-	556,691	(10,368)
Municipal court	1,040,075	5,359	1,045,434	969,513	6,208	975,721	69,713
Legal administration	1,098,075	37,383	1,135,458	1,071,523	355	1,071,878	63,580
Human resource admin	664,840	16,577	681,417	674,470	3,520	677,990	3,427
Safety administration	144,023	5,511	149,534	128,794	30	128,824	20,710
Building services admin	55,863	8,508	64,371	49,431	-	49,431	14,940
Custodial services	184,469	34,948	219,417	196,968	-	196,968	22,449
Building repair services	452,572	(2,067)	450,505	431,063	1,093	432,156	18,349
Human rights commission	230	(83)	147	84	-	84	63
Children's rights commission	176	(100)	76	-	-	-	76
Social & voluntary services	150,000	-	150,000	150,000	-	150,000	-
Norman public library	418,397	38,013	456,410	349,517	55,454	404,971	51,439
Firehouse art center	93,578	-	93,578	78,086	-	78,086	15,492
Historical museum	41,461	-	41,461	39,013	-	39,013	2,448
Sooner theatre	97,373	1,305	98,678	86,326	-	86,326	12,352
Employee training	17,050	(3,698)	13,352	13,352	-	13,352	-
Employee assistance program	24,993	-	24,993	24,948	-	24,948	45
Special studies & contributions	3,000	198,340	201,340	67,999	32,201	100,200	101,140
Municipal elections	58,115	10,762	68,877	68,549	-	68,549	328
Sister cities program	3,908	(3,028)	880	880	-	880	-
Holiday decorations	29,126	-	29,126	28,683	-	28,683	443
Total general government	8,069,553	(172,637)	7,896,916	6,435,439	132,194	6,567,633	1,329,283
Planning:							
Planning commission	10	-	10	-	-	-	10
Historic district commission	856	-	856	397	-	397	459
Greenbelt commission	-	-	-	-	-	-	-
Planning administration	475,583	8,719	484,302	441,249	12,024	453,273	31,029
Geographic information	380,448	26,680	407,128	366,517	14,034	380,551	26,577
Development services	1,384,648	36,881	1,421,529	1,376,914	1,572	1,378,486	43,043
Revitalization	1,037,734	15,187	1,052,921	954,711	82,468	1,037,179	15,742
Current planning	204,801	9	204,810	204,010	-	204,010	800
Total planning	3,484,080	87,476	3,571,556	3,343,798	110,098	3,453,896	117,660

(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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
City controller:							
Finance administration	\$ 326,748	\$ 65,190	\$ 391,938	\$ 382,121	\$ 99	\$ 382,220	\$ 9,718
Accounting services	727,349	(25,289)	702,060	682,991	4,792	687,783	14,277
Information services	1,349,332	322,626	1,671,958	1,259,169	162,529	1,421,698	250,260
Printing services	260,285	20,547	280,832	278,643	152	278,795	2,037
Budget services	125,506	(469)	125,037	124,438	-	124,438	599
Treasury services	644,145	39,452	683,597	679,784	317	680,101	3,496
Utility services	1,176,070	8,590	1,184,660	1,137,297	42,292	1,179,589	5,071
Total city controller	4,609,435	430,647	5,040,082	4,544,443	210,181	4,754,624	285,458
Parks and recreation:							
Parks board	367	-	367	255	-	255	112
Mosquito control program	10,177	(700)	9,477	8,261	-	8,261	1,216
Santa Fe Depot	9,211	47	9,258	5,556	-	5,556	3,702
Administration	594,823	3,330	598,153	534,234	250	534,484	63,669
Park maintenance	2,592,931	24,780	2,617,711	2,476,537	41,836	2,518,373	99,338
Forestry	9,204	2,704	11,908	5,206	3,010	8,216	3,692
Recreation little league	61,063	(787)	60,276	40,532	-	40,532	19,744
Recreation programs	1,200,930	22,894	1,223,824	1,101,778	-	1,101,778	122,046
Senior citizens center	144,280	-	144,280	137,450	-	137,450	6,830
Total parks & recreation	4,622,986	52,268	4,675,254	4,309,809	45,096	4,354,905	320,349
Public works:							
Public works administratic	289,240	7,538	296,778	278,390	5,598	283,988	12,790
Engineering department	1,249,335	(67,616)	1,181,719	1,130,884	43,894	1,174,778	6,941
Street maintenance	3,747,135	(64,713)	3,682,422	3,486,702	34,064	3,520,766	161,656
Stormwater Drainage	2,949,344	643,632	3,592,976	2,972,269	107,708	3,079,977	512,999
Traffic control	3,145,628	82,459	3,228,087	2,875,189	164,350	3,039,539	188,548
Fleet maintenance admin	293,005	79,820	372,825	319,996	28,586	348,582	24,243
Fleet repair services	1,367,634	121,475	1,489,109	1,335,882	25,488	1,361,370	127,739
Fleet fuel and parts	3,213,959	518,391	3,732,350	3,566,627	33,862	3,600,489	131,861
Total public works	16,255,280	1,320,986	17,576,266	15,965,939	443,550	16,409,489	1,166,777
Public safety:							
Police department admin	1,179,727	(2,045)	1,177,682	1,120,727	8,339	1,129,066	48,616
Staff services	1,990,310	(6,769)	1,983,541	1,796,159	45,233	1,841,392	142,149
Criminal investigations	2,490,398	(2,437)	2,487,961	2,190,402	5,522	2,195,924	292,037
Patrol	10,617,897	286,950	10,904,847	10,093,412	354,811	10,448,223	456,624
Special Investigations	1,310,245	3,959	1,314,204	1,245,551	9,289	1,254,840	59,364
Animal control	906,426	23,208	929,634	833,140	45,512	878,652	50,982
911 services	1,932,483	170,231	2,102,714	1,988,601	20,936	2,009,537	93,177
Fire department admin	556,672	15,217	571,889	548,104	924	549,028	22,861
Training - fire department	233,497	(2,110)	231,387	220,061	16	220,077	11,310
Fire prevention	855,646	16,134	871,780	866,498	12,866	879,364	(7,584)
Fire suppression	12,612,677	282,389	12,895,066	12,328,657	40,485	12,369,142	525,924
Disaster preparedness servi	177,937	3,822	181,759	168,010	8,900	176,910	4,849
Total public safety	34,863,915	788,549	35,652,464	33,399,322	552,833	33,952,155	1,700,309
Total expenditures and encumbrances	71,905,249	2,507,289	74,412,538	\$ 67,998,750	\$ 1,493,952	69,492,702	4,919,836

(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, 2014

	Original Budget	Revisions	Revised Budget	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues over expendi- tures and encumbrances	<u>(7,574,372)</u>	<u>(2,281,274)</u>	<u>(9,855,646)</u>	<u>(4,123,047)</u>	<u>5,732,599</u>
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Norman Utilities					
Authority	1,131,454	-	1,131,454	1,128,651	(2,803)
Capital Projects Fund	3,375,146	15,229	3,390,375	2,860,670	(529,705)
Room Tax Fund	-	12,000	12,000	12,000	-
Insurance Fund	-	26,346	26,346	26,326	(20)
Public Safety Sales Tax Fund	<u>339,291</u>	<u>-</u>	<u>339,291</u>	<u>339,291</u>	<u>-</u>
Total transfers in	<u>4,845,891</u>	<u>53,575</u>	<u>4,899,466</u>	<u>4,366,938</u>	<u>(532,528)</u>
Transfers out:					
Westwood Fund	(79,978)	(28,506)	(108,484)	(108,484)	-
Capital Projects Fund	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total transfers out	<u>(79,978)</u>	<u>(38,506)</u>	<u>(118,484)</u>	<u>(118,484)</u>	<u>-</u>
Net other financing sources (uses)	<u>4,765,913</u>	<u>15,069</u>	<u>4,780,982</u>	<u>4,248,454</u>	<u>(532,528)</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, 2014

	Original Budget	Revisions	Revised Budget	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances, and other uses	(2,808,459)	(2,266,205)	(5,074,664)	125,407	5,200,071
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>2,782,642</u>	<u>-</u>	<u>2,782,642</u>	<u>2,782,642</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ (25,817)</u>	<u>\$ (2,266,205)</u>	<u>\$ (2,292,022)</u>	<u>\$ 2,908,049</u>	<u>\$ 5,200,071</u> (Concluded)

THE CITY OF NORMAN, OKLAHOMA

PUBLIC SAFETY SALES TAX FUND

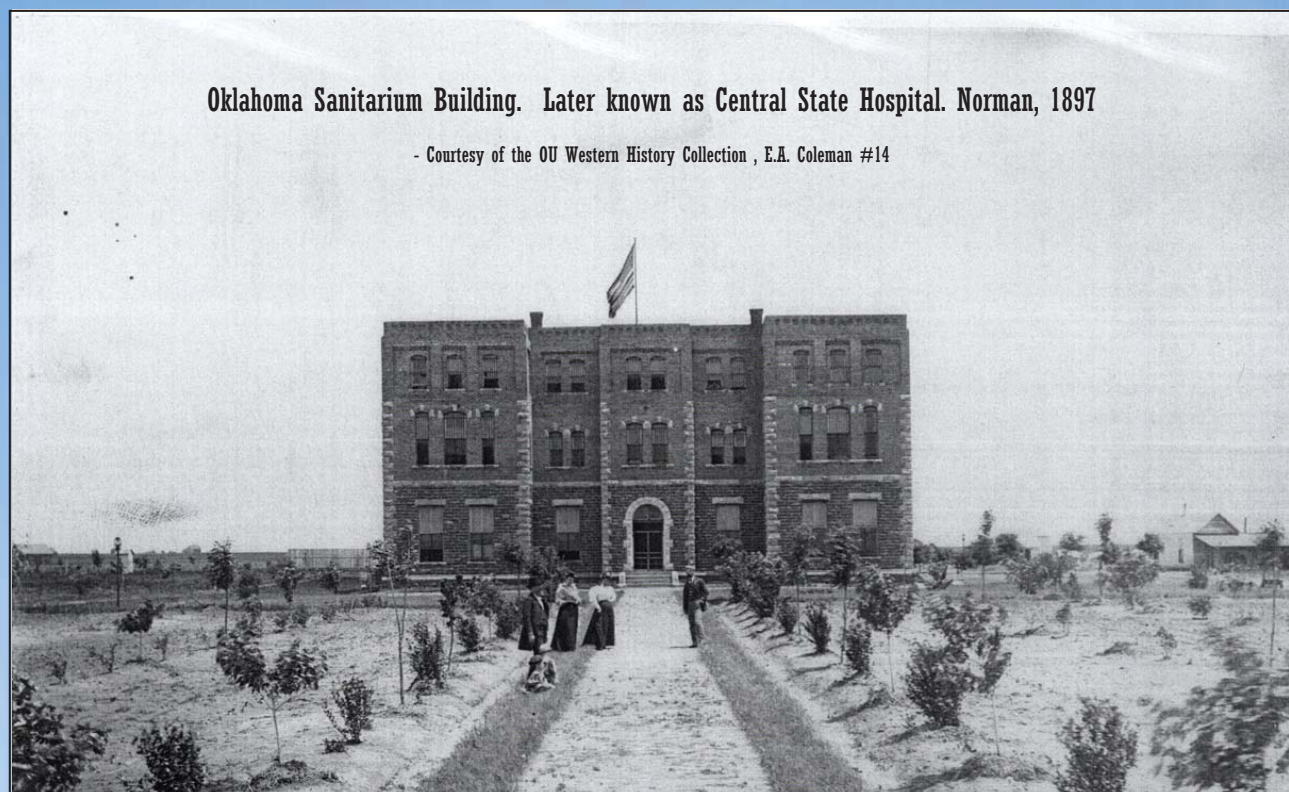
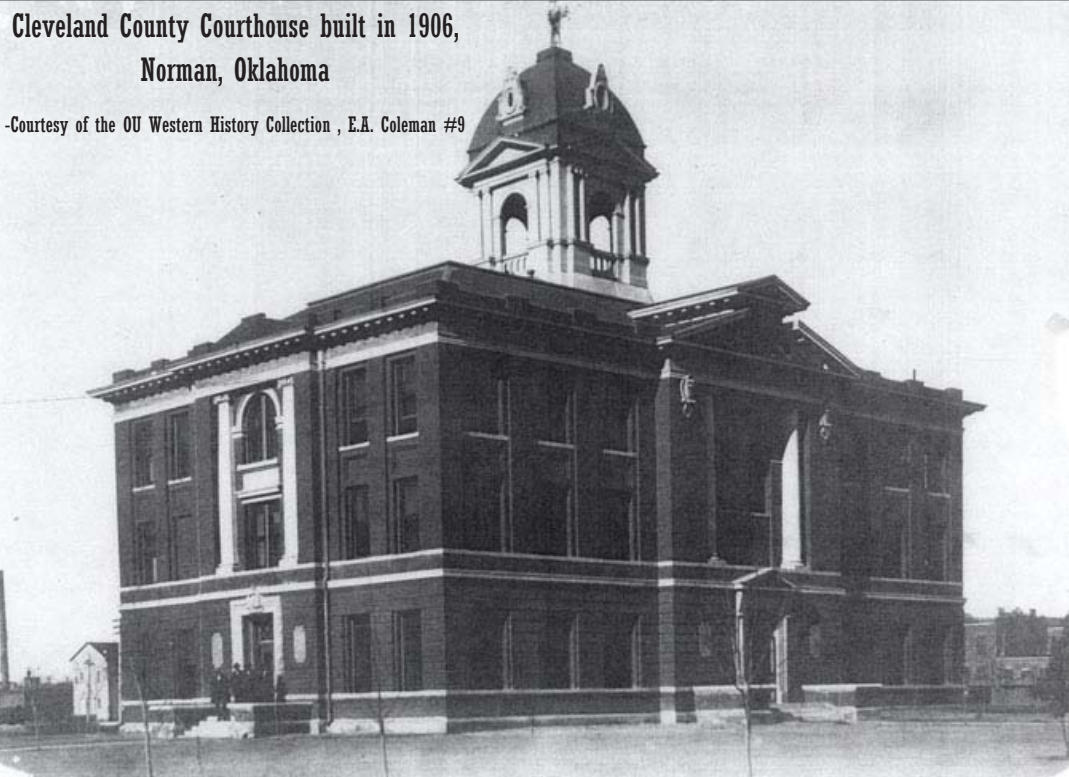
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales tax	\$ 8,956,112	\$ -	\$ 8,956,112			\$ 9,057,042	\$ 100,930
Use tax	<u>334,186</u>	<u>-</u>	<u>334,186</u>			<u>358,352</u>	<u>24,166</u>
Total taxes	9,290,298	-	9,290,298			9,415,394	125,096
Investment earnings	<u>50,000</u>	<u>-</u>	<u>50,000</u>			<u>43,206</u>	<u>(6,794)</u>
Total revenues	<u>9,340,298</u>	<u>-</u>	<u>9,340,298</u>			<u>9,458,600</u>	<u>118,302</u>
EXPENDITURES AND ENCUMBRANCES:							
Public safety:							
Police staff services	13,200	1,541,661	1,554,861	\$ (162,494)	\$ 175,518	13,024	1,541,837
Police criminal investigations	521,755	503,381	1,025,136	975,469	35,494	1,010,963	14,173
Police patrol	4,155,426	59,054	4,214,480	3,371,829	780,444	4,152,273	62,207
Police special investigations	12,353	(405)	11,948	10,498	-	10,498	1,450
Fire suppression	<u>4,331,064</u>	<u>651,161</u>	<u>4,982,225</u>	<u>4,034,268</u>	<u>646,462</u>	<u>4,680,730</u>	<u>301,495</u>
Total expenditures and encumbrances	<u>9,033,798</u>	<u>2,754,852</u>	<u>11,788,650</u>	<u>\$ 8,229,570</u>	<u>\$ 1,637,918</u>	<u>9,867,488</u>	<u>1,921,162</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	306,500	(2,754,852)	(2,448,352)			(408,888)	2,039,464
OTHER FINANCING SOURCES (USES):							
Transfers out:							
Capital fund	(45,000)	(33,000)	(78,000)			(78,000)	-
General fund	<u>(1,370,621)</u>	<u>-</u>	<u>(1,370,621)</u>			<u>(1,370,621)</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,415,621)</u>	<u>(33,000)</u>	<u>(1,448,621)</u>			<u>(1,448,621)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	<u>(1,109,121)</u>	<u>(2,787,852)</u>	<u>(3,896,973)</u>			<u>(1,857,509)</u>	<u>2,039,464</u>
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>7,838,196</u>	<u>-</u>	<u>7,838,196</u>			<u>7,838,196</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 6,729,075</u>	<u>\$ (2,787,852)</u>	<u>\$ 3,941,223</u>			<u>\$ 5,980,687</u>	<u>\$ 2,039,464</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, 2014, are as follows:

	General Fund	Public Safety Sales Tax Fund
Fund balances - budgetary basis, June 30, 2014	\$ 2,908,049	\$ 5,980,687
Current year encumbrances included in expenditures	1,569,112	1,637,918
Prior year encumbrances outstanding	583,632	859,625
Current year revenue accrual	7,810,116	1,601,052
Current year expenditure accrual	(2,286,275)	(283,847)
Rainy Day Fund Balance	2,554,595	-
Fund balances - fund financial statements, June 30, 2014	<u>\$ 13,139,229</u>	<u>\$ 9,795,435</u>
Revenues - budgetary basis	\$ 65,369,655	\$ 9,458,600
Current year revenue accrual	7,810,116	1,601,052
Prior year revenue accrual	(8,119,711)	(1,561,271)
On-behalf payments	4,100,000	-
Interest earned within Rainy Day Fund	12,942	-
Revenues - fund financial statements	<u>\$ 69,173,002</u>	<u>\$ 9,498,381</u>
Expenditures - budgetary basis	\$ 69,492,702	\$ 9,867,488
Current year encumbrances included in expenditures	(1,569,112)	(1,637,918)
Prior year encumbrances paid	1,585,438	992,640
Current year expenditure accrual	2,286,275	283,847
Prior year expenditure accrual	(2,159,093)	(240,262)
On-behalf payments	4,100,000	-
Expenditures - fund financial statements	<u>\$ 73,736,210</u>	<u>\$ 9,265,795</u>



**OTHER
SUPPLEMENTARY
INFORMATION**

THE CITY OF NORMAN, OKLAHOMA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleat Fund	Tax Increment District Fund	Art in Public Places Fund	Total Nonmajor Governmental Total
ASSETS									
Cash and cash equivalents	\$ 237,224	\$ 352,232	\$ 281,983	\$ 375,604	\$ 449,198	\$ 13,313	\$ -	\$ 704	\$ 1,710,258
Investments	267,952	-	1,092,147	841,050	427,558	16,674	11,157	-	2,656,538
Receivables:									
Taxes	181,671	-	-	-	-	-	-	-	181,671
Accounts	-	-	-	-	22,932	-	-	464	23,396
Interest	589	-	2,394	1,843	937	37	24	-	5,824
Due from Federal Government	-	67,971	495,424	-	-	-	-	-	563,395
Due from Federal other funds	172	253	204	259	-	10	-	1	899
Total assets	<u>\$ 687,608</u>	<u>\$ 420,456</u>	<u>\$ 1,872,152</u>	<u>\$ 1,218,756</u>	<u>\$ 900,625</u>	<u>\$ 30,034</u>	<u>\$ 11,181</u>	<u>\$ 1,169</u>	<u>\$ 5,141,981</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable and other accrued liabilities	\$ -	\$ 4,689	\$ 4,121	\$ -	\$ 44,679	\$ 480	\$ -	\$ -	\$ 53,969
Payroll payable	-	12,431	2,504	-	2,868	-	-	-	17,803
Due to other funds	-	-	-	-	20,000	-	6,867	-	26,867
Total liabilities	-	17,120	6,625	-	67,547	480	6,867	-	98,639
Fund balance:									
Restricted	678,143	403,336	1,517,542	1,218,756	819,861	28,943	2,063	1,169	4,669,813
Assigned	9,465	-	347,985	-	13,217	611	2,251	-	373,529
Total fund balance	<u>687,608</u>	<u>403,336</u>	<u>1,865,527</u>	<u>1,218,756</u>	<u>833,078</u>	<u>29,554</u>	<u>4,314</u>	<u>1,169</u>	<u>5,043,342</u>
Total liabilities and fund balance	<u>\$ 687,608</u>	<u>\$ 420,456</u>	<u>\$ 1,872,152</u>	<u>\$ 1,218,756</u>	<u>\$ 900,625</u>	<u>\$ 30,034</u>	<u>\$ 11,181</u>	<u>\$ 1,169</u>	<u>\$ 5,141,981</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 1,648,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,648,452
Intergovernmental revenues	-	1,571,526	806,681	-	-	25,908	-	-	2,404,115
Charges for services	-	-	-	177,518	-	-	-	-	177,518
Investment earnings	2,316	-	9,422	7,214	3,999	143	81	-	23,175
Other	-	-	-	898	268,451	10	-	10,631	279,990
Total revenues	<u>1,650,768</u>	<u>1,571,526</u>	<u>816,103</u>	<u>185,630</u>	<u>272,450</u>	<u>26,061</u>	<u>81</u>	<u>10,631</u>	<u>4,533,250</u>
Expenditures:									
Current:									
Parks and recreation	141,114	-	17,345	-	-	-	-	12,000	170,459
Public service	1,203,349	1,574,895	25,000	-	-	-	-	-	2,803,244
Public safety	-	-	292,852	-	306,808	23,009	-	-	622,669
Capital outlay	6,627	-	368,808	142,856	7,995	-	129,840	-	656,126
Total expenditures	<u>1,351,090</u>	<u>1,574,895</u>	<u>704,005</u>	<u>142,856</u>	<u>314,803</u>	<u>23,009</u>	<u>129,840</u>	<u>12,000</u>	<u>4,252,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>299,678</u>	<u>(3,369)</u>	<u>112,098</u>	<u>42,774</u>	<u>(42,353)</u>	<u>3,052</u>	<u>(129,759)</u>	<u>(1,369)</u>	<u>280,752</u>
Other financing sources (uses):									
Transfers out	(216,134)	-	-	-	-	-	-	-	(216,134)
Net other financing sources (uses)	<u>(216,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(216,134)</u>
Net change in fund balances	83,544	(3,369)	112,098	42,774	(42,353)	3,052	(129,759)	(1,369)	64,618
Fund balance - beginning	604,064	406,705	1,753,429	1,175,982	875,431	26,502	134,073	2,538	4,978,724
Fund balance - ending	<u>\$ 687,608</u>	<u>\$ 403,336</u>	<u>\$ 1,865,527</u>	<u>\$ 1,218,756</u>	<u>\$ 833,078</u>	<u>\$ 29,554</u>	<u>\$ 4,314</u>	<u>\$ 1,169</u>	<u>\$ 5,043,342</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Hotel/motel tax	\$ 1,550,000	\$ -	\$ 1,550,000			\$ 1,652,730	\$ 102,730
Investment earnings	1,500	-	1,500			1,716	216
Total revenues	<u>1,551,500</u>	<u>-</u>	<u>1,551,500</u>			<u>1,654,446</u>	<u>102,946</u>
EXPENDITURES AND ENCUMBRANCES:							
Public service:							
Room tax	<u>1,204,100</u>	<u>176,735</u>	<u>1,380,835</u>	<u>\$ 1,209,976</u>	<u>\$ -</u>	<u>1,209,976</u>	<u>170,859</u>
Total expenditures and encumbrances	<u>1,204,100</u>	<u>176,735</u>	<u>1,380,835</u>	<u>\$ 1,209,976</u>	<u>\$ -</u>	<u>1,209,976</u>	<u>170,859</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>347,400</u>	<u>(176,735)</u>	<u>170,665</u>			<u>444,470</u>	<u>273,805</u>
OTHER FINANCING USES:							
Transfers out:							
General Fund	-	(12,000)	(12,000)			(12,000)	-
Westwood	<u>(202,884)</u>	<u>(1,250)</u>	<u>(204,134)</u>			<u>(204,134)</u>	<u>-</u>
Net other financing sources (uses)	<u>(202,884)</u>	<u>(13,250)</u>	<u>(216,134)</u>			<u>(216,134)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	<u>144,516</u>	<u>(189,985)</u>	<u>(45,469)</u>			<u>228,336</u>	<u>273,805</u>
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>276,970</u>		<u>276,970</u>			<u>276,970</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 421,486</u>	<u>\$ (189,985)</u>	<u>\$ 231,501</u>			<u>\$ 505,306</u>	<u>\$ 273,805</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
Community development							
block grant ("CDBG")	\$ 761,709	\$ -	\$ 761,709			\$ 665,613	\$ (96,096)
Emergency shelter grant	-	8,481	8,481			542,512	534,031
Home grant	319,162	16,991	336,153			686,947	350,794
COC planning grant	-	10,000	10,000			-	(10,000)
Total revenues	<u>1,080,871</u>	<u>35,472</u>	<u>1,116,343</u>			<u>1,895,072</u>	<u>778,729</u>
EXPENDITURES AND							
ENCUMBRANCES:							
Public service:							
Community development	283,758	424,575	708,333	\$ 369,513	\$ -	369,513	338,820
CDBG housing	477,951	273,413	751,364	235,780	-	235,780	515,584
Home grants	319,118	606,200	925,318	552,543	-	552,543	372,775
COC planning grants	-	10,000	10,000	-	-	-	10,000
Emergency shelter grants	-	277,440	277,440	8,481	-	8,481	268,959
Total expenditures and							
encumbrances	<u>1,080,827</u>	<u>1,591,628</u>	<u>2,672,455</u>	<u>\$ 1,166,317</u>	<u>\$ -</u>	<u>1,166,317</u>	<u>1,506,138</u>
Excess (deficiency) of revenues over (under)							
expenditures and encumbrances	44	(1,556,156)	(1,556,112)			728,755	2,284,867
Fund balance (deficit),							
July 1, 2013 (Non-GAAP							
budgetary basis)	<u>(380,959)</u>	<u>-</u>	<u>(380,959)</u>			<u>(380,959)</u>	<u>-</u>
Fund balance (deficit),							
June 30, 2014 (Non-GAAP							
budgetary basis)	<u>\$ (380,915)</u>	<u>\$ (1,556,156)</u>	<u>\$ (1,937,071)</u>			<u>\$ 347,796</u>	<u>\$ 2,284,867</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
County Court DUI	\$ 64,982	\$ -	\$ 64,982			\$ 63,493	\$ (1,489)
Public safety grants	-	281,674	281,674			212,970	(68,704)
Public service grants	-	10,200	10,200			21,200	11,000
Recreation grants	-	160,000	160,000			410,248	250,248
Public works grants	-	-	-			(386,571)	(386,571)
Total intergovernmental	64,982	451,874	516,856			321,340	(195,516)
Investment earnings	-	-	-			6,993	6,993
Total revenues	64,982	451,874	516,856			328,333	(188,523)
EXPENDITURES AND ENCUMBRANCES:							
DUI enforcement	63,982	-	63,982	\$ 28,696	\$ -	28,696	35,286
Traffic & alcohol enforcement	-	123,648	123,648	70,368	-	70,368	53,280
Bullet proof vest grant	-	214	214	-	-	-	214
Miscellaneous police grant	-	7,481	7,481	-	-	-	7,481
JAG grant	-	20,879	20,879	21,493	-	21,493	(614)
Emergency management	-	63,420	63,420	34,536	-	34,536	28,884
SHPO / CLG grant	-	19,000	19,000	15,000	-	15,000	4,000
Intelligence Analysis grant	1,000	88,037	89,037	66,769	-	66,769	22,268
Easetridge Park grant	-	12,568	12,568	-	-	-	12,568
Saxon Park grant	-	241,103	241,103	115,032	62,312	177,344	63,759
Legacy Trail improvement grant	-	600,000	600,000	-	-	-	600,000
Legacy Park trail grant	-	256,223	256,223	-	-	-	256,223
Drug evaluation/recognition	-	104,520	104,520	53,028	5,505	58,533	45,987
Traffic grant	-	14,215	14,215	10,000	-	10,000	4,215
Homeland security grant - UASI	-	5,416	5,416	-	-	-	5,416
Transportation grant	-	600,000	600,000	-	-	-	600,000
School Zone Imp grant	-	190,000	190,000	-	-	-	190,000
City beautification	-	-	-	-	-	-	-

(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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Total expenditures and encumbrances	64,982	2,346,724	2,411,706	\$ 414,922	\$ 67,817	482,739	1,928,967
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	<u>-</u>	<u>(1,894,850)</u>	<u>(1,894,850)</u>			<u>(154,406)</u>	<u>1,740,444</u>
Fund balance (deficit), July 1, 2013 (Non-GAAP budgetary basis)	<u>1,456,621</u>	<u>-</u>	<u>1,456,621</u>			<u>1,456,621</u>	<u>-</u>
Fund balance (deficit), June 30, 2014 (Non-GAAP budgetary basis)	<u>\$1,456,621</u>	<u>\$ (1,894,850)</u>	<u>\$ (438,229)</u>			<u>\$ 1,302,215</u>	<u>\$ 1,740,444</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Investment earnings	\$ 15,000	\$ -	\$ 15,000			\$ 6,281	\$ (8,719)
Charges for services	<u>85,000</u>	<u>-</u>	<u>85,000</u>			<u>177,518</u>	<u>92,518</u>
Total revenues	<u>100,000</u>	<u>-</u>	<u>100,000</u>			<u>183,799</u>	<u>83,799</u>
EXPENDITURES AND ENCUMBRANCES:							
Parks and recreation	<u>35,000</u>	<u>367,874</u>	<u>402,874</u>	<u>\$ 142,856</u>	<u>\$ 27,680</u>	<u>170,536</u>	<u>232,338</u>
Total expenditures and encumbrances	<u>35,000</u>	<u>367,874</u>	<u>402,874</u>	<u>\$ 142,856</u>	<u>\$ 27,680</u>	<u>170,536</u>	<u>232,338</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	65,000	(367,874)	(302,874)			13,263	316,137
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>1,175,829</u>	<u>-</u>	<u>1,175,829</u>			<u>1,175,829</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 1,240,829</u>	<u>\$ (367,874)</u>	<u>\$ 872,955</u>			<u>\$ 1,189,092</u>	<u>\$ 316,137</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
State Seizure/Restitution	\$ 9,000	\$ -	\$ 9,000			\$ 126,272	\$ 117,272
Federal Seizure/Restitution	6,000	-	6,000			76,908	70,908
Investment earnings	500	-	500			3,058	2,558
Juvenile Program	77,000	-	77,000			65,901	(11,099)
Miscellaneous income	<u>-</u>	<u>-</u>	<u>-</u>			<u>(630)</u>	<u>(630)</u>
Total revenues	<u>92,500</u>	<u>-</u>	<u>92,500</u>			<u>271,509</u>	<u>179,009</u>
EXPENDITURES AND ENCUMBRANCES:							
Public Safety:							
State seizures	56,480	227,261	283,741	\$ 171,959	\$ 28,740	200,699	83,042
Federal seizures	-	151	151	151	-	151	-
Juvenile program	<u>95,251</u>	<u>290</u>	<u>95,541</u>	<u>75,164</u>	<u>1,075</u>	<u>76,239</u>	<u>19,302</u>
Total expenditures and encumbrances	<u>151,731</u>	<u>227,702</u>	<u>379,433</u>	<u>\$ 247,274</u>	<u>\$ 29,815</u>	<u>277,089</u>	<u>102,344</u>
Excess (deficiency) of revenues over (under)							
expenditures and encumbrances	(59,231)	(227,702)	(286,933)			(5,580)	281,353
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>805,252</u>	<u>-</u>	<u>805,252</u>			<u>805,252</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 746,021</u>	<u>\$ (227,702)</u>	<u>\$ 518,319</u>			<u>\$ 799,672</u>	<u>\$ 281,353</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Fines and forfeitures:							
Cleet training revenue	\$ 32,000	\$ -	\$ 32,000			\$ 25,908	\$ (6,092)
Investment earnings	-	-	-			107	107
Miscellaneous revenue	-	-	-			10	10
	<u>32,000</u>	<u>-</u>	<u>32,000</u>			<u>26,025</u>	<u>(5,975)</u>
Total revenues							
	<u>32,000</u>	<u>-</u>	<u>32,000</u>			<u>26,025</u>	<u>(5,975)</u>
EXPENDITURES AND ENCUMBRANCES:							
Public Safety:							
Court Cleet Training	1,700	-	1,700	\$ 979	\$ -	979	721
	<u>29,005</u>	<u>550</u>	<u>29,555</u>	<u>21,480</u>	<u>7,311</u>	<u>28,791</u>	<u>764</u>
Police Cleet Training							
	<u>29,005</u>	<u>550</u>	<u>29,555</u>	<u>21,480</u>	<u>7,311</u>	<u>28,791</u>	<u>764</u>
Total expenditures and encumbrances	<u>30,705</u>	<u>550</u>	<u>31,255</u>	<u>\$ 22,459</u>	<u>\$ 7,311</u>	<u>29,770</u>	<u>1,485</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	1,295	(550)	745			(3,745)	(4,490)
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>25,949</u>	<u>-</u>	<u>25,949</u>			<u>25,949</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 27,244</u>	<u>\$ (550)</u>	<u>\$ 26,694</u>			<u>\$ 22,204</u>	<u>\$ (4,490)</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales taxes	\$ -	\$ -	\$ -			\$ -	\$ -
Property taxes	-	-	-			-	-
Investment earnings	-	-	-			72	72
	<u>-</u>	<u>-</u>	<u>-</u>			<u>72</u>	<u>72</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>			<u>72</u>	<u>72</u>
EXPENDITURES AND ENCUMBRANCES:							
General government:							
Capital projects	-	141,697	141,697	\$ (9,803)	\$ -	(9,803)	151,500
	<u>-</u>	<u>141,697</u>	<u>141,697</u>	<u>\$ (9,803)</u>	<u>\$ -</u>	<u>(9,803)</u>	<u>151,500</u>
Total expenditures and encumbrances	<u>-</u>	<u>141,697</u>	<u>141,697</u>	<u>\$ (9,803)</u>	<u>\$ -</u>	<u>(9,803)</u>	<u>151,500</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	(141,697)	(141,697)			9,875	151,572
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>(5,587)</u>	<u>-</u>	<u>(5,587)</u>			<u>(5,587)</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ (5,587)</u>	<u>\$ (141,697)</u>	<u>\$ (147,284)</u>			<u>\$ 4,288</u>	<u>\$ 151,572</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Other revenue	\$ 12,000	\$ -	\$ 12,000			\$ 10,631	\$ (1,369)
Total revenues	12,000	-	12,000			10,631	(1,369)
EXPENDITURES AND ENCUMBRANCES:							
Parks & recreation							
Donation	12,000	-	12,000	\$ 12,000	\$ -	12,000	-
Total expenditures and encumbrances	12,000	-	12,000	\$ 12,000	\$ -	12,000	-
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	-	-			(1,369)	(1,369)
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	2,538	-	2,538			2,538	-
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	\$ 2,538	\$ -	\$ 2,538			\$ 1,169	\$ (1,369)

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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Property tax	\$ 10,064,379	\$ -	\$ 10,064,379			\$ 11,450,509	\$ 1,386,130
Sales tax	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>
Total taxes	10,064,379	-	10,064,379			11,450,509	1,386,130
Investment earnings	25,000	-	25,000			42,409	17,409
Other revenue:							
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>
Total revenues	<u>10,089,379</u>	<u>-</u>	<u>10,089,379</u>			<u>11,492,918</u>	<u>1,403,539</u>
EXPENDITURES AND ENCUMBRANCES:							
Debt service:							
Principal	9,125,000	-	9,125,000	\$ 9,125,000	\$ -	9,125,000	-
Interest and fiscal charges	1,080,837	481,872	1,562,709	1,562,708	-	1,562,708	1
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and encumbrances	<u>10,205,837</u>	<u>481,872</u>	<u>10,687,709</u>	<u>\$ 10,687,708</u>	<u>\$ -</u>	<u>10,687,708</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	(116,458)	(481,872)	(598,330)			805,210	1,403,540
OTHER FINANCING SOURCES (USES):							
Transfers out:							
Risk management fund	(824,062)	(149,818)	(973,880)			(973,880)	-
Net other financing sources (uses)	<u>(824,062)</u>	<u>(149,818)</u>	<u>(973,880)</u>			<u>(973,880)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	(940,520)	(631,690)	(1,572,210)			(168,670)	1,403,540
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>9,120,061</u>	<u>-</u>	<u>9,120,061</u>			<u>9,120,061</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 8,179,541</u>	<u>\$ (631,690)</u>	<u>\$ 7,547,851</u>			<u>\$ 8,951,391</u>	<u>\$ 1,403,540</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, 2014

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales tax	\$ 12,362,720	\$ -	\$ 12,362,720			\$ 12,679,872	\$ 317,152
Sales tax - UNP TIF	3,407,506	-	3,407,506			4,008,977	601,471
Property tax - UNP TIF	835,000	-	835,000			1,031,431	196,431
Investment earnings	167,500	-	167,500			151,057	(16,443)
Miscellaneous	<u>248,747</u>	<u>136,869</u>	<u>385,616</u>			<u>490,676</u>	<u>105,060</u>
Total revenues	<u>17,021,473</u>	<u>136,869</u>	<u>17,158,342</u>			<u>18,362,013</u>	<u>1,203,671</u>
EXPENDITURES AND ENCUMBRANCES:							
Personnel costs	877,766	21,168	898,934	\$ 872,282	\$ -	872,282	26,652
Services and maintenance	26,375	(13,924)	12,451	9,458	-	9,458	2,993
Cost allocation charges	127,275	-	127,275	152,466	-	152,466	(25,191)
Capital projects	22,220,137	30,543,463	52,763,600	10,273,862	4,613,665	14,887,527	37,876,073
Capital projects - UNP TIF	-	11,157,601	11,157,601	592,440	3,344,396	3,936,836	7,220,765
Debt service - UNP TIF	<u>1,033,738</u>	<u>(990)</u>	<u>1,032,748</u>	<u>14,570,701</u>	<u>-</u>	<u>14,570,701</u>	<u>(13,537,953)</u>
Total expenditures and encumbrances	<u>24,285,291</u>	<u>41,707,318</u>	<u>65,992,609</u>	<u>\$ 26,471,209</u>	<u>\$ 7,958,061</u>	<u>34,429,270</u>	<u>31,563,339</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	(7,263,818)	(41,570,449)	(48,834,267)			(16,067,257)	32,767,010
OTHER FINANCING SOURCES (USES):							
Transfers Out:							
General fund	(3,375,146)	(8,975)	(3,384,121)			(2,860,670)	523,451
Westwood fund	(75,000)	-	(75,000)			(92,278)	(17,278)
Transfers In:							
PSST fund	45,000	33,000	78,000			78,000	-
General fund	-	10,000	10,000			10,000	-
Loan proceeds - UNP TIF	-	-	-			14,215,000	14,215,000
Debt proceeds	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(3,405,146)</u>	<u>34,025</u>	<u>(3,371,121)</u>			<u>11,350,052</u>	<u>14,721,173</u>
Excess (deficiency) of revenues over expenditures and encumbrances and other sources (uses)	(10,668,964)	(41,536,424)	(52,205,388)			(4,717,205)	47,488,183
Fund balance, July 1, 2013 (Non-GAAP budgetary basis)	<u>52,747,143</u>	<u>-</u>	<u>52,747,143</u>			<u>52,747,143</u>	<u>-</u>
Fund balance, June 30, 2014 (Non-GAAP budgetary basis)	<u>\$ 42,078,179</u>	<u>\$ (41,536,424)</u>	<u>\$ 541,755</u>			<u>\$ 48,029,938</u>	<u>\$ 47,488,183</u>

**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, 2014, are as follows:

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
Fund balances, June 30, 2014 (Non-GAAP budgetary basis)	\$ 4,171,742	\$ 8,951,391	\$ 48,029,938
Current year encumbrances included in expenditures	132,623	-	7,980,651
Prior year encumbrances outstanding	2,582	-	5,592,847
Current year revenue accrual	751,331	15,628	2,991,957
Current year expenditure accrual	(14,936)	0	(237,722)
GAAP basis fund balances, June 30, 2014	<u>\$ 5,043,342</u>	<u>\$ 8,967,019</u>	<u>\$ 64,357,671</u>
Budgetary basis revenues	\$ 4,369,887	\$ 11,492,918	\$ 18,362,013
Current year revenue accrual	751,331	15,628	2,991,957
Prior year revenue accrual	(587,968)	(897)	(2,701,521)
GAAP basis revenues	<u>\$ 4,533,250</u>	<u>\$ 11,507,649</u>	<u>\$ 18,652,449</u>
Budgetary basis expenditures	\$ 3,338,624	\$ 10,687,708	\$ 34,429,270
Current year encumbrances included in expenditures	(132,623)	-	(7,980,651)
Prior year encumbrances paid	1,047,042	-	11,354,495
Current year expenditure accrual	14,936	-	237,722
Prior year expenditure accrual	(15,481)	-	(15,334)
GAAP basis expenditures	<u>\$ 4,252,498</u>	<u>\$ 10,687,708</u>	<u>\$ 38,025,502</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF NET POSITION

ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY

JUNE 30, 2014

	Westwood Park	Sanitation Services	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 113,417	\$ 2,026,946	\$ 2,140,363
Restricted cash and cash equivalents	6,347	521,027	527,374
Investments	-	4,623,719	4,623,719
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	-	789,182	789,182
Interest	2	10,138	10,140
Due from other funds	-	1,716	1,716
Total current assets	<u>119,766</u>	<u>7,972,728</u>	<u>8,092,494</u>
Noncurrent assets:			
Restricted cash and cash equivalents	218,266	318,843	537,109
Restricted investments	-	-	-
Capital assets, net	<u>7,499,178</u>	<u>9,690,646</u>	<u>17,189,824</u>
Total noncurrent assets	<u>7,717,444</u>	<u>10,009,489</u>	<u>17,726,933</u>
Total assets	<u>7,837,210</u>	<u>17,982,217</u>	<u>25,819,427</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	26,511	209,510	236,021
Payroll payable	57,188	176,416	233,604
Accrued interest payable	6,347	28,057	34,404
Retainage payable	-	2,741	2,741
Guaranty deposits	-	351,116	351,116
Revenue bonds payable	130,000	-	130,000
Notes payable	-	535,000	535,000
Compensated absences	<u>2,407</u>	<u>9,547</u>	<u>11,954</u>
Total current liabilities	<u>222,453</u>	<u>1,312,387</u>	<u>1,534,840</u>
Noncurrent liabilities:			
Notes payable	-	3,680,000	3,680,000
Compensated absences	79,823	316,649	396,472
Revenue bonds payable, net	<u>1,110,169</u>	<u>-</u>	<u>1,110,169</u>
Total noncurrent liabilities	<u>1,189,992</u>	<u>3,996,649</u>	<u>5,186,641</u>
Total liabilities	<u>1,412,445</u>	<u>5,309,036</u>	<u>6,721,481</u>
NET POSITION			
Invested in capital assets, net	6,234,178	5,475,646	11,709,824
Restricted for debt service	218,266	460,697	678,963
Unrestricted	<u>(27,679)</u>	<u>6,736,838</u>	<u>6,709,159</u>
Total net position	<u>\$ 6,424,765</u>	<u>\$ 12,673,181</u>	<u>\$ 19,097,946</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2014

	Westwood Park	Sanitation Services	Total
Operating revenues:			
Golf and pool fees	\$ 1,102,085	\$ -	\$ 1,102,085
Sanitation services, net	-	13,815,159	13,815,159
Other	21,900	211,453	233,353
Total operating revenues	1,123,985	14,026,612	15,150,597
Operating expenses:			
Salaries and benefits	826,084	4,063,004	4,889,088
Supplies and materials	121,167	1,314,589	1,435,756
Services and maintenance	273,063	6,930,193	7,203,256
Depreciation and amortization	149,274	1,152,744	1,302,018
Total operating expenses	1,369,588	13,460,530	14,830,118
Operating income (loss)	(245,603)	566,082	320,479
Nonoperating revenues (expenses):			
Investment earnings	(696)	39,936	39,240
Interest and fiscal charges	(86,678)	(119,935)	(206,613)
Miscellaneous income (expense)	3,005	34,533	37,538
Net nonoperating revenues (expenses)	(84,369)	(45,466)	(129,835)
Income (loss) before transfers	(329,972)	520,616	190,644
Transfers in (out):			
Transfers in	404,896	-	404,896
Net transfers	404,896	-	404,896
Net income	74,924	520,616	595,540
Net position - beginning	6,349,841	12,152,565	18,502,406
Net position - ending	\$ 6,424,765	\$ 12,673,181	\$ 19,097,946

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF CASH FLOWS

ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2014

	Westwood Park	Sanitation Services	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,123,985	\$ 14,112,743	\$ 15,236,728
Cash paid to employees for services	(835,056)	(4,086,684)	(4,921,740)
Cash paid to suppliers	(390,966)	(8,302,840)	(8,693,806)
Other receipts (payments)	-	3,428	3,428
Net cash provided by (used for) operating activities	(102,037)	1,726,647	1,624,610
Cash flows from noncapital financing activities:			
Transfers in	404,896	-	404,896
Net cash provided by (used for) noncapital financing activities	404,896	-	404,896
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	42,568	86,676	129,244
Payments for the acquisition of capital assets	(125,142)	(1,952,910)	(2,078,052)
Principal payments on revenue bonds payable	(120,000)	-	(120,000)
Principal payments on notes payable	-	(395,000)	(395,000)
Interest and fiscal charges paid	(84,134)	(118,570)	(202,704)
Net cash used for capital and related financing activities	(286,708)	(2,379,804)	(2,666,512)
Cash flows from investing activities:			
Proceeds from maturity of investments	-	503,747	503,747
Payments for purchases of investments	-	(1,249,582)	(1,249,582)
Investment earnings received	111,014	58,452	169,466
Net cash provided by investing activities	111,014	(687,383)	(576,369)
Net change in cash and cash equivalents	127,165	(1,340,540)	(1,213,375)
Cash and cash equivalents - beginning	210,865	4,207,356	4,418,221
Cash and cash equivalents - ending	\$ 338,030	\$ 2,866,816	\$ 3,204,846
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (245,603)	\$ 566,082	\$ 320,479
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous income	3,005	34,533	37,538
Bad debt expense	-	80,178	80,178
Depreciation	149,274	1,152,744	1,302,018
Gain on disposal of property, plant and equipment	(3,005)	(29,389)	(32,394)
Increase in accounts receivable, net	-	(2,093)	(2,093)
Increase in due from other funds	-	(1,716)	(1,716)
Increase (decrease) in accounts payable and accrued liabilities	3,264	(60,799)	(57,535)
Increase in payroll payable	2,269	2,596	4,865
Increase in retainage payable	-	2,741	2,741
Increase in guaranty deposits	-	8,046	8,046
Decrease in compensated absences	(11,241)	(26,276)	(37,517)
Net cash provided by (used for) operating activities	\$ (102,037)	\$ 1,726,647	\$ 1,624,610
NONCASH ACTIVITIES:			
Change in unrealized (gain) loss on investments	\$ 105,359	\$ 20,849	\$ 126,208

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF NET POSITION

ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY

JUNE 30, 2014

ASSETS	Water	Wastewater	Total
Current assets:			
Cash and cash equivalents	\$ 4,027,491	\$ -	\$ 4,027,491
Restricted cash and cash equivalents	6,688,020	1,234,755	7,922,775
Investments	13,321,067	8,545,462	21,866,529
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	1,386,266	1,011,748	2,398,014
Interest	29,228	48,327	77,555
Due from other funds	3,503	5,706	9,209
Total current assets	<u>25,455,575</u>	<u>10,845,998</u>	<u>36,301,573</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	7,449,292	7,449,292
Restricted investments	-	13,500,951	13,500,951
Capital assets, net	<u>76,964,789</u>	<u>102,493,394</u>	<u>179,458,183</u>
Total noncurrent assets	<u>76,964,789</u>	<u>123,443,637</u>	<u>200,408,426</u>
Total assets	<u>102,420,364</u>	<u>134,289,635</u>	<u>236,709,999</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	<u>-</u>	<u>210,173</u>	<u>210,173</u>
Total deferred outflows of resources	<u>-</u>	<u>210,173</u>	<u>210,173</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	689,988	2,175,531	2,865,519
Payroll payable	172,166	139,034	311,200
Accrued interest payable	218,658	70,113	288,771
Retainage payable	278,974	176,177	455,151
Guaranty deposits	797,809	339,959	1,137,768
Revenue bonds payable	905,000	1,080,000	1,985,000
Notes payable	650,169	605,955	1,256,124
Compensated absences	<u>12,406</u>	<u>9,214</u>	<u>21,620</u>
Total current liabilities	<u>3,725,170</u>	<u>4,595,983</u>	<u>8,321,153</u>
Noncurrent liabilities:			
Notes payable	10,051,196	5,720,912	15,772,108
Compensated absences	411,482	305,598	717,080
Revenue bonds payable, net	<u>14,470,671</u>	<u>2,897,346</u>	<u>17,368,017</u>
Total noncurrent liabilities	<u>24,933,349</u>	<u>8,923,856</u>	<u>33,857,205</u>
Total liabilities	<u>28,658,519</u>	<u>13,519,839</u>	<u>42,178,358</u>
NET POSITION			
Invested in capital assets, net	55,879,011	92,171,527	148,050,538
Restricted for debt service	760,966	6,845,927	7,606,893
Restricted for capital improvements	-	14,928,999	14,928,999
Unrestricted	<u>17,121,868</u>	<u>7,033,516</u>	<u>24,155,384</u>
Total net position	<u>\$ 73,761,845</u>	<u>\$ 120,979,969</u>	<u>\$ 194,741,814</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY FOR THE YEAR ENDED JUNE 30, 2014

	Water	Wastewater	Total
Operating revenues:			
Water service, net	\$ 15,089,962	\$ -	\$ 15,089,962
Wastewater service, net	-	13,906,530	13,906,530
Other	<u>279,377</u>	<u>-</u>	<u>279,377</u>
Total operating revenues	<u>15,369,339</u>	<u>13,906,530</u>	<u>29,275,869</u>
Operating expenses:			
Salaries and benefits	3,780,222	3,064,038	6,844,260
Supplies and materials	1,246,753	494,492	1,741,245
Services and maintenance	5,355,611	6,699,741	12,055,352
Depreciation and amortization	<u>3,195,612</u>	<u>4,649,376</u>	<u>7,844,988</u>
Total operating expenses	<u>13,578,198</u>	<u>14,907,647</u>	<u>28,485,845</u>
Operating income (loss)	<u>1,791,141</u>	<u>(1,001,117)</u>	<u>790,024</u>
Nonoperating revenues (expenses):			
Tax revenue	-	1,769,195	1,769,195
Investment earnings	114,582	189,162	303,744
Interest and fiscal charges	(998,890)	(751,288)	(1,750,178)
Miscellaneous income (expense)	<u>110,056</u>	<u>123,489</u>	<u>233,545</u>
Net nonoperating revenues (expenses)	<u>(774,252)</u>	<u>1,330,558</u>	<u>556,306</u>
Income before capital contributions and operating transfers	<u>1,016,889</u>	<u>329,441</u>	<u>1,346,330</u>
Capital contributions - donated water and sewer distribution systems	2,359,596	1,362,242	3,721,838
Transfers in	20,000	-	20,000
Transfers out	<u>(651,879)</u>	<u>(476,772)</u>	<u>(1,128,651)</u>
Net capital contributions and transfers	<u>1,727,717</u>	<u>885,470</u>	<u>2,613,187</u>
Net income	2,744,606	1,214,911	3,959,517
Net position - beginning	<u>71,017,239</u>	<u>119,765,058</u>	<u>190,782,297</u>
Net position - ending	<u>\$ 73,761,845</u>	<u>\$ 120,979,969</u>	<u>\$ 194,741,814</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF CASH FLOWS

**ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2014**

	Water	Wastewater	Total
Cash flows from operating activities:			
Cash received from customers	\$ 15,065,473	\$ 13,661,060	\$ 28,726,533
Cash paid to employees for services	(3,802,491)	(3,065,265)	(6,867,756)
Cash paid to suppliers	(6,412,557)	(5,350,041)	(11,762,598)
Other receipts (payments)	<u>158,402</u>	<u>132,851</u>	<u>291,253</u>
Net cash provided by operating activities	<u>5,008,827</u>	<u>5,378,605</u>	<u>10,387,432</u>
Cash flows from noncapital financing activities:			
Transfers in	20,000	-	20,000
Transfers out	<u>(651,879)</u>	<u>(476,772)</u>	<u>(1,128,651)</u>
Net cash used for noncapital financing activities	<u>(631,879)</u>	<u>(476,772)</u>	<u>(1,108,651)</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	9,323	4,615	13,938
Payments for the acquisition of capital assets	(3,886,081)	(5,595,904)	(9,481,985)
Proceeds from taxes	-	1,769,195	1,769,195
Principal payments on revenue bonds	(870,000)	(1,050,000)	(1,920,000)
Principal payments on notes payable	(629,891)	(599,637)	(1,229,528)
Interest and fiscal charges paid	<u>(1,019,392)</u>	<u>(690,541)</u>	<u>(1,709,933)</u>
Net cash used for capital and related financing activities	<u>(6,396,041)</u>	<u>(6,162,272)</u>	<u>(12,558,313)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	5,406,577	8,202,421	13,608,998
Payments for purchases of investments	(3,600,081)	(5,958,147)	(9,558,228)
Investment earnings received	<u>176,467</u>	<u>289,957</u>	<u>466,424</u>
Net cash provided by (used for) investing activities	<u>1,982,963</u>	<u>2,534,231</u>	<u>4,517,194</u>
Net change in cash and cash equivalents	(36,130)	1,273,792	1,237,662
Cash and cash equivalents - beginning	<u>10,751,641</u>	<u>7,410,255</u>	<u>18,161,896</u>
Cash and cash equivalents - ending	<u>\$ 10,715,511</u>	<u>\$ 8,684,047</u>	<u>\$ 19,399,558</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,791,141	\$ (1,001,117)	\$ 790,024
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous income	110,056	123,489	233,545
Bad debt expense	83,077	84,532	167,609
Depreciation	3,195,612	4,649,376	7,844,988
Loss on disposal of property, plant and equipment	51,849	15,068	66,917
Increase in accounts receivable, net	(381,665)	(337,875)	(719,540)
Increase in due from other funds	(3,503)	(5,706)	(9,209)
Increase (decrease) in accounts payable and accrued liabilities	(89,167)	1,668,015	1,578,848
Increase in payroll payable	3,832	13,335	17,167
Increase in retainage payable	278,974	176,177	455,151
Increase (decrease) in guaranty deposits	(5,278)	7,873	2,595
Decrease in compensated absences	<u>(26,101)</u>	<u>(14,562)</u>	<u>(40,663)</u>
Net cash provided by operating activities	<u>\$ 5,008,827</u>	<u>\$ 5,378,605</u>	<u>\$ 10,387,432</u>
NONCASH ACTIVITIES:			
Donated water and sewer distribution systems	<u>\$ 2,359,596</u>	<u>\$ 1,362,242</u>	<u>\$ 3,721,838</u>
Change in unrealized (gain) loss on investments	<u>\$ (60,715)</u>	<u>\$ (100,362)</u>	<u>\$ (161,077)</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2014

	Annuity Pool Fund	401(a) Plan Fund	Total
ASSETS			
Investments - mutual funds	\$ 415,391	\$ 71,186,772	\$ 71,602,163
Loans to 401(a) Plan participants	<u>-</u>	<u>4,157,812</u>	<u>4,157,812</u>
Total assets	<u>\$ 415,391</u>	<u>\$ 75,344,584</u>	<u>\$ 75,759,975</u>
LIABILITIES AND NET ASSETS			
Net position:			
Held in trust for pension benefits	\$ 415,391	\$ -	\$ 415,391
Held in trust for retirement benefits	<u>-</u>	<u>75,344,584</u>	<u>75,344,584</u>
Total liabilities and net position	<u>\$ 415,391</u>	<u>\$ 75,344,584</u>	<u>\$ 75,759,975</u>

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Annuity Pool Fund	401(a) Fund	Total
ADDITIONS:			
Contributions:			
Employer	\$ 40,000	\$ 2,286,965	\$ 2,326,965
Employee	<u>-</u>	<u>1,752,876</u>	<u>1,752,876</u>
Total contributions	40,000	4,039,841	4,079,841
Investment income	<u>66,832</u>	<u>10,938,596</u>	<u>11,005,428</u>
Total additions	<u>106,832</u>	<u>14,978,437</u>	<u>15,085,269</u>
DEDUCTIONS:			
Pension benefits paid	113,592	5,157,798	5,271,390
Administration costs	<u>2,363</u>	<u>13,783</u>	<u>16,146</u>
Total deductions	<u>115,955</u>	<u>5,171,581</u>	<u>5,287,536</u>
NET INCREASE	(9,123)	9,806,856	9,797,733
Net position held in trust for pension and retirement benefits, Beginning of year	<u>424,514</u>	<u>65,537,728</u>	<u>65,962,242</u>
End of year	<u>\$ 415,391</u>	<u>\$ 75,344,584</u>	<u>\$ 75,759,975</u>

THE CITY OF NORMAN, OKLAHOMA

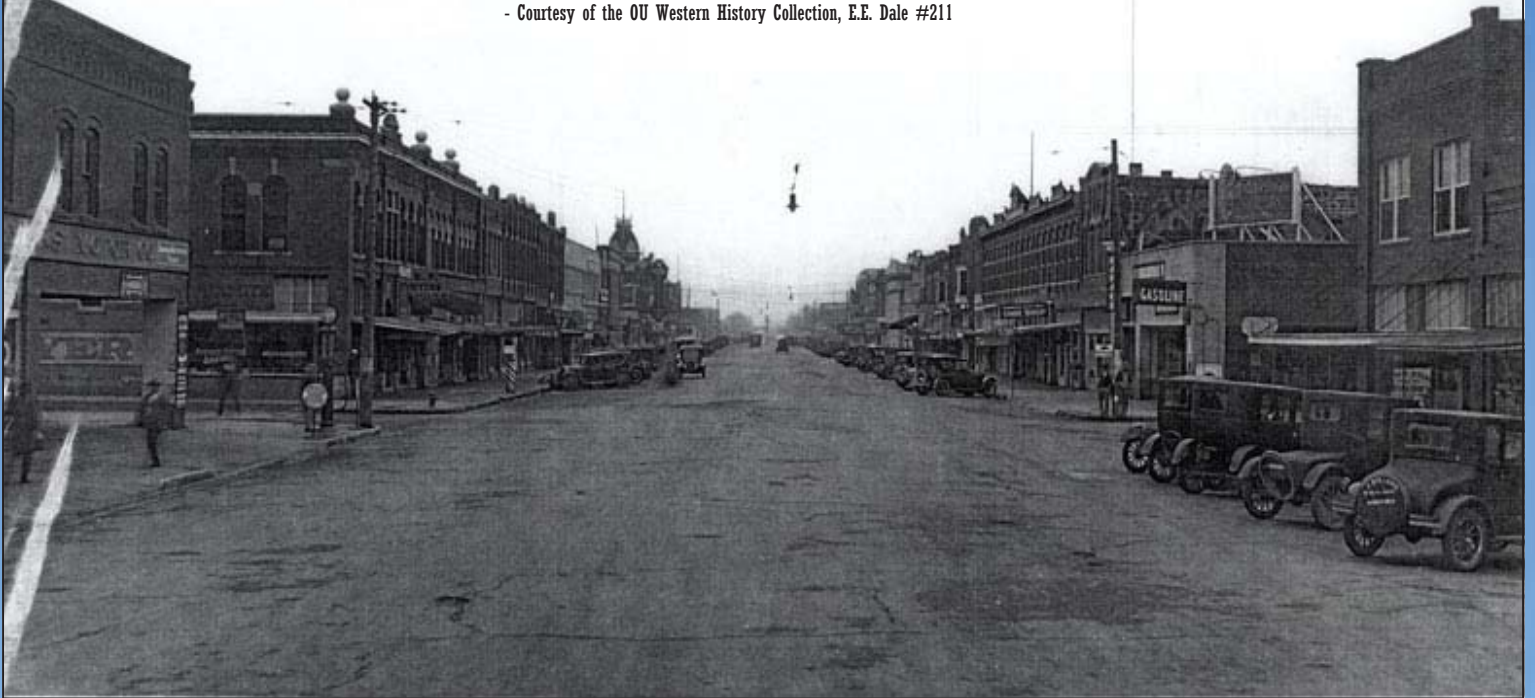
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
CENTENNIAL AGENCY FUND:				
ASSETS				
Cash	\$ 1,394	\$ 267	\$ -	\$ 1,661
Investments	4,440	-	(231)	4,209
Interest receivable	9	-	-	9
Due from other funds	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total assets	<u>\$ 5,843</u>	<u>\$ 268</u>	<u>\$ (231)</u>	<u>\$ 5,880</u>
LIABILITIES				
Funds held for others	<u>\$ 5,843</u>	<u>\$ 268</u>	<u>\$ (231)</u>	<u>\$ 5,880</u>

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Main Street of Norman

- Courtesy of the OU Western History Collection, E.E. Dale #211



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	97-102
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	103-105
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity	106-110
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	111-112
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	113-115
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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	\$ 244,461,034	\$ 230,316,125	\$ 226,301,248	\$ 206,982,527	\$ 175,482,607	\$ 168,461,960	\$ 161,077,889	\$ 151,721,378	\$ 144,638,125	\$ 134,376,760
Restricted	59,573,841	59,450,003	46,103,535	42,431,883	33,165,081	26,111,498	21,745,305	19,049,233	15,964,056	15,341,531
Unrestricted	(6,068,605)	(6,704,318)	(2,190,465)	(1,500,859)	(259,210)	8,974,819	9,974,408	8,645,895	7,822,176	2,899,892
Total governmental activities net position	\$ 297,966,270	\$ 283,061,810	\$ 270,214,318	\$ 247,913,551	\$ 208,388,478	\$ 203,548,277	\$ 192,797,602	\$ 179,416,506	\$ 168,424,357	\$ 152,618,183
Business-type activities										
Net investment in capital assets	\$ 159,760,362	\$ 153,645,303	\$ 149,661,248	\$ 149,829,383	\$ 146,472,150	\$ 135,025,019	\$ 123,751,512	\$ 109,987,262	\$ 89,473,826	\$ 73,768,669
Restricted	23,214,855	23,764,771	23,888,626	22,568,084	23,202,532	22,411,356	24,610,916	27,853,537	33,173,855	32,154,744
Unrestricted	30,864,543	31,874,629	29,032,825	22,177,807	17,147,722	17,475,856	20,844,722	20,794,262	18,658,835	15,485,921
Total business-type activities net position	\$ 213,839,760	\$ 209,284,703	\$ 202,582,699	\$ 194,575,274	\$ 186,822,404	\$ 174,912,231	\$ 169,207,150	\$ 158,635,061	\$ 141,306,516	\$ 121,409,334
Primary government										
Net investment in capital assets	\$ 404,221,396	\$ 383,961,428	\$ 375,962,496	\$ 356,811,910	\$ 321,954,757	\$ 303,486,979	\$ 284,829,401	\$ 261,708,640	\$ 234,111,951	\$ 208,145,429
Restricted	82,788,696	83,214,774	69,992,161	64,999,967	56,367,613	48,522,854	46,356,221	46,902,770	49,137,911	47,496,275
Unrestricted	24,795,938	25,170,311	26,842,360	20,676,948	16,888,512	26,450,675	30,819,130	29,440,157	26,481,011	18,385,813
Total primary government net position	\$ 511,806,030	\$ 492,346,513	\$ 472,797,017	\$ 442,488,825	\$ 395,210,882	\$ 378,460,508	\$ 362,004,752	\$ 338,051,567	\$ 309,730,873	\$ 274,027,517

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES										
Governmental activities:										
General government	\$ 11,353,764	\$ 10,067,554	\$ 10,443,931	\$ 6,904,076	\$ 5,830,137	\$ 3,751,170	\$ 3,829,737	\$ 4,832,140	\$ 4,320,751	\$ 4,003,837
Planning	3,208,350	3,334,674	3,063,260	2,944,363	3,345,225	3,139,732	2,892,976	2,659,676	2,541,205	2,481,637
City controller	3,337,932	3,256,464	2,404,401	2,299,619	3,487,837	3,317,241	3,128,315	1,768,656	1,674,137	1,639,898
Parks and recreation	5,555,796	5,251,598	5,076,388	4,951,495	5,909,298	5,441,885	4,975,386	4,922,448	4,533,259	4,377,816
Public works	21,530,165	21,126,808	19,810,834	17,384,501	17,665,244	18,412,370	21,420,245	15,465,589	15,406,784	14,756,411
Public service	2,841,186	2,242,861	2,368,850	2,777,749	2,964,057	3,871,811	2,655,470	1,961,034	2,003,240	2,581,878
Public safety	47,819,597	46,133,723	44,528,493	41,050,651	41,750,244	38,223,543	34,176,717	33,641,406	29,942,277	29,553,860
Interest on long-term debt	1,901,483	1,812,032	1,715,040	1,306,589	1,175,941	1,022,021	844,342	554,082	569,374	274,343
Total governmental activities expenses	97,548,273	93,225,714	89,411,197	79,619,043	82,127,983	77,179,773	73,923,188	65,805,031	60,991,027	59,669,680
Business-type activities:										
Westwood Park	1,456,266	1,451,959	1,477,312	1,475,445	1,458,522	1,498,891	1,343,650	1,221,446	1,238,681	1,206,417
Water	13,261,728	13,776,395	13,630,489	10,479,592	10,307,362	10,650,815	9,582,054	8,895,911	8,435,930	7,122,255
Wastewater	15,658,935	12,229,767	11,846,247	12,736,928	10,794,791	11,534,123	11,417,808	9,433,989	8,781,441	10,563,694
Sanitation	13,580,465	12,325,246	11,679,875	11,055,474	10,802,282	10,395,098	9,765,306	8,499,407	7,982,112	7,538,650
Total business-type activities expenses	43,957,394	39,783,367	38,633,923	35,747,439	33,362,957	34,078,927	32,108,818	28,050,753	26,438,164	26,431,016
Total primary government expenses	\$ 141,505,667	\$ 133,009,081	\$ 128,045,120	\$ 115,366,482	\$ 115,490,940	\$ 111,258,700	\$ 106,032,006	\$ 93,855,784	\$ 87,429,191	\$ 86,100,696

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,554,566	\$ 2,431,538	\$ 2,297,341	\$ 186,094	\$ 244,495	\$ 253,409	\$ 775,038	\$ 223,889	\$ 321,790	\$ 212,778
Planning	1,376,330	1,213,106	1,123,524	1,009,561	1,080,835	893,633	1,140,867	1,253,092	1,024,964	1,106,865
City controller	214,838	165,969	155,226	66,093	-	-	-	-	-	-
Parks and recreation	587,433	506,358	568,817	592,238	586,611	426,476	398,639	376,318	495,742	536,999
Public safety	3,125,456	3,040,640	3,208,642	3,066,665	2,815,951	2,877,921	3,112,702	3,219,228	3,052,862	2,717,420
Operating grants and contributions	7,533,947	6,893,726	8,241,861	6,771,145	8,143,742	6,422,085	10,611,762	5,808,782	6,023,313	6,481,206
Capital grants and contributions	5,501,318	5,754,538	13,944,754	30,934,491	2,513,839	8,102,826	8,507,544	8,913,773	9,867,700	8,963,036
Total governmental activities	20,893,888	20,005,875	29,540,165	42,626,287	15,385,473	18,981,350	24,546,552	19,795,082	20,786,371	20,018,304
Business-type activities:										
Charges for services										
Westwood Park	1,102,085	1,141,661	1,167,227	1,143,973	1,067,800	1,089,329	1,103,631	917,367	970,765	918,127
Water	14,053,978	14,817,012	15,460,504	14,185,492	13,267,513	12,881,381	12,500,439	13,270,582	9,692,489	7,512,752
Wastewater	13,906,530	11,383,549	11,451,634	11,075,566	11,012,593	11,000,250	10,818,981	11,184,361	10,875,535	11,392,295
Sanitation	14,006,612	13,546,341	13,501,474	11,820,912	11,028,021	11,035,050	10,144,328	9,514,899	9,321,590	9,185,805
Capital grants and contributions	3,721,838	5,006,692	4,291,238	4,474,408	7,215,720	2,055,411	4,631,310	4,538,829	6,590,459	4,454,070
Total business-type activities	46,791,043	45,895,255	45,872,077	42,700,351	43,591,647	38,061,421	39,198,689	39,426,038	37,450,838	33,463,049
program revenues	\$ 67,684,931	\$ 65,901,130	\$ 75,412,242	\$ 85,326,638	\$ 58,977,120	\$ 57,042,771	\$ 63,745,241	\$ 59,221,120	\$ 58,237,209	\$ 53,481,353
Total primary government revenues										
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (76,654,385)	\$ (73,219,839)	\$ (59,871,032)	\$ (36,992,756)	\$ (66,742,510)	\$ (58,198,423)	\$ (49,376,636)	\$ (46,009,949)	\$ (40,204,656)	\$ (39,651,376)
Business-type activities	2,833,649	6,111,888	7,238,154	6,952,912	10,201,690	3,982,494	7,089,871	11,375,285	11,012,674	7,032,033
Total primary government net expense	\$ (73,820,736)	\$ (67,107,951)	\$ (52,632,878)	\$ (30,039,844)	\$ (56,540,820)	\$ (54,215,929)	\$ (42,286,765)	\$ (34,634,664)	\$ (29,191,982)	\$ (32,619,343)

THE CITY OF NORMAN, OKLAHOMA

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Sales taxes	\$ 63,580,323	\$ 60,558,342	\$ 58,777,068	\$ 56,146,152	\$ 53,601,698	\$ 52,261,757	\$ 45,565,002	\$ 42,254,425	\$ 40,475,824	\$ 38,468,473
Franchise taxes	6,782,746	6,572,686	6,584,853	6,228,264	6,262,225	6,215,692	5,797,844	5,646,417	5,670,247	4,752,757
Property taxes	12,481,940	11,532,189	7,931,992	7,684,537	6,111,415	3,373,306	3,485,026	2,219,753	1,989,565	529,570
State use taxes	2,504,136	2,428,484	2,393,708	2,187,289	2,179,503	2,401,933	2,025,502	1,793,426	1,382,344	1,354,892
Hotel/Motel taxes	1,648,452	1,352,311	1,130,488	1,068,000	1,033,060	991,435	905,341	766,801	669,023	633,319
Alcoholic beverage taxes	272,697	285,339	271,359	247,014	232,016	231,077	222,079	205,822	196,415	188,975
Cigarette taxes	746,900	764,653	845,149	816,503	744,416	705,377	641,678	646,688	700,998	298,191
Investment earnings	379,805	208,763	701,524	396,095	490,604	1,074,489	1,718,553	1,959,682	1,203,712	544,085
Miscellaneous	2,458,091	2,319,411	2,761,766	962,203	838,558	1,003,269	1,632,050	674,084	1,087,155	2,766,996
Transfers	703,755	734,795	773,892	781,772	89,216	690,763	764,657	835,000	2,635,547	544,858
Total governmental activities	91,558,845	86,756,973	82,171,799	76,517,829	71,582,711	68,949,098	62,757,732	57,002,098	56,010,830	50,082,116
Business-type activities:										
Sales taxes	-	-	-	-	-	-	-	1,737,585	6,860,051	6,526,840
Excise taxes	1,769,195	1,432,321	1,597,960	1,038,715	1,562,722	1,251,242	1,608,254	1,802,750	2,433,537	1,938,152
State use taxes	-	-	-	-	-	-	-	77,528	363,329	160,186
Investment earnings	342,984	187,837	278,751	355,657	440,118	1,109,011	2,561,016	3,416,220	1,633,778	893,835
Miscellaneous	312,984	241,978	(333,548)	187,358	(205,141)	53,097	77,605	(245,823)	229,660	(216,619)
Transfers	(703,755)	(734,795)	(773,892)	(781,772)	(89,216)	(690,763)	(764,657)	(835,000)	(2,635,547)	(544,858)
Total business-type activities	1,721,408	1,127,341	769,271	799,958	1,708,483	1,722,587	3,482,218	5,953,260	8,884,808	8,757,536
Total primary government	\$ 93,280,253	\$ 87,884,314	\$ 82,941,070	\$ 77,317,787	\$ 73,291,194	\$ 70,671,685	\$ 66,239,950	\$ 62,955,358	\$ 64,895,638	\$ 58,839,652
CHANGE IN NET POSITION										
Governmental activities	\$ 14,904,460	\$ 13,537,134	\$ 22,300,767	\$ 39,525,073	\$ 4,840,201	\$ 10,750,675	\$ 13,381,096	\$ 10,992,149	\$ 15,806,174	\$ 10,430,740
Business-type activities	4,555,057	7,239,229	8,007,425	7,752,870	11,910,173	5,705,081	10,572,089	17,328,545	19,897,182	15,789,569
Total primary government	\$ 19,459,517	\$ 20,776,363	\$ 30,308,192	\$ 47,277,943	\$ 16,750,374	\$ 16,455,756	\$ 23,953,185	\$ 28,320,694	\$ 35,703,356	\$ 26,220,309

THE CITY OF NORMAN, OKLAHOMA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund										
Reserved	\$ -	\$ -	\$ -	\$ 1,055,126	\$ 1,826,810	\$ 1,819,264	\$ 1,825,186	\$ 1,012,154	\$ 421,204	\$ 626,408
Unreserved	-	-	-	12,614,678	19,530,033	17,472,575	16,611,606	15,589,593	14,031,688	11,396,491
Nonspendable	47,131	337,642	320,512	334,339						
Restricted	-	-	-	14,307						
Committed	2,554,596	1,510,323	1,503,429							
Assigned	2,152,746	2,169,071	1,467,574	1,037,294						
Unassigned	8,384,756	8,405,617	10,184,006	12,283,864						
Total general fund	<u>\$ 13,139,229</u>	<u>\$ 12,422,653</u>	<u>\$ 13,475,521</u>	<u>\$ 13,669,804</u>	<u>\$ 21,356,843</u>	<u>\$ 19,291,839</u>	<u>\$ 18,436,792</u>	<u>\$ 16,601,747</u>	<u>\$ 14,452,892</u>	<u>\$ 12,022,899</u>
All other governmental funds										
Reserved										
Encumbrances	\$ -	\$ -	\$ -	-	\$ 7,865,963	\$ 5,682,896	\$ 8,769,381	\$ 7,400,109	\$ 8,083,495	\$ 3,967,941
Debt service	-	-	-	-	2,512,584	1,590,705	2,218,703	1,359,284	1,613,892	789,936
Unreserved, reported in:										
Public safety sales tax fund	-	-	-	-						
Capital projects fund	-	-	-	-	21,127,319	30,098,079	17,761,773	20,178,393	11,709,351	18,381,249
Special revenue funds	-	-	-	-	2,647,787	2,800,254	3,863,008	4,217,793	3,452,739	3,202,233
Restricted	86,328,836	95,384,952	68,041,077	48,791,046						
Assigned	1,834,631	1,350,473	1,059,369	587,163						
Total all other governmental funds	<u>\$ 88,163,467</u>	<u>\$ 96,735,425</u>	<u>\$ 69,100,446</u>	<u>\$ 49,378,209</u>	<u>\$ 34,153,653</u>	<u>\$ 40,171,934</u>	<u>\$ 32,612,865</u>	<u>\$ 33,155,579</u>	<u>\$ 24,859,477</u>	<u>\$ 26,341,359</u>

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)

REVENUES	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Taxes	\$ 86,998	\$ 82,444	\$ 76,818	\$ 73,314	\$ 69,188	\$ 65,244	\$ 57,779	\$ 52,681	\$ 50,187	\$ 45,739
Licenses & permits	1,426	1,212	1,190	1,086	1,156	968	1,165	1,126	933	1,018
Intergovernmental revenues	8,773	8,637	9,370	9,608	8,354	7,456	12,946	7,174	7,106	7,059
Charges for services	10,918	10,684	10,268	11,775	11,836	10,874	10,070	9,326	8,988	8,448
Fines and forfeits	2,461	2,352	2,554	2,490	2,176	2,204	2,477	2,548	2,465	2,243
Investment earnings	365	194	517	389	491	1,075	1,718	1,959	1,204	544
Special assessment revenue	-	-	26	38	50	57	60	74	155	196
Other	2,424	1,424	2,381	1,006	969	1,196	1,399	846	1,392	2,939
Total revenues	113,365	106,947	103,124	99,706	94,220	89,074	87,614	75,734	72,430	68,186
EXPENDITURES										
General government	10,218	7,963	8,571	8,036	8,960	6,399	6,136	6,862	6,262	5,843
Planning	3,379	3,387	3,261	3,112	3,394	3,237	2,962	2,763	2,666	2,508
City controller	4,492	4,957	4,405	6,009	5,645	5,360	4,962	3,582	3,416	3,369
Parks & recreation	4,930	4,520	4,598	4,760	5,372	5,034	4,449	4,237	4,189	3,936
Public works	18,054	17,481	17,240	15,863	16,151	16,519	19,923	13,666	13,353	12,332
Public service	2,803	2,239	2,401	2,772	2,961	3,749	2,535	1,839	1,873	2,450
Public safety	45,846	42,780	40,310	37,997	37,312	34,643	32,593	30,808	29,688	27,818
Capital Outlay	20,897	18,152	16,449	16,150	15,654	18,043	11,212	10,293	9,688	4,940
Debt Service:										
Principal	22,949	5,655	4,319	3,750	2,647	2,510	1,470	1,470	2,414	1,317
Interest	2,400	1,578	1,315	1,223	1,004	1,022	844	554	568	274
Total expenditures	135,968	108,712	102,869	99,672	99,100	96,516	87,086	76,074	74,117	64,787
Excess of revenues over (under) expenditures	(22,603)	(1,765)	255	34	(4,880)	(7,442)	528	(340)	(1,687)	3,399
OTHER FINANCING SOURCES (USES)										
Bonds issued	14,971	28,175	19,861	7,559	-	15,166	-	9,950	-	11,195
Premium on issuance of debt	-	179	19,861	7,559	-	15,166	-	9,950	-	11,195
Transfers in	5,486	8,863	7,404	9,564	6,900	8,867	5,639	5,612	7,904	4,613
Transfers out	(5,710)	(8,870)	(7,992)	(8,782)	(6,811)	(8,177)	(4,875)	(4,777)	(5,269)	(4,068)
Total other financing sources (uses)	14,747	28,347	39,134	15,900	89	31,022	764	20,735	2,635	22,935
Net change in fund balances	\$ (7,856)	\$ 26,582	\$ 39,389	\$ 15,934	\$ (4,791)	\$ 23,580	\$ 1,292	\$ 20,395	\$ 948	\$ 26,334
Debt service as a percentage of noncapital expenditures	22.03%	7.99%	6.52%	5.95%	4.38%	4.50%	3.05%	3.08%	4.63%	2.66%

THE CITY OF NORMAN, OKLAHOMA

TAXABLE SALES BY CATEGORY LAST TEN FISCAL YEARS (Dollars in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General merchandise	\$ 14,991	\$ 10,174	\$ 14,697	\$ 14,515	\$ 14,138	\$ 13,656	\$ 11,759	\$ 11,323	\$ 12,055	\$ 10,783
Eating and drinking establishments	10,096	10,372	9,350	8,973	8,498	8,015	7,134	6,714	6,917	6,475
Miscellaneous retail	7,899	17,001	6,177	5,696	5,017	4,444	3,926	3,982	3,933	3,972
Building materials and farm tools	4,742	2,708	3,985	3,421	3,535	3,630	3,216	3,278	3,737	3,577
Electric, gas & sanitary services	3,512	3,393	3,538	3,304	3,377	3,170	2,584	2,795	3,136	2,612
Home furnishings and appliances	3,166	1,963	3,156	3,246	3,045	3,306	2,897	3,038	2,983	2,850
Food stores	4,058	2,430	3,470	3,136	2,933	2,756	2,428	2,493	2,820	3,159
Apparel and accessory stores	3,531	2,423	3,050	2,983	2,765	2,613	2,297	2,162	2,306	2,279
Communications	2,322	1,494	2,480	2,463	2,576	2,398	2,076	1,995	2,116	2,195
Wholesale trade-durable goods	3,341	2,487	2,018	1,687	1,561	1,623	1,472	1,411	1,483	1,520
All other outlets	6,484	5,477	7,267	7,043	6,366	6,498	5,863	5,755	6,037	5,838
Total	\$ 64,142	\$ 59,922	\$ 59,188	\$ 56,467	\$ 53,811	\$ 52,109	\$ 45,652	\$ 44,946	\$ 47,523	\$ 45,260
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.00%	3.00%	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
2014	3.5 %	4.5 %	0.25 %
2013	3.5 %	4.5 %	0.25 %
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 %

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.

THE CITY OF NORMAN, OKLAHOMA

SALES TAX REVENUE PAYERS BY INDUSTRY

FISCAL YEARS 2014 AND 2013

(Dollars in Thousands)

	Fiscal Year 2014				Fiscal Year 2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail trade	1,192	40.6 %	\$ 38,387	59.8 %	1,210	42.0 %	\$ 36,699	61.2 %
Accommodation and food service	268	9.1 %	11,593	18.1 %	270	9.4 %	11,309	18.9 %
Real estate and rental and leasing	181	6.2 %	813	1.3 %	192	6.7 %	506	0.8 %
Wholesale trade	519	17.7 %	3,341	5.2 %	461	16.0 %	2,487	4.2 %
Manufacturing	197	6.7 %	1,538	2.4 %	182	6.3 %	1,510	2.5 %
Information	133	4.5 %	2,322	3.6 %	136	4.7 %	1,494	2.5 %
Other services (except public administration)	92	3.1 %	524	0.8 %	101	3.5 %	698	1.2 %
Professional, scientific, and technical services	82	2.8 %	316	0.5 %	73	2.5 %	565	0.9 %
Arts, entertainment, and recreation	29	1.0 %	476	0.7 %	30	1.0 %	467	0.8 %
Admin, support, waste mgmt and remediation services	33	1.1 %	50	0.1 %	30	1.0 %	28	0.0 %
Construction	18	0.6 %	75	0.1 %	19	0.7 %	52	0.1 %
Transportation and warehousing	16	0.5 %	163	0.3 %	17	0.6 %	948	1.6 %
Finance and insurance	13	0.4 %	113	0.2 %	15	0.5 %	69	0.1 %
Utilities	6	0.2 %	3,512	5.5 %	7	0.2 %	3,393	5.7 %
Agricultural, forestry, fishing and hunting	4	0.1 %	8	0.0 %	4	0.1 %	36	0.1 %
Educational services	4	0.1 %	16	0.0 %	4	0.1 %	10	0.0 %
Health care and social assistance	3	0.1 %	16	0.0 %	4	0.1 %	13	0.0 %
Mining, quarrying, and oil and gas extraction	4	0.1 %	9	0.0 %	4	0.1 %	7	0.0 %
Public administration	-	0.0 %	-	0.0 %	4	0.1 %	1	0.0 %
Nonclassifiable	141	4.8 %	870	1.4 %	121	4.2 %	(368)	(0.6)%
Total	2,935	100.0 %	\$ 64,142	100.0 %	2,884	100.0 %	\$ 59,924	100.0 %

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	Leases												
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
2013		58,790		-		-	13,965		22,632		22,868		-		118,255	1.2 %	915.95
2014		49,657		-		-	491		20,593		21,243		-		105,849	1.0 %	895.53

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 109 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
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
2013	58,790	9,121	49,669	6.13%	429.80
2014	49,657	8,967	40,690	4.81%	344.26

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 107 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 109.

THE CITY OF NORMAN, OKLAHOMA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2014 (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	83,505	96.25%	80,374
Debt repaid with property taxes: McLoud Public Schools	-	0.03%	-
Debt repaid with property taxes: Robin Hill Public Schools	350	0.11%	0
Debt repaid with property taxes: Noble Public Schools	700	0.70%	5
Debt repaid with property taxes: Mid Del Public Schools	28,970	0.02%	6
Debt repaid with property taxes: Little Axe Public Schools	685	0.18%	1
Debt repaid with property taxes: Moore Public Schools	<u>59,255</u>	2.10%	<u>1,244</u>
Subtotal, overlapping debt	173,465		81,630
City of Norman direct debt			<u>64,013</u>
Total direct and overlapping debt			<u>\$ 145,643</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assessed value of property	\$ 843,440	\$ 807,370	\$ 790,324	\$ 773,094	\$ 719,235	\$ 715,777	\$ 665,056	\$ 616,042	\$ 568,867	\$ 523,590
Debt limit ¹ , 10% of assessed value	84,344	80,737	79,032	77,309	71,924	71,578	66,506	61,604	56,887	52,359
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	\$ 84,344	\$ 80,737	\$ 79,032	\$ 77,309	\$ 71,924	\$ 71,578	\$ 66,506	\$ 61,604	\$ 56,887	\$ 52,359
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	\$ 253,032	\$ 242,211	\$ 237,097	\$ 231,928	\$ 215,771	\$ 214,733	\$ 199,517	\$ 184,813	\$ 170,660	\$ 157,077
Amount of debt applicable to limit:										
General Obligation Bonds	49,495	58,620	43,140	28,495	25,915	28,370	20,115	21,505	12,945	15,275
Less: Resources restricted to paying principal	(8,967)	(9,121)	(4,817)	(3,669)	(2,513)	(1,591)	(2,219)	(1,359)	(1,614)	(790)
Total net debt applicable to limit	40,528	49,499	38,323	24,826	23,402	26,779	17,896	20,146	11,331	14,485
Legal debt margin	\$ 212,504	\$ 192,712	\$ 198,774	\$ 207,102	\$ 192,369	\$ 187,954	\$ 181,621	\$ 164,667	\$ 159,329	\$ 142,592
Total net debt applicable to the limit as a percentage of debt limit	16.02%	20.44%	16.16%	10.70%	10.85%	12.47%	8.97%	10.90%	6.64%	9.22%

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					
	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service		Coverage	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage		
				Principal	Interest					Principal	Interest			Principal	Interest			
2005	\$ 24,282	\$ 10,130	\$ 14,152	\$ 1,595	\$ 690	6.19	\$ 10,409	\$ 7,803	\$ 2,606	\$ 545	\$ 214	3.43	\$ 215	\$ 127	\$ 38	1.30		
2006	28,405	9,828	18,577	1,300	365	11.16	10,568	8,341	2,227	575	169	2.99	169	83	31	1.48		
2007	33,524	5,663	27,861	1,454	1,063	11.07	10,872	8,681	2,191	200	160	6.09	74	80	27	0.69		
2008	31,428	7,888	23,540	2,153	1,401	6.62	11,715	9,931	1,784	210	147	5.00	60	80	24	0.58		
2009	27,662	13,513	14,149	2,193	1,358	3.98	12,384	10,630	1,754	220	136	4.93	57	80	20	0.57		
2010	33,559	10,873	22,686	2,242	1,251	6.49	12,659	10,947	1,712	375	194	3.01	50	80	17	0.52		
2011	30,345	11,793	18,552	1,807	1,354	5.87	13,382	11,243	2,139	295	204	4.29	38	80	14	0.40		
2012	31,347	14,361	16,986	3,153	1,667	3.52	15,124	11,800	3,324	310	291	5.53	32	239	37	0.12		
2013	31,037	17,001	14,036	3,163	1,430	3.06	15,057	12,459	2,598	325	231	4.67	-	-	-	-		
2014	31,562	17,096	14,466	3,150	1,709	2.98	15,632	13,474	2,158	575	203	2.77	-	-	-	-		

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
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	9.1	26,058	29.6	15,022	4.40%
2013	115,562	9.6	27,343	29.7	15,510	5.00%
2014	118,197	10.4	26,267	29.9	15,739	4.20%

Data Sources

¹ Years 2005-10 estimated by the City of Norman Planning Department. Years 2011- 14 obtained from census data

² Norman Chamber of Commerce, NEDC, Oklahoma Department of Commerce 2005 estimated, U.S. Census Bureau, American Community Survey 2006-2014 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	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The University of Oklahoma	12,266	1	21.83%	9,049	1	17.10%
Norman Regional Hospital	2,870	2	5.11%	2,154	2	4.07%
Norman Public Schools	1,951	3	3.47%	1,486	3	2.81%
York International/Johnson Controls	950	4	1.69%	913	4	1.72%
City of Norman	834	5	1.48%	740	6	1.40%
NOAA National Severe Storm Laboratory	550	6	0.98%	400	9	0.76%
Department of Mental Health & Substance Abuse	545	7	0.97%	750	5	1.42%
Hitachi	463	8	0.82%	257		0.49%
USPS National Center for Employee Development	407	9	0.72%	585	7	1.11%
ClientLogic / Sitel	401	10	0.71%	-		-
Griffin Memorial Hospital	-		-	416	8	0.79%
Sysco	-		-	400	10	0.76%
Total	<u>21,237</u>		<u>37.78%</u>	<u>17,150</u>		<u>32.43%</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	40	38	36	36	49	48	44	45	45	45
Planning	37	36	36	37	39	39	39	38	39	38
City controller	35	37	38	38	38	38	38	37	38	36
Parks & recreation	47	52	54	53	60	63	85	80	83	76
Public works	110	108	106	104	107	107	102	92	95	95
Public safety										
Police	231	240	229	237	216	192	186	177	184	161
Fire	163	157	142	137	134	133	131	127	124	125
Westwood	18	18	19	18	18	20	35	33	35	33
Water	49	49	49	48	47	50	50	51	47	47
Wastewater	42	42	40	41	42	42	42	40	42	40
Sanitation	58	57	55	56	52	53	52	52	49	48
Total	830	834	804	805	802	785	804	772	781	744

Source: City Payroll Office

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

THE CITY OF NORMAN, OKLAHOMA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Planning										
Building permits issued	3,437	1,997	1,661	1,212	1,243	1,252	1,271	1,249	1,557	1,401
Building inspections conducted	26,699	26,410	21,572	24,001	24,489	25,925	26,061	28,194	32,681	31,236
Police										
Physical arrests	6,529	5,922	5,740	6,005	8,596	8,227	5,628	5,938	4,570	5,983
Parking violations	12,422	10,053	5,883	4,848	6,791	14,332	13,883	14,917	21,075	18,164
Traffic violations	16,803	16,295	17,531	19,102	19,215	17,349	21,868	22,298	22,111	34,221
Non-traffic violations	4,619	4,423	4,996	4,260	4,531	4,745	4,881	5,281	6,089	5,699
Fire										
Calls answered	12,234	11,560	11,129	11,198	10,530	10,376	11,050	9,601	9,137	8,224
Inspections	2,083	2,700	2,814	2,623	3,050	2,815	3,083	3,879	3,589	3,947
Sanitation										
Refuse collected (tons per day)	286	298	279	292	289	276	228	252	252	249
Recyclables collected (tons per day)	27	28	22	11	13	12	9	7	6	6
Highways and streets										
Street resurfacing (miles)	15	19	26	19	9	11	6	10	18	17
Street patching (tons of asphalt used)	2,364	1,178	792	2,651	2,621	3,521	2,451	4,092	5,018	3,358
Parks and recreation										
Athletic field permits issued	154,596	159,817	170,291	174,268	168,648	154,757	169,933	166,167	168,182	154,405
Community center admissions	121,791	138,109	142,738	145,828	155,380	152,071	149,581	125,983	124,586	151,220
Water										
New connections	504	919	364	649	632	562	537	604	794	882
Water main breaks	191	268	308	177	163	143	112	206	216	130
Average daily consumption (thousands of gallons)										
Peak daily consumption (thousands of gallons)	12,470	12,390	13,220	13,060	15,800	12,420	12,320	13,270	14,430	12,370
Wastewater										
Average daily sewage treatment (thousands of gallons)	20,610	24,820	23,940	22,290	22,240	23,380	22,330	24,260	22,520	21,320
Average daily sewage treatment (thousands of gallons)	9,800	10,300	9,500	10,500	10,800	10,800	10,300	10,700	9,800	10,200

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public safety										
Police										
Stations	2	1	1	1	1	1	1	1	1	1
Patrol units	119	120	118	108	105	100	85	85	85	85
Fire stations	9	8	8	8	7	7	7	7	7	7
Sanitation										
Collection trucks	41	41	41	41	42	42	39	39	36	36
Highways and streets										
Streets (miles)	753	752	749	745	740	738	735	835	804	793
Streetlights	6,296	6,191	6,115	5,585	5,577	5,497	5,381	5,323	5,221	5,090
Traffic signals	241	189	185	176	170	170	165	159	155	155
Parks and recreation										
Acreage	1,156	1,150	1,150	1,142	1,142	1,133	1,131	1,125	1,004	1,004
Playgrounds	52	52	52	51	50	50	50	50	50	50
Swimming pools	5	5	5	5	5	5	5	5	5	5
Tennis courts	22	22	22	22	22	22	22	22	22	22
Community centers	5	5	5	5	5	5	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	576	566	562	547	536	531	520	510	498	490
Fire hydrants	5,618	5,498	5,392	5,337	5,158	5,038	4,904	4,779	4,566	4,401
Water towers	4	4	4	4	4	4	5	5	5	5
Maximum daily capacity (thousands of gallons)	23,500	22,600	22,600	20,300	20,300	19,577	20,100	14,000	14,000	14,000
Wastewater										
Sanitary sewers (miles)	491	485	479	476	466	462	455	451	438	431
Manholes	11,530	11,387	11,228	11,154	10,885	10,665	10,585	10,490	10,176	9,960
Maximum daily treatment capacity (thousands of gallons)	30,000	30,000	24,000	24,000	24,000	24,000	24,000	24,000	30,000	30,000

Sources: Various city departments.

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

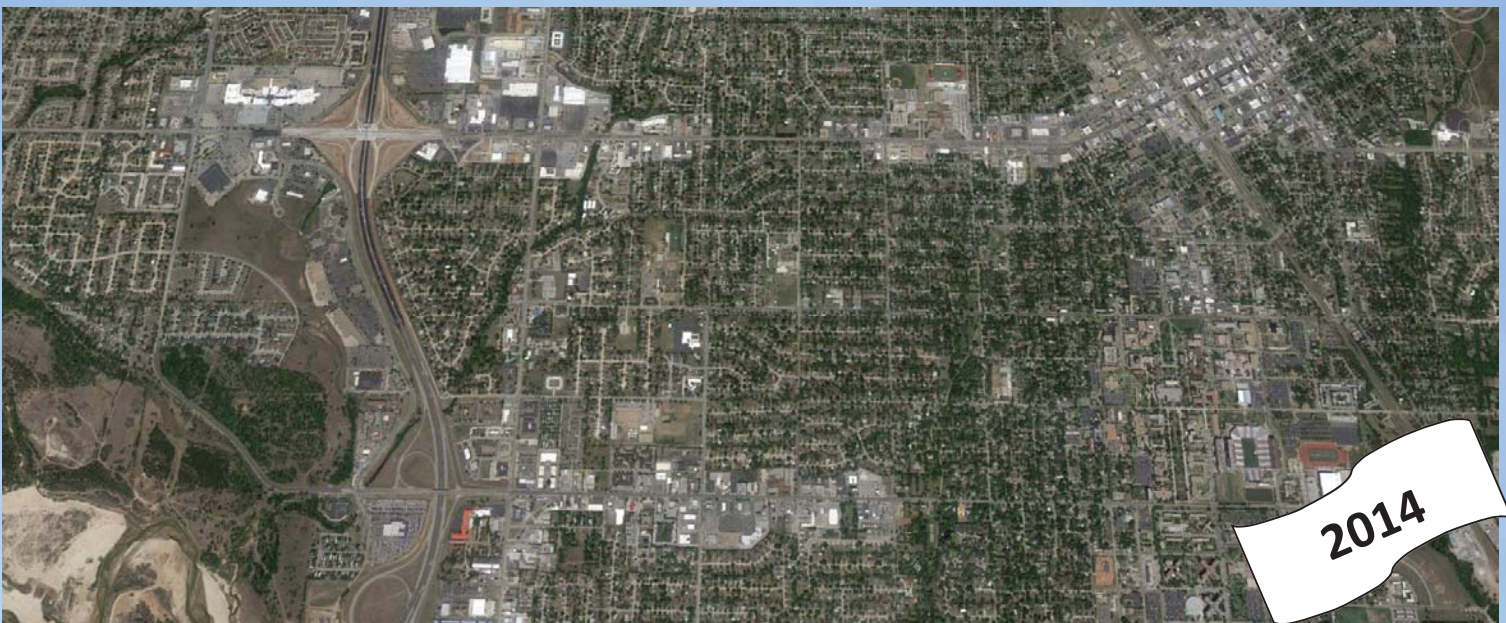
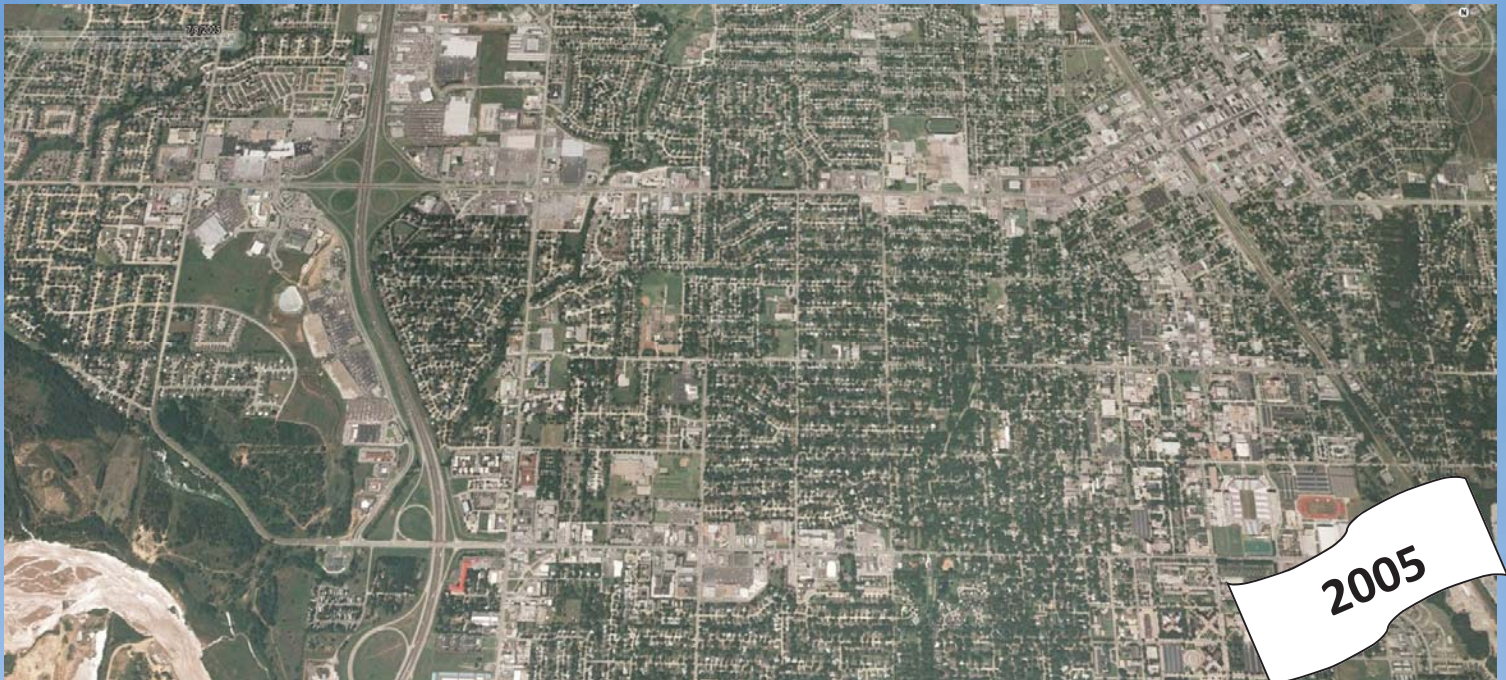


Source Google Earth



<http://gfoms.com/>

Oklahoma Memorial Stadium at the University of Oklahoma over the years, and a rendering of renovations to come. The south end zone will be enclosed to form a continuous bowl and many new amenities will be added.



Interstate 35 through west Norman and the new Main Street Interchange (top left) Source Google Earth