



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



THE CITY OF NORMAN, OKLAHOMA  
FISCAL YEAR ENDING JUNE 30, 2017



**ON THE COVER :** Norman is a “railroad city.” In 1870, the United States Land Office contracted with a professional engineer to survey much of “Indian Territory” (Most of what is now Oklahoma was originally reserved for Native Americans who were relocated from their homelands). Abner E. Norman, a young surveyor, became chairman and leader of the central survey area, with the responsibility of charting a course for rail lines to be laid across Indian Territory. The survey crew burned the words “NORMAN’S CAMP” into an elm tree near a watering hole to taunt their younger supervisor, and the name was kept when a town site was established at present-day Norman in 1889. Today, with an estimated 122,738 residents, Norman is the third largest city in the state of Oklahoma.

The Norman Santa Fe Depot was built in 1909 in an interpretation of the Mission Revival architectural style. The Depot was deeded to the City of Norman in 1971 and restored for public use with federal Community Development Block Grant funding. In 1991, The Depot was listed on the National Register of Historic Places. Passenger rail service returned to Norman with the implementation of the Amtrak “Heartland Flyer” service line, in 1999. A major refurbishment of the Depot was completed in 2017 with City of Norman Capital Sales Tax funding, restoring the building to its historic standard and meeting modern building codes. The building is leased by the City to The Depot, Incorporated, a non-profit entity that coordinates musical, artistic, and community activities in The Depot and greets railroad passengers daily.

Currently, a multi-jurisdictional study for future expanded commuter rail service throughout central Oklahoma, the “Central Oklahoma Regional Transportation Authority Task Force,” is being conducted. Norman is actively involved in this study, with interests in expanding passenger rail service through The Depot for residents to conveniently travel throughout the region for work, recreation, educational and other purposes.

\*Front photo by Ryan Putman, Parks and Recreation

**The City  
of  
Norman, Oklahoma**



**Comprehensive  
Annual Financial Report  
Fiscal Year Ended  
June 30, 2017**

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

# THE CITY OF NORMAN, OKLAHOMA

## TABLE OF CONTENTS

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	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	i - ix
<b>FINANCIAL SECTION:</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4 - 16
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to the Financial Statements	27 - 71

	<b>Page</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)	72
Schedule of the City's Contributions	73
Schedule of Funding Progress and Schedule of Employer Contributions – Employee Retirement System of the City of Norman, Oklahoma – Other Post Employment Benefits (OPEB)	74
Budgetary Comparison Schedule – General Fund	75 – 79
Budgetary Comparison Schedule – Public Safety Sales Tax Fund	80
Notes to Required Supplementary Information on Budgetary Comparison Schedule – General Fund	81
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	83
Budgetary Comparison Schedule - Special Revenue Funds:	
Norman Room Tax Fund	84
Community Development Fund	85
Special Grants Fund	86 - 87
Park Land Fund	88
Seizures and Restitutions Fund	89
Cleet Fund	90
Art in Public Places Fund	91
Budgetary Comparison Schedule - Debt Service Fund	92
Budgetary Comparison Schedule - Capital Projects Fund	93
Budgetary Comparison Schedule – NORMAN FORWARD Fund	94
Notes to Other Supplementary Information on Budgetary Comparison Schedules – Nonmajor Special Revenue Funds, Debt Service Fund, Capital Projects Fund and NORMAN FORWARD Fund	95
Combining Financial Schedules and Statements – Enterprise Funds and Fiduciary Funds:	
Norman Municipal Authority:	
Combining Schedule of Net Position	96
Combining Schedule of Revenues, Expenses and Changes in Net Position	97
Combining Schedule of Cash Flows	98

	<b>Page</b>
Norman Utilities Authority:	
Combining Schedule of Net Position	99
Combining Schedule of Revenues, Expenses and Changes in Net Position	100
Combining Schedule of Cash Flows	101
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	102
Combining Statement of Changes in Fiduciary Net Position	103
Statement of Changes in Assets and Liabilities – Agency Funds	104

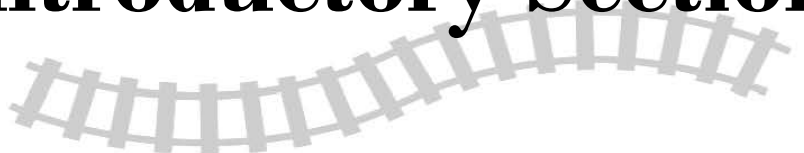
**STATISTICAL SECTION (UNAUDITED):**

Statistical Section Table of Contents	105
Net Position by Component	106
Changes in Net Position	107 - 109
Fund Balances of Governmental Funds	110
Changes in Fund Balances of Governmental Funds	111
Taxable Sales by Category	112
Direct and Overlapping Sales Tax Rates	113
Sales Tax Revenue Payers by Industry	114
Ratios of Outstanding Debt by Type	115
Ratios of General Bonded Debt Outstanding	116
Direct and Overlapping Governmental Activities Debt	117
Legal Debt Margin Information	118
Pledged-Revenue Coverage	119
Demographic and Economic Statistics	120
Principal Employers	121
Full-Time Equivalent City Employees by Function	122
Operating Indicators by Function	123
Capital Asset Statistics by Function	124

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# Introductory Section







# The City of **NORMAN**

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

CITY MANAGER'S OFFICE  
Phone: 405-366-5402

December 19, 2017

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, 2017.

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, 2017. 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. We are pleased to report that the financial position of the City of Norman and its component units is strong.

## **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 122,000 residents and numerous visitors annually. Municipal services provided include: traffic control; water production and distribution; stormwater management and flood control; wastewater collection and treatment (water reclamation); solid waste collection and disposal; emergency response services; city code enforcement; crime prevention, enforcement and adjudication; construction and maintenance of streets and bridges; maintenance of park land; and public recreational facilities.

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 city-wide public transportation system operated by the University of Oklahoma and provides School Resource Police Officers through a cost-sharing agreement with the Norman Public Schools.

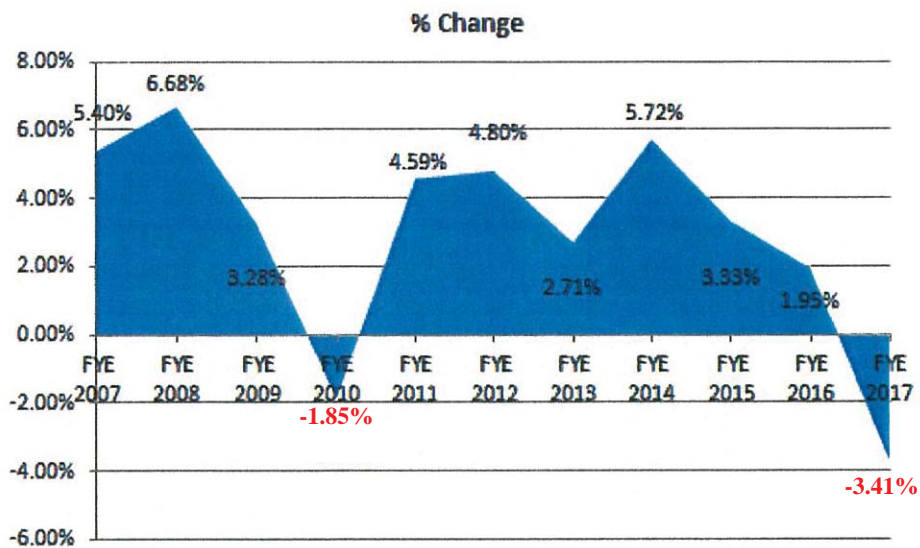
The Council is required to adopt a final budget by no later than ten days before the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department and category (e.g., salary and benefits). Department managers 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 high quality of life is sought by people of all ages and walks of life, and is demonstrated by population growth in recent years. The University of Oklahoma, National Severe Storms Laboratory and National Weather Service, Hitachi Computer Products, U.S. Postal Service Technical Center, Immuno Mycologics Incorporated, SYSCO Food Services, Avara Pharmaceutical Technologies, and Johnson Controls Unitary Products Group are some of the leading institutions and businesses located in Norman. Several of these businesses have recently expanded, 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 73% of the City's total General Fund revenue. 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. Overall, sales tax collections increased 3.3% from FYE 2016 levels. It is important to note that voters approved a one-half percent ( $\frac{1}{2}\%$ ) sales tax rate increase to pay for quality of life projects, beginning in January 2016. If this rate increase is excluded, overall sales tax collections decreased 3.41% from FYE 2016 levels, as illustrated below. 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 0.95% from FYE 2016 levels.

## Sales Tax History In % Change From Prior Year



Since sales and use taxes and building permit revenues are a primary source of the City’s general governmental revenue, are by nature volatile, and because Norman is subject to extreme 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, 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; a General Fund “Emergency Reserve” appropriation of 2%; and a minimum of 3% of General Fund expenditures to be maintained in a separate “Rainy Day” Fund (a minimum total of 8 percent of General Fund expenditures are mandated to be held in reserve fund balances or appropriations). The Ordinance sets a Targeted Rainy Day Fund balance of 4.5% of General Fund expenditures (the total Targeted Reserve Fund Balance is 9.5% of General Fund expenditures).

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 Targeted level as of June 30, 2017.

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 City provides very competitive employee benefit packages, 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 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 Council continues to consider alternative revenue sources.

The financial status of the City's utility enterprise funds is driven by major capital expenditures. Major capital improvement programs are under way in the Water and Wastewater Utility operations, financed by ratepayer revenues and development charges. The Council, acting as Trustees of the Norman Utilities Authority, has approved major expansion and improvements to the Norman Water and Wastewater (Water Reclamation) Treatment Plants and expansion of the City's groundwater supplies. The treatment capacity expansion and reclaimed water quality improvements at the Norman Water Reclamation Facility (WRF, or Sewage Treatment Plant) were substantially completed in fiscal year 2016-2017, and the expansion and improvements to the Water Treatment Plant are underway.

## **Major Initiatives**

The citizens of Norman have continued to approve earmarked capital sales taxes, general obligation bonds and utility rate proposals to fund major infrastructural and quality of life improvements. When considered in concert with capital investments made by the State of Oklahoma and the University of Oklahoma, there are over \$500 million in public improvements recently completed, nearing completion, under construction, or in design phases in Norman.

In August, 2016, the voters of Norman defeated a proposal to implement a Stormwater Utility fee. The U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality have imposed National Pollutant Discharge Elimination System standards on the City of Norman, which require expansion of the City's programs in the Stormwater management area. The City's General Fund is currently absorbing the costs of these programs. An ad hoc citizen's committee and the City Council are considering future initiatives to create a stable funding mechanism for stormwater management, including a utility fee and general obligation bond proposals.

## **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, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 will submit it to the GFOA to determine its eligibility for certification.

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 2017 CAFR.

Respectfully submitted,

  
\_\_\_\_\_  
Steven Lewis  
City Manager

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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

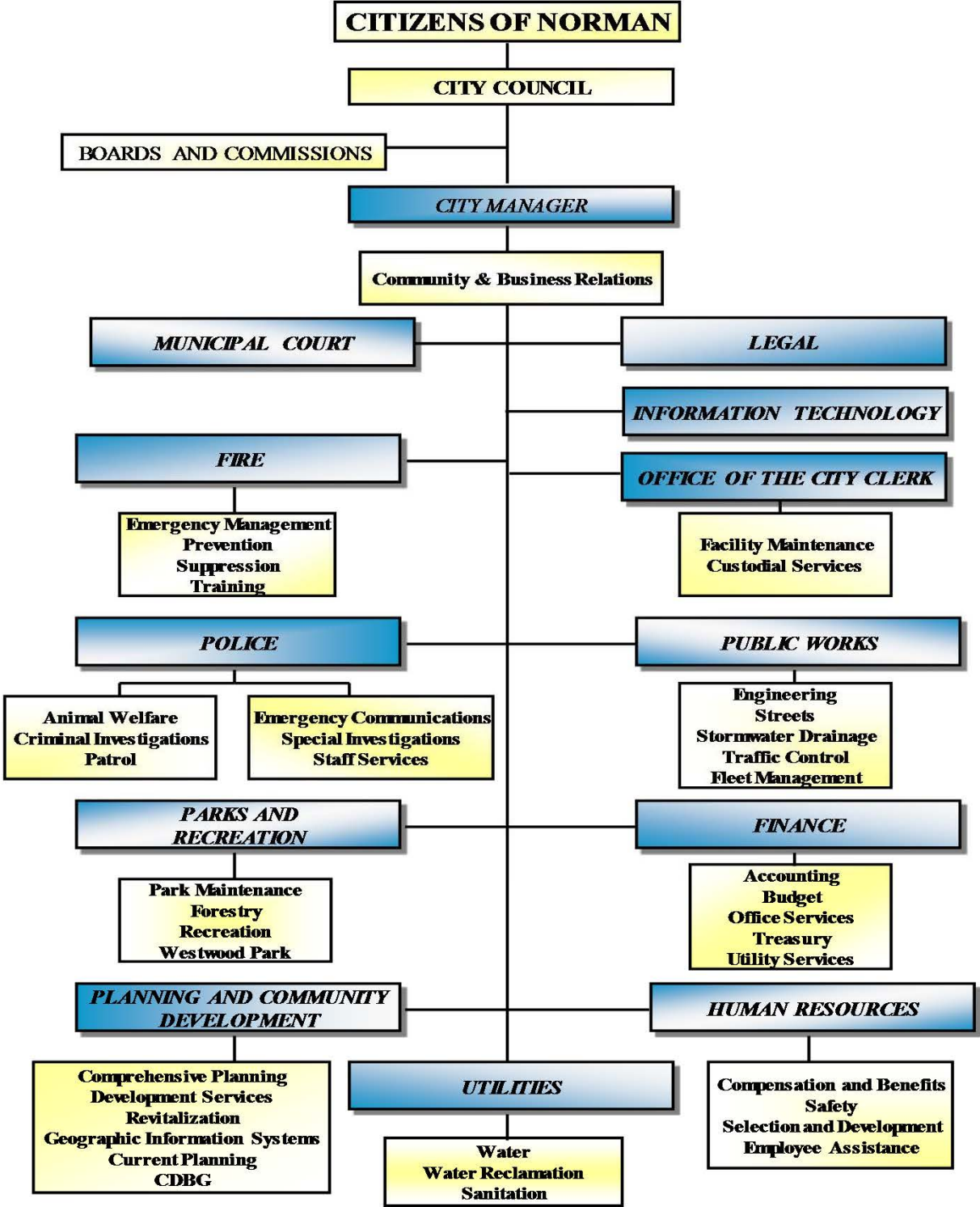
**City of Norman  
Oklahoma**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# City Of Norman Organization Chart



## CITY OFFICIALS

**MAYOR**  
Lynne Miller

<b>Ward 1</b>	Kate Bierman	<b>Ward 5</b>	Sereta Wilson
<b>Ward 2</b>	Aleisha Karjala	<b>Ward 6</b>	Breea Clark
<b>Ward 3</b>	Robert Castleberry	<b>Ward 7</b>	Stephen Holman
<b>Ward 4</b>	Bill Hickman	<b>Ward 8</b>	Kyle Allison

**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

**Mary Anne Kirkland**  
Administrative Technician IV

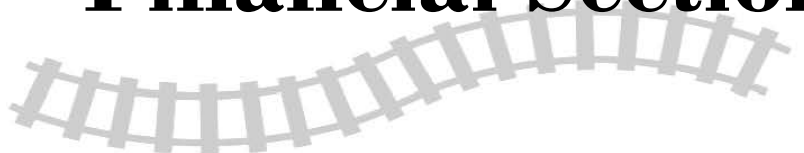
**Lisa Woods**  
Municipal Accountant I

**Suzanne Krohmer, CPFO**  
Budget Manager

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# Financial Section



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying basic 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as 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 as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other 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, introductory section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary information, as listed in the table of contents, 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. Such 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 other supplementary information, as listed in the table of contents, information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and City Council  
City of Norman, Oklahoma  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, 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 19, 2017

## 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, 2017. 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-ix of this report.

### Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$601,910,661 (net position).
- The City's total net position increased by \$27,242,476.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$196,625,074, an increase of \$16,037,002 in comparison with the prior year. Approximately 96% or \$189,458,649 was nonspendable, restricted, committed or assigned for specific purposes. Approximately 4% or \$7,166,425 was unassigned at fiscal year end.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,166,425 or 10% of total general fund expenditures.
- The City's total debt increased by \$21,354,073 (10 percent) during the current fiscal year. Key factors of this change were issuance of the Norman Municipal Authority, Sales Tax Revenue Note, Series 2017 (\$30,950,000). The City also drew \$7,676,622 on the Oklahoma Water Resources Board, Series 2014 loan. Also, the City made its normally scheduled payments.

### Overview of the Financial Statements

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

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

The statement of net position presents information on all the City's assets, deferred outflow of resources, liabilities and deferred inflow of resources with the difference between the assets plus deferred outflows of resources less liabilities and deferred inflows of resources 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”), the Norman Utilities Authority (the “NUA”) and the Norman Economic Development Authority (the “NEDA”). 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 NEDA includes financing and operating economic development activities for the City.

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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, public safety sales tax fund, debt service fund, capital projects fund and NORMAN FORWARD fund, all of which are considered to be major funds. Data from the other seven 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 other type of proprietary fund, an 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 27-71 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 and other post-employment 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 72-81 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 82-104 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 and deferred outflows exceeded liabilities and deferred inflows by \$601,910,661 at the close of the most recent fiscal year.



	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 218,393,192	\$ 199,434,471	\$ 54,087,142	\$ 57,853,537	\$ 272,480,334	\$ 257,288,008
Capital assets	373,690,856	355,334,659	269,348,865	255,668,079	643,039,721	611,002,738
Total assets	592,084,048	554,769,130	323,436,007	313,521,616	915,520,055	868,290,746
Deferred outflows	15,583,741	6,418,920	924,823	1,046,720	16,508,564	7,465,640
Long-term liabilities	230,440,689	201,263,678	52,923,793	50,204,640	283,364,482	251,468,318
Other liabilities	35,172,173	28,349,594	10,579,487	16,507,721	45,751,660	44,857,315
Total liabilities	265,612,862	229,613,272	63,503,280	66,712,361	329,116,142	296,325,633
Deferred inflows	1,001,816	4,762,568	-	-	1,001,816	4,762,568
Net position:						
Net investment in capital assets	256,880,446	283,831,364	211,414,863	198,638,260	468,295,309	482,469,624
Restricted	128,695,200	86,079,582	6,629,187	1,067,921	135,324,387	87,147,503
Unrestricted	(44,522,535)	(43,098,736)	42,813,500	48,149,794	(1,709,035)	5,051,058
Total net position	\$ 341,053,111	\$ 326,812,210	\$ 260,857,550	\$ 247,855,975	\$ 601,910,661	\$ 574,668,185

By far the largest portion of the City's net position (78 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 (23 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted.

There was an increase of \$13 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 \$14.2 million during the current fiscal year. This increase was due to several factors. See below for more information.

**Change in Net Position  
For the Year Ended June 30**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Program Revenues:</b>						
Charges for services	\$ 7,896,054	\$ 8,360,103	\$ 53,021,473	\$ 52,856,808	\$ 60,917,527	\$ 61,216,911
Operating grants & contributions	12,379,368	10,375,508	-	-	12,379,368	10,375,508
Capital grants & contributions	3,813,991	15,614,024	2,324,230	10,525,831	6,138,221	26,139,855
<b>General revenues:</b>						
Sales and excise taxes	73,345,458	70,981,084	1,530,490	1,709,914	74,875,948	72,690,998
Franchise taxes	6,807,860	6,743,712	-	-	6,807,860	6,743,712
Property taxes	14,739,604	9,794,490	-	-	14,739,604	9,794,490
Use taxes	3,797,125	3,467,863	-	-	3,797,125	3,467,863
Other taxes	2,969,956	2,970,804	-	-	2,969,956	2,970,804
Investment earnings	513,238	1,965,790	163,961	515,716	677,199	2,481,506
Miscellaneous	2,275,838	1,943,106	501,033	690,071	2,776,871	2,633,177
<b>Total revenues</b>	<b>128,538,492</b>	<b>132,216,484</b>	<b>57,541,187</b>	<b>66,298,340</b>	<b>186,079,679</b>	<b>198,514,824</b>
<b>Expenses:</b>						
General government	10,763,028	7,999,471	-	-	10,763,028	7,999,471
Planning	3,315,422	3,320,979	-	-	3,315,422	3,320,979
City controller	1,231,508	893,000	-	-	1,231,508	893,000
Parks and recreation	7,087,981	5,936,777	-	-	7,087,981	5,936,777
Public works	30,953,789	25,389,053	-	-	30,953,789	25,389,053
Public service	3,892,316	2,976,064	-	-	3,892,316	2,976,064
Public safety	53,613,442	50,921,384	-	-	53,613,442	50,921,384
Interest on long-term debt	4,734,646	5,277,210	-	-	4,734,646	5,277,210
Westwood park	-	-	1,256,295	1,340,514	1,256,295	1,340,514
Water	-	-	14,535,092	14,843,372	14,535,092	14,843,372
Wastewater	-	-	15,448,412	17,222,233	15,448,412	17,222,233
Sanitation	-	-	12,005,272	12,135,886	12,005,272	12,135,886
<b>Total expenses</b>	<b>115,592,132</b>	<b>102,713,938</b>	<b>43,245,071</b>	<b>45,542,005</b>	<b>158,837,203</b>	<b>148,255,943</b>
Change in net position before transfers	12,946,360	29,502,546	14,296,116	20,756,335	27,242,476	50,258,881
Transfers	1,294,541	1,258,752	(1,294,541)	(1,258,752)	-	-
Change in net position	14,240,901	30,761,298	13,001,575	19,497,583	27,242,476	50,258,881
Net position, beginning	326,812,210	296,050,912	247,855,975	228,358,392	574,668,185	524,409,304
Net position, ending	\$ 341,053,111	\$ 326,812,210	\$ 260,857,550	\$ 247,855,975	\$ 601,910,661	\$ 574,668,185

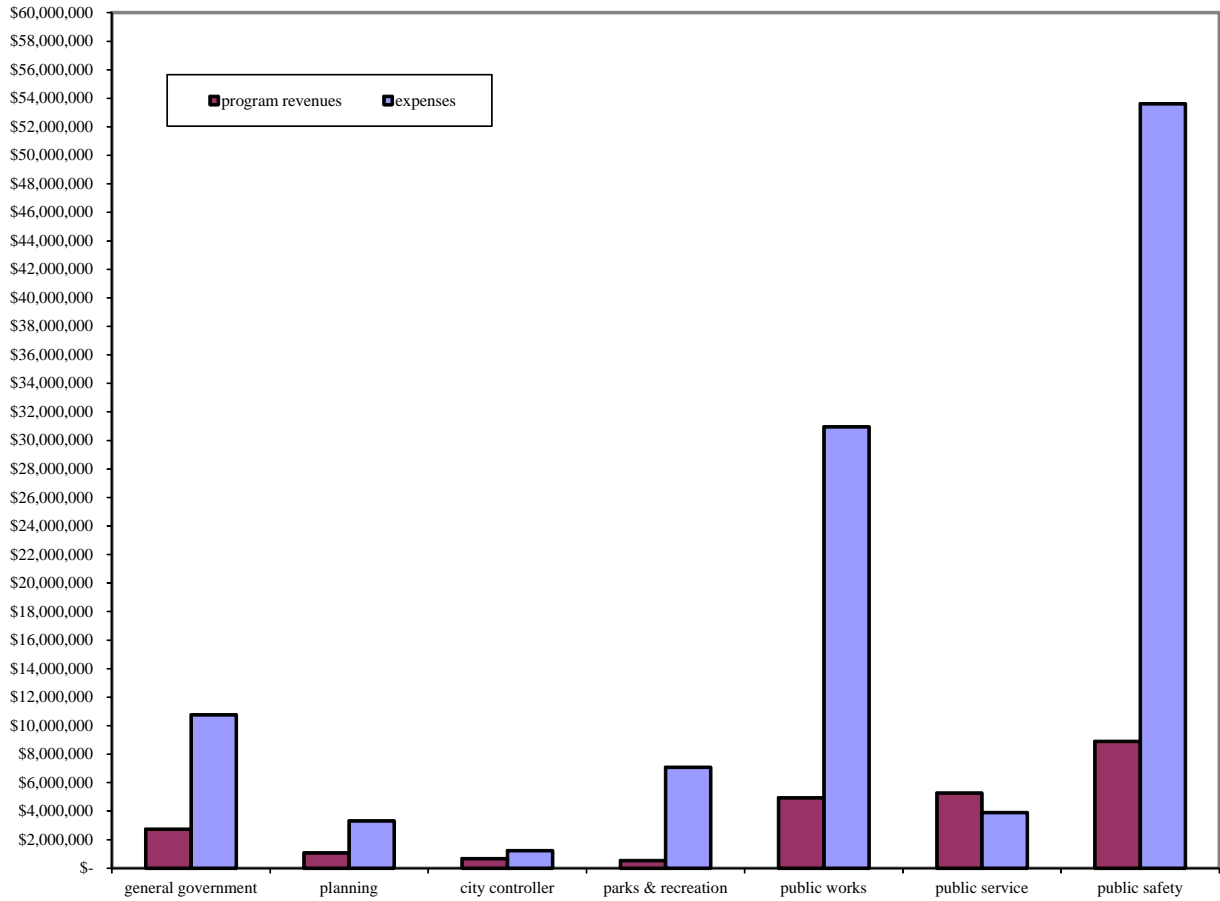
*Governmental activities* –Governmental activities increased the City’s net position by \$14.2 million. In the prior year, governmental activities increased the City’s net position by \$30.8 million. Key elements of this change are as follows:

- Sales tax revenue within the governmental activities (the City’s primary fund source) increased by \$2,364,374 or 3.3% over the prior fiscal year. However, voters approved a ½ cent sales tax increase to pay for quality-of-life projects (NORMAN FORWARD) beginning January 1, 2016. Excluding this tax increase, sales tax revenue decreased \$2,266,056 or 3.41% from the prior fiscal year. The City and State’s economy has continued to lag in the last fiscal year as energy prices have remained low.
- Franchise taxes increased \$64,148 or 0.95% over the prior fiscal year. This modest increase can also be attributed depressed energy prices within Oklahoma economy.
- Capital grants and contributions decreased \$11,800,033 or 75.6% from the prior fiscal year. Most of this figure in both years is donated infrastructure (i.e., roads) within developments by private developers. The decrease can be attributed to decreased development activity.

- Property tax revenue increased by \$4,945,114 or 50.5% over the prior fiscal year. This increase is attributable to an increase in general obligation bonds that were placed on the tax rolls.

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### Expenses and Program Revenues – Governmental Activities

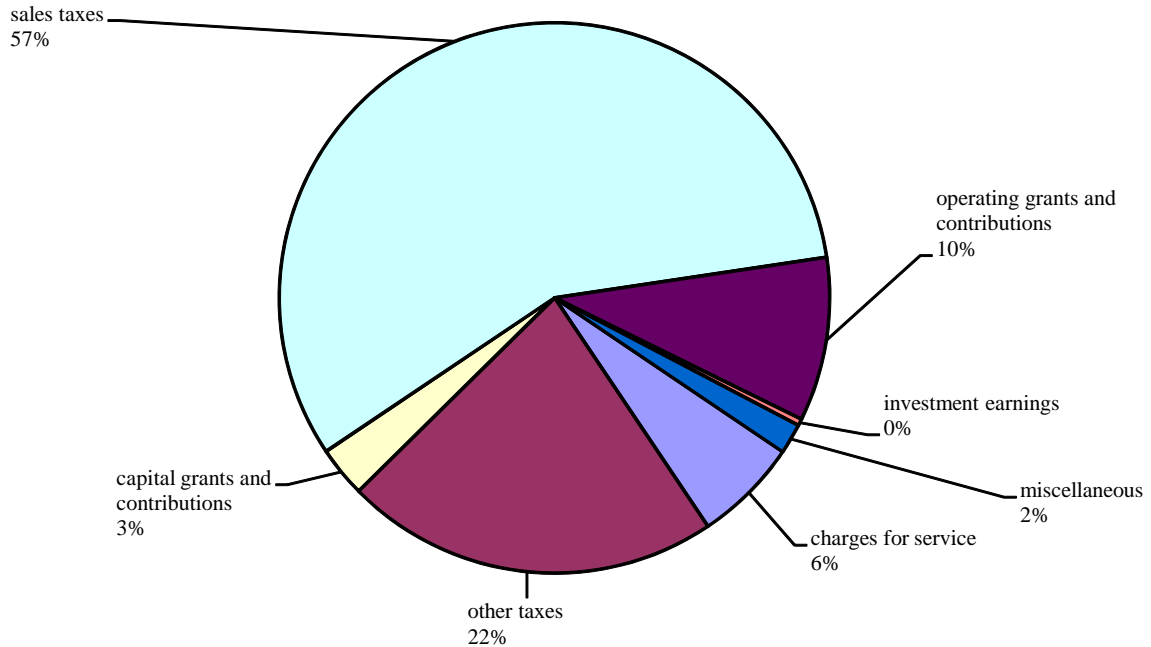



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Although governmental expenses exceed program revenue, most governmental activities are financed through general revenues such as taxes.

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## Revenues by Source - Governmental Activities



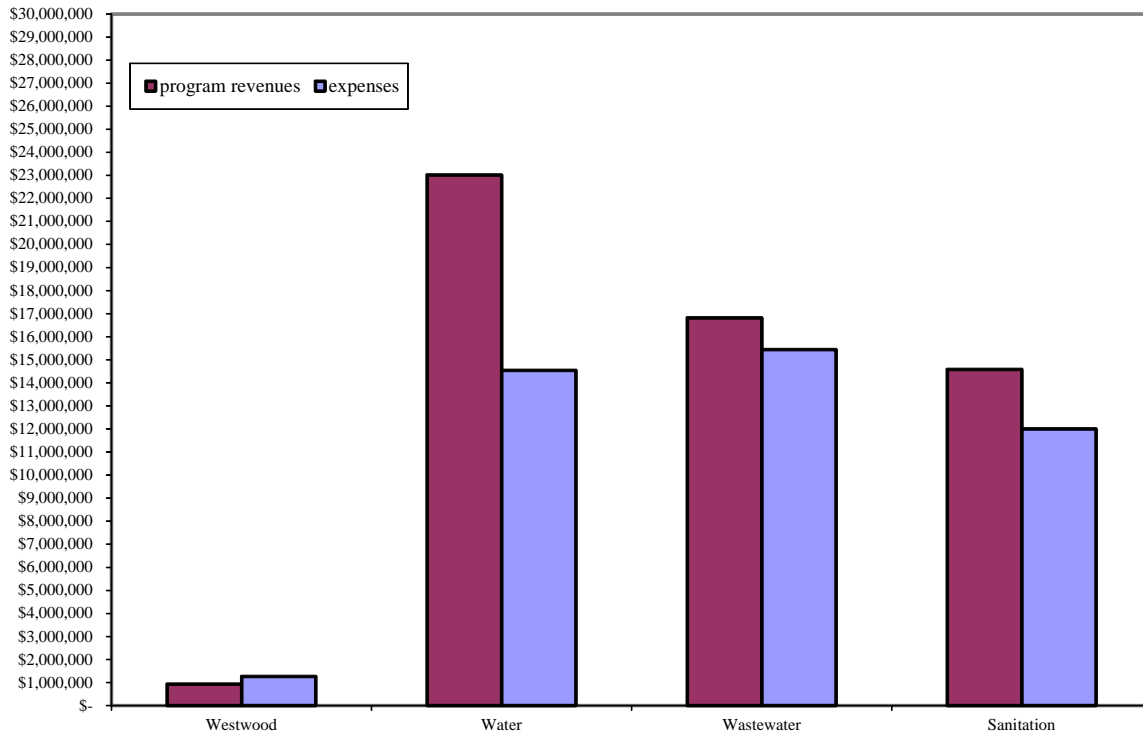
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*Business-type activities* – Business-type activities increased the City’s net position by \$13 million. In the prior year, business-type activities increased the City’s net position by \$19.5 million. Key elements of this change are as follows:

- Capital grants and contributions decreased \$8,201,601 or 77.9% from the prior fiscal year. Most of this figure in both years is donated infrastructure (i.e., water and sewer lines) within developments by private developers. The decrease can be attributed to decreased development activity.
- Tax revenue decreased \$179,424 or 10.5% from the prior fiscal year. This tax represents an excise tax on development to fund wastewater improvements. The decrease is directly attributable to development activity.

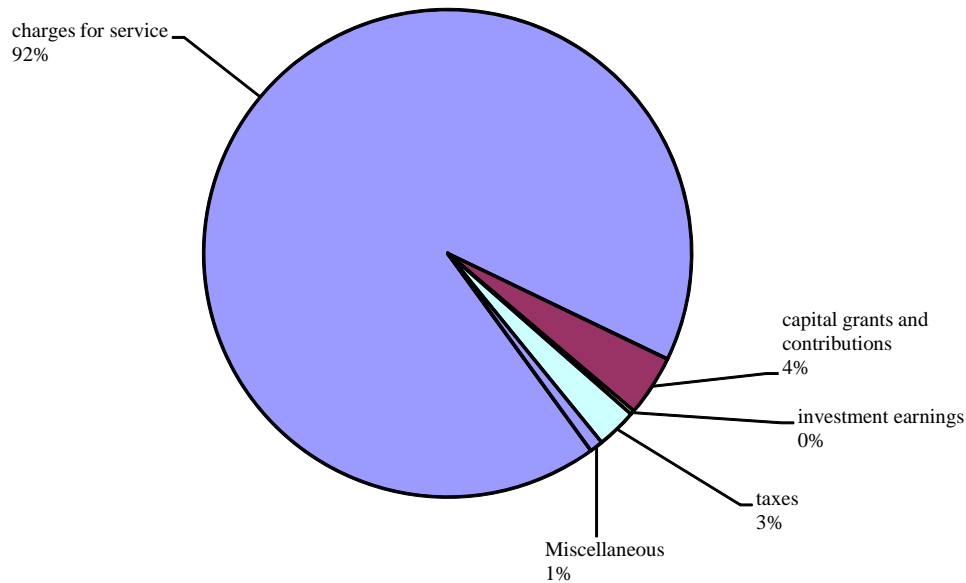
- Wastewater expenses decreased \$1,773,821 or 10.3% from the prior fiscal year. Most of this decrease was due to the completion of several maintenance sewer projects in the prior fiscal year.

### Expenses and Program Revenues – Business-type Activities



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## Revenues by Source – Business-type Activities



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## 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 \$196,625,074, an increase of \$16,037,002 from the prior year. Approximately 4 percent of this total amount (\$7,166,425) 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 \$7,166,425 while total fund balance reached \$12,796,611. 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 10 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 decreased by \$1,593,794 during the current fiscal year compared to a decrease of \$8,953 in the previous year. Key factors in the current year change are as follows:

- Sales tax revenues within the General Fund decreased \$1,628,581 or 4.1% from the prior fiscal year.
- Public safety activities decreased \$644,535 or 1.78% from the prior fiscal year. A portion of the decrease was due to a decrease in termination payouts and payroll accrual within the salary and benefit categories of the Patrol (\$112,175) and Fire Suppression (\$209,815) divisions.
- Public works activities decreased \$408,820 or 2.85% from the prior fiscal year. A portion of the decrease was due to decreased fuel and parts costs (\$191,940).

The Public Safety Sales Tax Fund has a total fund balance of \$26,641,985 all of which is restricted for public safety activities. The net decrease in fund balance during the current year was (\$3,800,614). A portion of this decrease was due to spending of note proceeds for the Emergency Communications System Project (\$1,723,575) received in prior years.

The Debt Service Fund has a total fund balance of \$8,638,158 all of which is restricted for the payment of debt service. The net increase in the fund balance during the current year was \$2,085,666 due to the addition of a new general obligation bond in the prior year offset by normally scheduled payments.

The Capital Projects Fund has a total fund balance of \$61,609,784. The net decrease in fund balance during the current year was (\$1,884,329). This net decrease was due to the spending down of general obligation bond monies received in previous years.

The NORMAN FORWARD Fund has a total fund balance of \$70,020,194. This fund was created in the prior fiscal year by voter approval of a ½ cent sales tax to pay for quality-of-life projects. The net increase in fund balance during the current year was \$25,862,345. This net increase was due to the issuance of a new \$30,950,000 note in the current year and spending down of previous note monies received in the previous year.

*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 \$10,871,470 and \$31,942,030, respectively. The total growth in net position for these funds was \$2,933,758 and \$10,067,817, 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 \$2,191,580 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$1,287,787 in increases to the general government budget. The City Manager’s Office received \$960,486 in increases with \$1,142,662 reflecting a 2% across-the-board budget cut initiated by the City Manager. These funds were unspent at year-end.
- \$560,413 in increases to the public works budget. The Fleet Fuel and Parts Department received \$511,180 in increases with the most significant being \$188,795 transfer for outside auto repair.
- \$163,658 in increases to the city controller budget. The Treasury Division received \$128,565 in increases for bank service charges and \$31,866 in termination payouts.

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, 2017 the Rainy Day Fund had a balance of \$3,302,656 which represents 4.59% of General Fund expenditures.

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

- General Fund revenues were below expectations by \$6,385,016.
  - Sales taxes were below expectations by \$2,889,790.
  - Franchise fees were below expectations by \$1,100,085, mainly within the electrical and telephone franchises.
  - Charges for services were below expectations by \$491,575, the most significant being within the recreation fees category due to the closure of the Westwood Pool.
- General Fund expenditures and encumbrances were below expectations by \$6,521,062.
  - City Council expenditures were \$1,005,950 below expectation due to lack of expense of all the 2% reserve.
  - City Manager’s expenditures were \$1,017,143 below expectation due to cost cutting measures (i.e., mandatory 2% across-the-board cut).
  - Park Maintenance expenditures were \$549,918 below expectation primarily within the salary and benefits category.
  - Stormwater Drainage expenditures were \$586,353 below expectations also primarily within the salary and benefits category.
- Net General Fund transfers were \$722,452 less than expected. The Capital Fund transferred \$3,838,494 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 lower than what was budgeted by \$586,406.

### **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, 2017, amounted to \$643,039,721 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was 5.2% (5.2% increase for governmental activities and a 5.4% increase for business-type activities).



**Capital Assets  
As of June 30**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 63,348,053	\$ 62,909,900	\$ 10,344,901	\$ 10,271,832	\$ 73,692,954	\$ 73,181,732
Buildings and improvements	66,225,695	62,073,390	188,311,397	184,526,620	254,537,092	246,600,010
Machinery and equipment	55,763,801	50,084,346	154,054,153	148,661,780	209,817,954	198,746,126
Infrastructure	522,919,532	518,998,989	-	-	522,919,532	518,998,989
Construction in progress	66,823,373	48,610,889	78,775,426	65,368,669	145,598,799	113,979,558
Less: Accumulated depreciation	(401,389,598)	(387,342,855)	(162,137,012)	(153,160,822)	(563,526,610)	(540,503,677)
Total	\$ 373,690,856	\$ 355,334,659	\$ 269,348,865	\$ 255,668,079	\$ 643,039,721	\$ 611,002,738

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

- A new water tower was completed at a cost of \$3,028,051
- A significant water line was completed at a cost of \$3,135,336.
- A new animal shelter was completed at a cost of \$3,280,061.
- 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 \$66,823,373.
- A variety of water and sewer projects were underway; NUA construction in progress as of the end of the current fiscal year was \$78,775,426.

Additional information on the City's capital assets can be found in note 4 on page 42-43 of this report.

*Long-term debt* – At the end of the current fiscal year, the City had total bonded debt outstanding of \$63,940,600. Of this amount, \$63,101,119 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 \$839,481. The City also had notes payable and capital leases outstanding of \$162,117,108 and \$819,121, respectively, at the end of the current fiscal year which were secured by capital assets and specified revenue sources.

**Outstanding Debt  
As of June 30**

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 63,101,119	\$ 71,418,971	\$ -	\$ -	\$ 63,101,119	\$ 71,418,971
Revenue bonds	-	-	839,481	981,377	839,481	981,377
Capital leases	819,121	-	-	-	819,121	-
Notes payable	106,440,000	78,650,000	55,659,281	54,454,581	162,099,281	133,104,581
Total	\$ 170,360,240	\$ 150,068,971	\$ 56,498,762	\$ 55,435,958	\$ 226,859,002	\$ 205,504,929

The City's total debt increased by \$21,354,073 (10 percent) during the current fiscal year. Key factors of this change were issuance of the Norman Municipal Authority, Sales Tax Revenue Note, Series 2017

(\$30,950,000). The City also drew \$7,676,622 on the Oklahoma Water Resources Board, Series 2014 loan. Also, the City made its normally scheduled payments.

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

Additional information on the City’s long-term debt can be found in note 4 on pages 57-63 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 the same as 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 4.4 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 decreased 3.41% over the prior year total when excluding a new ½ cent voter approved tax that began January 1, 2016.

All of these factors were considered in preparing the City’s budget for the 2018 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, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 17,512,714	\$ 108,673	\$ 17,621,387
Restricted cash and cash equivalents	136,203,966	2,409,557	138,613,523
Investments	36,893,708	42,746,105	79,639,813
Restricted investments	8,256,315	-	8,256,315
Receivables:			
Taxes	13,999,651	-	13,999,651
Accounts, net of allowance for estimated uncollectible Business-Type accounts of \$269,271	1,030,453	4,702,366	5,732,819
Interest	133,129	121,886	255,015
Due from Federal Government	1,830,387	326,253	2,156,640
Internal balances	2,503,396	(2,503,396)	-
Inventory	29,473	-	29,473
Total current assets	<u>218,393,192</u>	<u>47,911,444</u>	<u>266,304,636</u>
Non-current assets:			
Restricted cash and cash equivalents	-	538,111	538,111
Restricted investments	-	5,637,587	5,637,587
Capital assets not subject to depreciation	130,171,426	89,120,327	219,291,753
Capital assets, net	<u>243,519,430</u>	<u>180,228,538</u>	<u>423,747,968</u>
Total non-current assets	<u>373,690,856</u>	<u>275,524,563</u>	<u>649,215,419</u>
Total assets	<u>592,084,048</u>	<u>323,436,007</u>	<u>915,520,055</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred resources related to pensions	15,446,046	-	15,446,046
Deferred charge on refunding	137,695	924,823	1,062,518
Total deferred outflows of resources	<u>15,583,741</u>	<u>924,823</u>	<u>16,508,564</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	7,600,266	2,093,640	9,693,906
Payroll payable	1,494,508	281,952	1,776,460
Accrued interest payable	1,090,310	347,658	1,437,968
Retainage payable	777,336	1,372,101	2,149,437
Guaranty deposits	6,213,593	1,608,410	7,822,003
Current portion of long-term debt	<u>17,996,160</u>	<u>4,875,726</u>	<u>22,871,886</u>
Total current liabilities	<u>35,172,173</u>	<u>10,579,487</u>	<u>45,751,660</u>
Non-current liabilities:			
Long-term debt and other liabilities	<u>230,440,689</u>	<u>52,923,793</u>	<u>283,364,482</u>
Total non-current liabilities	<u>230,440,689</u>	<u>52,923,793</u>	<u>283,364,482</u>
Total liabilities	<u>265,612,862</u>	<u>63,503,280</u>	<u>329,116,142</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred resources related to pensions	<u>1,001,816</u>	-	<u>1,001,816</u>
Total deferred inflows of resources	<u>1,001,816</u>	-	<u>1,001,816</u>
<b>NET POSITION</b>			
Net investment in capital assets	256,880,446	211,414,863	468,295,309
Restricted for:			
Debt service	8,638,158	6,629,187	15,267,345
Capital improvements	76,923,960	-	76,923,960
Public safety	27,823,652	-	27,823,652
Public parks and recreation	1,255,576	-	1,255,576
Public service	12,608,534	-	12,608,534
Public works	1,445,320	-	1,445,320
Unrestricted (deficit)	<u>(44,522,535)</u>	<u>42,813,500</u>	<u>(1,709,035)</u>
Total net position	<u>\$ 341,053,111</u>	<u>\$ 260,857,550</u>	<u>\$ 601,910,661</u>

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government</b>							
Governmental activities:							
General government	\$ 10,763,028	\$ 2,730,336	\$ -	\$ -	\$ (8,032,692)	\$ -	\$ (8,032,692)
Planning	3,315,422	1,061,776	-	-	(2,253,646)	-	(2,253,646)
City controller	1,231,508	661,162	-	-	(570,346)	-	(570,346)
Parks and recreation	7,087,981	530,140	10,739	-	(6,547,102)	-	(6,547,102)
Public works	30,953,789	-	1,110,058	3,813,991	(26,029,740)	-	(26,029,740)
Public service	3,892,316	-	5,271,412	-	1,379,096	-	1,379,096
Public safety	53,613,442	2,912,640	5,987,159	-	(44,713,643)	-	(44,713,643)
Interest on long-term debt	4,734,646	-	-	-	(4,734,646)	-	(4,734,646)
Total governmental activities	115,592,132	7,896,054	12,379,368	3,813,991	(91,502,719)	-	(91,502,719)
Business-type activities:							
Westwood Park	1,256,295	933,853	-	-	-	(322,442)	(322,442)
Water	14,535,092	21,735,237	-	1,282,752	-	8,482,897	8,482,897
Wastewater	15,448,412	15,767,530	-	1,041,478	-	1,360,596	1,360,596
Sanitation	12,005,272	14,584,853	-	-	-	2,579,581	2,579,581
Total business-type activities	43,245,071	53,021,473	-	2,324,230	-	12,100,632	12,100,632
Total primary government	\$ 158,837,203	\$ 60,917,527	\$ 12,379,368	\$ 6,138,221	(91,502,719)	12,100,632	(79,402,087)
General revenues:							
Taxes (unrestricted unless otherwise noted):							
Sales taxes					38,012,995	-	38,012,995
Sales taxes - restricted					35,332,463	-	35,332,463
Excise taxes - restricted					-	1,530,490	1,530,490
Franchise taxes					6,807,860	-	6,807,860
Property taxes - restricted					14,739,604	-	14,739,604
Use taxes					2,786,639	-	2,786,639
Use taxes - restricted					1,010,486	-	1,010,486
Hotel/Motel taxes					1,759,851	-	1,759,851
Alcoholic beverage taxes					316,013	-	316,013
Cigarette taxes					894,092	-	894,092
Investment earnings					513,238	163,961	677,199
Miscellaneous					2,275,838	501,033	2,776,871
Transfers					1,294,541	(1,294,541)	-
Total general revenues and transfers					105,743,620	900,943	106,644,563
Change in net position					14,240,901	13,001,575	27,242,476
Net position - beginning					326,812,210	247,855,975	574,668,185
Net position - ending					\$ 341,053,111	\$ 260,857,550	\$ 601,910,661

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2017

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Norman Forward	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 211,814	\$ -	\$ -	\$ 121,073	\$ 6,726,608	\$ 10,344,484	\$ 17,403,979
Investments	6,183,485	-	7,411,421	8,702,907	5,362,400	3,774,858	31,435,071
Receivables:							
Taxes	7,903,292	1,598,157	-	2,717,628	1,598,157	182,417	13,999,651
Accounts	942,133	-	-	52,242	-	14,726	1,009,101
Interest	16,144	21,661	18,596	25,750	27,809	9,473	119,433
Due from Federal Government	147,343	-	-	16,554	-	1,538,377	1,702,274
Due from other funds	-	-	236,373	416,591	1,630,173	2,346,325	4,629,462
Inventory	29,473	-	-	-	-	-	29,473
Restricted Assets:							
Cash and cash equivalents	1,885,858	20,502,749	971,768	53,028,605	59,814,986	-	136,203,966
Investments	2,729,620	5,526,695	-	-	-	-	8,256,315
Total assets	<u>\$ 20,049,162</u>	<u>\$27,649,262</u>	<u>\$ 8,638,158</u>	<u>\$ 65,081,350</u>	<u>\$ 75,160,133</u>	<u>\$ 18,210,660</u>	<u>\$ 214,788,725</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and other accrued liabilities	\$ 600,002	\$ 45,694	\$ -	\$ 1,606,083	\$ 4,772,324	\$ 505,315	\$ 7,529,418
Payroll payable	1,248,429	195,505	-	26,904	-	16,788	1,487,626
Due to other funds	799,182	766,078	-	-	-	590,418	2,155,678
Retainage payable	-	-	-	229,924	367,615	179,797	777,336
Guaranty deposits	4,604,938	-	-	1,608,655	-	-	6,213,593
Total liabilities	<u>7,252,551</u>	<u>1,007,277</u>	<u>-</u>	<u>3,471,566</u>	<u>5,139,939</u>	<u>1,292,318</u>	<u>18,163,651</u>
<b>FUND BALANCES</b>							
Nonspendable	29,473	-	-	-	-	-	29,473
Restricted	-	26,641,985	8,638,158	58,418,388	69,925,523	16,491,628	180,115,682
Committed	3,302,656	-	-	-	-	-	3,302,656
Assigned	2,298,057	-	-	3,191,396	94,671	426,714	6,010,838
Unassigned	7,166,425	-	-	-	-	-	7,166,425
Total fund balances	<u>12,796,611</u>	<u>26,641,985</u>	<u>8,638,158</u>	<u>61,609,784</u>	<u>70,020,194</u>	<u>16,918,342</u>	<u>196,625,074</u>
Total liabilities and fund balances balances	<u>\$ 20,049,162</u>	<u>\$27,649,262</u>	<u>\$ 8,638,158</u>	<u>\$ 65,081,350</u>	<u>\$ 75,160,133</u>	<u>\$ 18,210,660</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.

373,690,856

Internal service funds are used by management to charge the costs of risk management activities to individual funds. The assets, deferred outflow of resources, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.

1,947,302

Long-term liabilities, including bonds payable and net pension liability (including related deferred outflows/inflows of resources) are not due and payable in the current period and, therefore, are not reported in the funds.

(231,210,121)

Net position of governmental activities

\$ 341,053,111

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, 2017

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Norman Forward	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 47,607,494	\$ 9,642,823	\$ 12,827,037	\$18,969,870	\$ 9,642,823	\$ 1,759,851	\$ 100,449,898
Licenses and permits	1,162,157	-	-	-	-	-	1,162,157
Intergovernmental revenues	2,578,274	-	-	31,554	-	5,748,333	8,358,161
Charges for services	10,338,685	-	-	-	-	88,576	10,427,261
Fines and forfeitures	2,300,048	-	-	-	-	-	2,300,048
Investment earnings	17,159	42,027	21,353	98,363	90,018	9,541	278,461
Other	1,498,211	688,926	-	244,116	-	220,211	2,651,464
Total revenues	<u>65,502,028</u>	<u>10,373,776</u>	<u>12,848,390</u>	<u>19,343,903</u>	<u>9,732,841</u>	<u>7,826,512</u>	<u>125,627,450</u>
Expenditures:							
Current:							
General government	9,092,071	-	-	929,876	-	-	10,021,947
Planning	3,364,174	-	-	65,022	-	-	3,429,196
City controller	3,348,724	-	-	4,640	-	-	3,353,364
Parks and recreation	4,184,951	-	-	1,229,763	439,754	144,330	5,998,798
Public works	13,926,022	-	-	8,698,658	-	10,000	22,634,680
Public service	-	-	-	-	-	3,891,820	3,891,820
Public safety	35,558,929	7,843,706	-	76,253	-	433,678	43,912,566
Capital outlay	2,423,231	3,996,058	-	10,420,882	12,114,299	3,660,892	32,615,362
Debt service:							
Principal retirement	-	1,810,000	8,090,000	1,271,201	500,000	-	11,671,201
Interest and fiscal charges	-	524,626	1,782,076	765,781	1,766,443	-	4,838,926
Total expenditures	<u>71,898,102</u>	<u>14,174,390</u>	<u>9,872,076</u>	<u>23,462,076</u>	<u>14,820,496</u>	<u>8,140,720</u>	<u>142,367,860</u>
Excess (deficiency) of revenues							
over (under) expenditures	<u>(6,396,074)</u>	<u>(3,800,614)</u>	<u>2,976,314</u>	<u>(4,118,173)</u>	<u>(5,087,655)</u>	<u>(314,208)</u>	<u>(16,740,410)</u>
Other financing sources (uses):							
Transfers in	5,566,049	-	-	4,878,792	-	87,830	10,532,671
Transfers out	(763,769)	-	(890,648)	(3,885,280)	-	(4,405,894)	(9,945,591)
Issuance of debt	-	-	-	1,240,332	30,950,000	-	32,190,332
Net other financing sources (uses)	<u>4,802,280</u>	<u>-</u>	<u>(890,648)</u>	<u>2,233,844</u>	<u>30,950,000</u>	<u>(4,318,064)</u>	<u>32,777,412</u>
Net change in fund balances	<u>(1,593,794)</u>	<u>(3,800,614)</u>	<u>2,085,666</u>	<u>(1,884,329)</u>	<u>25,862,345</u>	<u>(4,632,272)</u>	<u>16,037,002</u>
Fund balances, July 1, 2016	14,390,405	30,442,599	6,552,492	63,494,113	44,157,849	21,550,614	180,588,072
Fund balances, June 30, 2017	<u>\$ 12,796,611</u>	<u>\$ 26,641,985</u>	<u>\$ 8,638,158</u>	<u>\$61,609,784</u>	<u>\$ 70,020,194</u>	<u>\$ 16,918,342</u>	<u>\$ 196,625,074</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, 2017

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

Net change in fund balances - total governmental funds	\$ 16,037,002
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.	16,236,949
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	2,119,248
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(20,519,121)
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	(217,761)
Decrease in liability for incurred claims and compensated absences and miscellaneous expensed in government-wide financial statements	(562,428)
Employer retirement contributions made to pension plans are expensed in fund-level financial statements but treated as increases to deferred outflows of resources in government-wide financial statements	576,197
Internal service funds are used by management to charge the costs of insurance services to individual funds. The net income of the internal service fund is reported with governmental activities.	<u>570,815</u>
Change in net position of governmental activities	<u>\$ 14,240,901</u>

See notes to financial statements

**THE CITY OF NORMAN, OKLAHOMA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-type Activities			Governmental
	Norman Municipal Authority	Norman Utilities Authority	Total	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 104,036	\$ 4,637	\$ 108,673	\$ 108,735
Restricted cash and cash equivalents	556,944	1,852,613	2,409,557	-
Investments	11,093,599	31,652,506	42,746,105	5,458,637
Receivables:				
Accounts, net of allowance for estimated uncollectible accounts	1,022,659	3,679,707	4,702,366	21,352
Interest	28,111	93,757	121,868	13,696
Due from Federal Government	225,630	100,623	326,253	128,113
Due from other funds	-	-	-	29,612
Total current assets	<u>13,030,979</u>	<u>37,383,843</u>	<u>50,414,822</u>	<u>5,760,145</u>
Noncurrent assets:				
Restricted cash and cash equivalents	538,111	-	538,111	-
Restricted investments	-	5,637,587	5,637,587	-
Capital assets, net	<u>18,203,763</u>	<u>251,145,102</u>	<u>269,348,865</u>	<u>-</u>
Total noncurrent assets	<u>18,741,874</u>	<u>256,782,689</u>	<u>275,524,563</u>	<u>-</u>
Total assets	<u>31,772,853</u>	<u>294,166,532</u>	<u>325,939,385</u>	<u>5,760,145</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred charge on refunding	-	924,823	924,823	-
Total deferred outflows of resources	<u>-</u>	<u>924,823</u>	<u>924,823</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	277,908	1,815,732	2,093,640	70,970
Payroll payable	117,250	164,702	281,952	6,882
Due to other funds	743,703	1,759,675	2,503,378	-
Accrued interest payable	23,722	323,936	347,658	-
Retainage payable	-	1,372,101	1,372,101	-
Guaranty deposits	388,889	1,219,521	1,608,410	-
Revenue bonds payable	150,000	-	150,000	-
Notes payable	575,000	4,062,726	4,637,726	-
Compensated absences	<u>32,421</u>	<u>55,579</u>	<u>88,000</u>	<u>3,118</u>
Total current liabilities	<u>2,308,893</u>	<u>10,773,972</u>	<u>13,082,865</u>	<u>80,970</u>
Noncurrent liabilities:				
Notes payable, net	2,000,000	49,021,555	51,021,555	-
Compensated absences	446,802	765,955	1,212,757	31,873
Liability for incurred claims	-	-	-	3,700,000
Revenue bonds payable, net	<u>689,481</u>	<u>-</u>	<u>689,481</u>	<u>-</u>
Total noncurrent liabilities	<u>3,136,283</u>	<u>49,787,510</u>	<u>52,923,793</u>	<u>3,731,873</u>
Total liabilities	<u>5,445,176</u>	<u>60,561,482</u>	<u>66,006,658</u>	<u>3,812,843</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,773,763	196,641,100	211,414,863	-
Restricted for debt service	682,444	5,946,743	6,629,187	-
Unrestricted	<u>10,871,470</u>	<u>31,942,030</u>	<u>42,813,500</u>	<u>1,947,302</u>
Total net position	<u>\$ 26,327,677</u>	<u>\$ 234,529,873</u>	<u>\$ 260,857,550</u>	<u>\$ 1,947,302</u>

See notes to financial statements.



# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET FUND POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			Governmental
	Norman Municipal Authority	Norman Utilities Authority	Total	Internal Service Fund
Operating revenues:				
Golf and pool fees	\$ 933,853	\$ -	\$ 933,853	\$ -
Water service, net	-	22,961,871	22,961,871	-
Wastewater service, net	-	15,767,530	15,767,530	-
Sanitation services, net	14,373,156	-	14,373,156	-
Self-insurance charges:				
Charges for services	-	-	-	12,555,171
Risk management administration	-	-	-	300,000
Workers' compensation	-	-	-	1,000,000
Unemployment compensation	-	-	-	14,097
Other	432,543	436,922	869,465	43,509
Total operating revenues	15,739,552	39,166,323	54,905,875	13,912,777
Operating expenses:				
Salaries and benefits	5,035,307	6,962,760	11,998,067	548,218
Supplies and materials	884,198	2,351,960	3,236,158	-
Services, maintenance and claims	5,641,508	10,288,273	15,929,781	13,521,900
Depreciation and amortization	1,638,074	10,423,099	12,061,173	-
Total operating expenses	13,199,087	30,026,092	43,225,179	14,070,118
Operating income (loss)	2,540,465	9,140,231	11,680,696	(157,341)
Nonoperating revenues (expenses):				
Excise tax revenue	-	1,530,490	1,530,490	-
Investment earnings	44,371	119,590	163,961	20,695
Interest and fiscal charges	(150,479)	(1,237,527)	(1,388,006)	-
Miscellaneous income (expense)	161,346	(176,601)	(15,255)	-
Net nonoperating revenues (expenses)	55,238	235,952	291,190	20,695
Income before capital contributions and transfers	2,595,703	9,376,183	11,971,886	(136,646)
Capital contributions - donated water and sewer distribution systems	-	2,324,230	2,324,230	-
Transfers in	368,905	-	368,905	788,714
Transfers out	(30,850)	(1,632,596)	(1,663,446)	(81,253)
Net capital contributions and transfers	338,055	691,634	1,029,689	707,461
Net income	2,933,758	10,067,817	13,001,575	570,815
Net position - beginning	23,393,919	224,462,056	247,855,975	1,376,487
Net position - ending	\$ 26,327,677	\$ 234,529,873	\$ 260,857,550	\$ 1,947,302
See notes to financial statements				

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			Governmental
	Norman Municipal Authority	Norman Utilities Authority	Total	Interal Service Fund
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 15,636,565	\$ 38,827,919	\$ 54,464,484	\$ -
Cash received from interfund charges for health insurance	-	-	-	12,577,328
Cash received from interfund charges for risk management services	-	-	-	1,314,097
Cash paid to employees for services	(5,177,100)	(7,129,699)	(12,306,799)	(559,436)
Cash paid to suppliers	(6,701,602)	(15,655,002)	(22,356,604)	(13,520,495)
Other receipts (payments)	832,927	3,184,618	4,017,545	168,185
Net cash provided by (used for) operating activities	4,590,790	19,227,836	23,818,626	(20,321)
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	368,905	-	368,905	788,714
Transfers out	(30,850)	(1,632,596)	(1,663,446)	(81,253)
Net cash provided by (used for) noncapital financing activities	338,055	(1,632,596)	(1,294,541)	707,461
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from disposal of capital assets	203,243	40,765	244,008	-
Payments for the acquisition of capital assets	(2,163,807)	(22,443,376)	(24,607,183)	-
Proceeds from taxes	-	1,530,490	1,530,490	-
Principal payments on revenue bonds	(145,000)	-	(145,000)	-
Proceeds from notes payable	-	7,676,622	7,676,622	-
Principal payments on notes payable	(560,000)	(5,943,496)	(6,503,496)	-
Interest and fiscal charges paid	(151,074)	(1,052,729)	(1,203,803)	-
Net cash used for capital and related financing activities	(2,816,638)	(20,191,724)	(23,008,362)	-
<b>Cash flows from investing activities:</b>				
Proceeds from maturity of investments	950,031	9,955,832	10,905,863	537,084
Payments for purchases of investments	(3,732,468)	(12,546,341)	(16,278,809)	(1,836,572)
Investment earnings received	119,604	412,832	532,436	58,258
Net cash used for investing activities	(2,662,833)	(2,177,677)	(4,840,510)	(1,241,230)
Net change in cash and cash equivalents	(550,626)	(4,774,161)	(5,324,787)	(554,090)
Cash and cash equivalents - beginning	1,749,717	6,631,411	8,381,128	662,825
Cash and cash equivalents - ending	\$ 1,199,091	\$ 1,857,250	\$ 3,056,341	\$ 108,735
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 2,540,465	\$ 9,140,231	\$ 11,680,696	\$ (157,341)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Miscellaneous revenue (expense)	161,346	(176,601)	(15,255)	-
Bad debt expense	91,350	287,918	379,268	-
Depreciation	1,638,074	10,423,099	12,061,173	-
(Gain) loss on disposal of property, plant and equipment	(88,116)	1,033,562	945,446	-
Increase in accounts receivable, net	(203,604)	(641,205)	(844,809)	(21,352)
Increase in due from Federal Government	(225,630)	(100,623)	(326,253)	21,351
Decrease in due from other funds	985,327	3,252,546	4,237,873	146,834
(Decrease) increase in accounts payable and accrued liabilities	(175,896)	(2,975,379)	(3,151,275)	4,243
Decrease in payroll payable	(183,461)	(250,717)	(434,178)	(12,361)
Decrease in other payable	-	-	-	(2,838)
Decrease in retainage payable	-	(863,656)	(863,656)	-
Increase in guaranty deposits	9,267	14,883	24,150	-
Increase in compensated absences	41,668	83,778	125,446	1,143
Net cash provided by (used for) operating activities	\$ 4,590,790	\$ 19,227,836	\$ 23,818,626	\$ (20,321)
<b>NONCASH ACTIVITIES:</b>				
Donated water and sewer distribution systems	\$ -	\$ 2,324,230	\$ 2,324,230	\$ -
Change in unrealized loss on investments	\$ 88,420	\$ 324,784	\$ 413,204	\$ -

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS JUNE 30, 2017

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	Pension Trust Fund	Centennial Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Investments		
Mutual funds	83,860,795	-
U.S. Agencies	-	9,120
Interest receivable	-	23
Loans to 401(a) Plan participants	<u>3,570,212</u>	<u>-</u>
Total assets	<u>\$ 87,431,007</u>	<u>\$ 9,143</u>
<b>LIABILITIES AND NET POSITION</b>		
Funds held for others	\$ -	\$ 9,143
Net position:		
Held in trust for pension benefits	287,123	-
Held in trust for retirement benefits	<u>87,143,884</u>	<u>-</u>
Total liabilities and net position	<u>\$ 87,431,007</u>	<u>\$ 9,143</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, 2017

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	<b>Pension Trust Fund</b>
ADDITIONS:	
Contributions:	
Employer	\$ 2,555,988
Employee	<u>1,976,184</u>
Total contributions	4,532,172
Investment income (loss)	<u>11,000,022</u>
Total additions	<u>15,532,194</u>
DEDUCTIONS:	
Pension benefits paid	4,696,049
Administration costs	<u>(103,509)</u>
Total deductions	<u>4,592,540</u>
NET INCREASE (DECREASE)	10,939,654
Net position held in trust for pension and retirement benefits, Beginning of year	<u>76,491,353</u>
End of year	<u>\$ 87,431,007</u>

See notes to financial statements.

# THE CITY OF NORMAN, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Norman, Oklahoma (the “City”) conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board (“GASB”). 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, 2017, 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.

*NORMAN FORWARD Fund* – Established to receive revenues from a special half-cent sales tax dedicated to quality-of-life projects including multiple recreation facilities, libraries, parks, athletic venues, public art, trails, and swim complexes.

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 seven 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.
- *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, 2017, 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, 2017, 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.

1. *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 position 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.
  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.

#### ***Cost Sharing Defined Benefit Pension Plans***

The City participates in two cost-sharing multiple-employer defined benefit pension plans, the Oklahoma Firefighters Pension & Retirement System (OFPRS) and the Oklahoma Police Pension and Retirement System (OPPRS) (the Plans). For purposes of measuring the net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***Deferred outflows/inflows of resources***

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred outflow for a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized to interest expense over the shorter of the life of the refunded or new debt. In addition, the City has deferred outflows related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of net pension liability in the following year. The remaining amounts will be amortized to pension expense over future periods as shown in Note 4(b) and 4(c).

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will be recognized as an inflow of resources (revenue) until then. The City has a deferred inflow related to pensions. This consists of the difference between the expected and actual experience related to the pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense.

### ***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, 2017 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 and net pension liability (including related deferred outflows/inflows of resources), are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$231,210,121 difference are as follows:

General obligation bonds payable	\$ 63,101,119
Deferred charge on refunding	(137,695)
Revenue bonds payable	94,625,000
Notes payable	11,815,000
Capital leases payable	819,121
Compensated absences	8,244,682
Net OPEB obligation	9,471,273
Net pension liability	56,625,541
Deferred outflows of resources	(15,446,046)
Deferred inflow of resources	1,001,816
Accrued interest payable	<u>1,090,310</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 231,210,121</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 \$16,236,949 difference are as follows:

Capital outlay	\$ 32,615,352
Depreciation expense	<u>(16,378,403)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 16,236,949</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 \$2,119,248 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 3,813,991
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 position differs from the change in fund balance by the cost of the capital asset sold.	(355,776)
The statement of activities reports gains 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>(1,338,967)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,119,248</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 \$217,761 difference are as follows:

Accrued interest payable	\$ (104,280)
Change in net OPEB obligation	540,998
Change in debt issuance premium or discount	<u>(218,957)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 217,761</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, 2017 amounted to \$13,539,180. 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, 2017, none of the City’s bank balance of \$47,693,472 was exposed to custodial credit risk. As of June 30, 2017, the City’s carrying balance of these deposits was \$55,658,919.

*Interest Rate Risk* – As of June 30, 2017, the City had the following investments subject to interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Mutual Funds	\$ 104,843,722	0.09
U.S. Treasury Notes	17,716,546	1.78
Federal Home Loan Bank	11,778,803	1.21
Federal Farm Credit Bank	14,111,639	1.13
Federal National Mortgage Association	18,908,008	1.91
Federal Agricultural Mortgage Corporation	7,490,310	2.82
Tennessee Valley Authority	3,490,533	3.63
Federal Home Loan Mortgage Corporation	<u>16,308,256</u>	1.58
Total fair value	<u>\$ 194,647,817</u>	
 Portfolio weighted average maturity		 0.86

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	\$ 55,658,919
Money market mutual funds	104,843,722
Less: Certificates or deposits classified as investments	<u>(3,729,620)</u>
	<u>\$ 156,773,021</u>

Cash as reported on the government-wide statement of net position -	
Cash and cash equivalents	\$ 17,621,387
Restricted cash and cash equivalents - current	138,613,523
Restricted cash and cash equivalents - long-term	<u>538,111</u>
	<u>\$ 156,773,021</u>

Carrying value of investments -	
Pooled and nonpooled funds	\$ 194,647,817
Site development certificate of deposits	3,729,620
Less: Money market mutual funds classified as cash equivalent	<u>(104,843,722)</u>
	<u>\$ 93,533,715</u>

As reported on the government-wide statement of net position -	
Investments	\$ 79,639,813
Restricted investments - current	8,256,315
Restricted investments - long-term	<u>5,637,587</u>
	<u>\$ 93,533,715</u>

*Credit Risk* –The City’s investment policy does not cover credit risk. The City’s investments as of June 30, 2017 were rated by Moody’s Investor Service and Standard & Poor’s as follows:

	<u>Moody's</u>	<u>S &amp; 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+
Federal Agricultural Mortgage Corporation	Aaa	AA+
Tennessee Valley Authority	Aaa	AA+
U.S. Treasury Notes	Unrated	Unrated
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, Federal Home Loan Mortgage Corporation and Federal Agricultural Mortgage Corporation. These investments are 13%, 15%, 20%, 19%, 17% and 8%, 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, 2017, 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.

#### *Investments Measured at Fair Value*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

- US Treasury securities of \$17,716,546 are valued using quoted market prices (Level 1 inputs).
- Federal government agencies securities of \$72,087,549 are valued using quoted market prices (Level 2 inputs).
- Certificate of Deposits of \$3,729,620 are valued at face value (Level 2 inputs).
- Money market mutual funds of \$104,843,722 are valued using quoted market prices (Level 1 inputs).
- Mutual funds of \$83,860,795 reported in the Statement of Fiduciary Net Position are valued using quoted market prices (Level 1 inputs).

***Amount Due From Federal Government*** - The amount shown in both the government-wide and fund financial statements as due from the Federal government represents \$2,156,640 of allowable expenditures under various direct and pass through grants for which the City has requested reimbursement.

***Loan Receivable*** – On April 25, 2017, trustees of the Norman Tax Increment Finance Authority approved a \$3,000,000 loan to the Norman Economic Development Coalition (NEDC) that was used to payoff a loan between NEDC and Republic Bank & Trust Company. The original loan was made to purchase and make improvements to land within the University North Park area to attract potential employers. The balance of the loan has been offset by an equal allowance for an uncollectible amount within the government-wide financial statements.

**Interfund receivables and payables** – Interfund receivables for the year ended June 30, 2017:

Due To	Due From					Total Due
	Nonmajor Governmental Funds	Capital Fund	Norman Forward Fund	Internal Service Funds	Debt Service Fund	
General Fund	\$ 799,182	\$ -	\$ -	\$ -	\$ -	\$ 799,182
Enterprise Funds	190,629	416,591	1,630,173	29,612	236,373	2,503,378
Public Safety	766,078	-	-	-	-	766,078
Sales Tax Fund						
Total Due To	<u>\$ 1,755,889</u>	<u>\$ 416,591</u>	<u>\$ 1,630,173</u>	<u>\$ 29,612</u>	<u>\$ 236,373</u>	<u>\$ 4,068,638</u>

**Transfers** - Transfers for the year ended June 30, 2017 consisted of the following:

Transfers Out	Transfers In					
	General Fund	Nonmajor Governmental Funds	Capital Projects Fund	Enterprise Funds	Internal Service Fund	Total Transfers
General Fund	\$ -	\$ 66,860	\$ 561,004	\$ 135,905	\$ -	\$ 763,769
Nonmajor Governmental Funds	-	-	4,198,710	207,184	-	4,405,894
Debt Svs Fund	-	-	101,934	-	788,714	890,648
Capital Projects Fund	3,838,494	20,970	-	25,816	-	3,885,280
Internal Service Fund	81,253	-	-	-	-	81,253
Enterprise Funds	<u>1,646,302</u>	<u>-</u>	<u>17,144</u>	<u>-</u>	<u>-</u>	<u>1,663,446</u>
Total Transfers In	<u>\$ 5,566,049</u>	<u>\$ 87,830</u>	<u>\$ 4,878,792</u>	<u>\$ 368,905</u>	<u>\$ 788,714</u>	<u>\$ 11,690,290</u>

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

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

- The Capital Projects Fund transferred \$3,838,494 to the General Fund to pay for the purchase of vehicles and equipment and fund street maintenance projects.
- The Community Development Fund transferred \$3,533,767 to the Capital Fund to reimburse for up-front payment of Community Development Block Grant – Disaster Recovery (CDBG-DR) grant fund expenses stemming from 2015 spring storms.
- The Debt Services Fund transferred \$788,714 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 Enterprise Funds transferred \$1,646,302 to the General Fund as a fee in lieu of franchise fees.

**Capital Assets** – Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 62,909,900	\$ 438,153	\$ -	\$ 63,348,053
Construction in progress	48,610,889	26,654,421	(8,441,937)	66,823,373
Capital assets, being depreciated:				
Buildings	36,007,924	3,572,586	(292,195)	39,288,315
Improvements other than buildings	26,065,466	979,536	(107,622)	26,937,380
Machinery and equipment	30,656,202	5,670,304	(1,339,722)	34,986,784
Vehicles	19,428,144	3,681,584	(2,332,711)	20,777,017
Infrastructure	518,998,989	3,920,543	-	522,919,532
Totals at historical cost	<u>742,677,514</u>	<u>44,917,127</u>	<u>(12,514,187)</u>	<u>775,080,454</u>
Less accumulated depreciation				
Buildings	(14,482,112)	(1,154,708)	265,784	(15,371,036)
Improvements other than buildings	(12,149,516)	(800,040)	81,616	(12,867,940)
Machinery and equipment	(21,038,161)	(2,416,977)	987,332	(22,467,806)
Vehicles	(11,210,783)	(1,649,163)	996,928	(11,863,018)
Infrastructure	<u>(328,462,283)</u>	<u>(10,357,515)</u>	<u>-</u>	<u>(338,819,798)</u>
Total accumulated depreciation	<u>(387,342,855)</u>	<u>(16,378,403)</u>	<u>2,331,660</u>	<u>(401,389,598)</u>
Governmental activities capital assets, net	<u>\$ 355,334,659</u>	<u>\$ 28,538,724</u>	<u>\$ (10,182,527)</u>	<u>\$ 373,690,856</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,271,832	\$ 73,069	\$ -	\$ 10,344,901
Construction in progress	65,368,669	20,894,784	(7,488,027)	78,775,426
Capital assets, being depreciated:				
Buildings and improvements	184,526,620	5,352,281	(1,567,504)	188,311,397
Machinery and equipment	148,661,780	7,348,226	(1,955,853)	154,054,153
Totals at historical cost	<u>408,828,901</u>	<u>33,668,360</u>	<u>(11,011,384)</u>	<u>431,485,877</u>
Less accumulated depreciation				
Buildings and improvements	(97,461,888)	(4,669,428)	1,269,039	(100,862,277)
Machinery and equipment	<u>(55,698,934)</u>	<u>(7,391,745)</u>	<u>1,815,944</u>	<u>(61,274,735)</u>
Total accumulated depreciation	<u>(153,160,822)</u>	<u>(12,061,173)</u>	<u>3,084,983</u>	<u>(162,137,012)</u>
Business-type activities capital assets, net	<u>\$ 255,668,079</u>	<u>\$ 21,607,187</u>	<u>\$ (7,926,401)</u>	<u>\$ 269,348,865</u>

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

**Governmental activities:**

General government	\$418,615
Planning	85,431
City controller	354,969
Parks and recreation	1,168,063
Public works	11,843,204
Public service	200
Public safety	<u>2,507,921</u>
Total depreciation expense – governmental activities	<u>\$16,378,403</u>

**Business-type activities:**

Westwood park	\$153,718
Utilities authority	10,423,099
Sanitation services	<u>1,484,356</u>
Total depreciation expense – business-type activities	<u>\$12,061,173</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. Overall the defined benefit portion of the ERS plan is not entical to the City’s financial statement as a whole. Therefore the information provided is for informational purposes only and is not intended to comply with the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement 27*.

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, 2016, and for the year ended, the ERS held no securities issued by the City or other related parties.

1. *Annuity Pool* - As of July 1, 2016, the date of the last actuarial study, the Annuity Pool participants included eight 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 July 1, 2016 the Actuarial Accrued Liability for the Annuity Pool was \$422,296 and the market value of assets in the Annuity Pool was \$312,310. The City’s actuary has suggested an annual contribution for a period of ten years commencing July 1, 2017. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) no projected salary increases, and (c) no cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City did not make a contribution to the plan in 2017. 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, 2017 was \$30,070,459, and total City payroll was \$58,471,783.

Substantially all full-time, non-uniformed employees of the City are required to participate in the 401(a) Plan. At June 30, 2017, there were 551 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%

The amount forfeited for the year ended June 30, 2017 was \$44,095. Contributions to the 401(a) Plan for 2017 were \$4,510,569. The contributions expressed in dollars and percent of covered payroll were: City - \$2,555,989, 8.5%, participants - \$1,954,580, 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
2015	4,120,467	100%
2016	4,230,954	100%
2017	4,510,569	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, 2017**

	Annuity Pool Fund	401(a) Plan Fund	Total
<b>Assets</b>			
Investments - mutual funds	\$ 287,123	\$ 83,573,672	\$ 83,860,795
Loans to 401(a) Plan participants	-	3,570,212	3,570,212
Total assets	<u>\$ 287,123</u>	<u>\$ 87,143,884</u>	<u>\$ 87,431,007</u>
<b>Liabilities and Net Position</b>			
Net assets - Held in trust for pension benefits	\$ 287,123	\$ -	\$ 287,123
Net assets - Held in trust for retirement benefits	-	87,143,884	87,143,884
Total liabilities and net position	<u>\$ 287,123</u>	<u>\$ 87,143,884</u>	<u>\$ 87,431,007</u>

**Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2017**

	Annuity Pool Fund	401(a) Plan Fund	Total
Additions:			
Contributions - employer	\$ -	\$ 2,555,988	\$ 2,555,988
Contributions - employee	-	1,976,184	1,976,184
Investment income (loss)	36,533	10,963,489	11,000,022
Total additions	<u>36,533</u>	<u>15,495,661</u>	<u>15,532,194</u>
Deductions:			
Pension benefits paid	53,940	4,642,109	4,696,049
Administration costs	1,451	(104,960)	(103,509)
Total deductions	<u>55,391</u>	<u>4,537,149</u>	<u>4,592,540</u>
Net increase (decrease)	(18,858)	10,958,512	10,939,654
Net position held in trust for pension and retirement benefits:			
Beginning of year	<u>305,981</u>	<u>76,185,372</u>	<u>76,491,353</u>
End of year	<u>\$ 287,123</u>	<u>\$ 87,143,884</u>	<u>\$ 87,431,007</u>

b. *Oklahoma Firefighters Pension and Retirement System (OFPRS)*

*Plan Description* - Members of the City's Fire Department are covered by the Oklahoma Firefighters Pension and Retirement System (OFPRS), which is a statewide cost sharing multiple-employer public employee retirement system (the OFPRS Plan). The plan is administered by a board of trustees (the Board) appointed under state statute. Benefit provisions are contained in the Plan document and were established and can be amended by action of the OFPRS' board of trustees. The plan issues a publicly available financial report that can be obtained at [www.ok.gov/fprs/](http://www.ok.gov/fprs/).

*Benefits Provided* - In general, the OFPRS Plan provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by state statute. Retirement provisions are as follows:

*Hired Prior to November 1, 2013* - Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service.

*Hired After November 1, 2013* - Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also must be age 50 to begin receiving benefits.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is



calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Firefighters hired prior to November 1, 2013, with 20 or more years of service may elect to participate in the Oklahoma Firefighters Deferred Retirement Option Plan (the "Deferred Option Plan"). Firefighters hired after November 1, 2013, with 22 or more years or more of service may elect to participate in the Deferred Option Plan. Active participation (having benefit payments credited to the account) in the Deferred Option Plan shall not exceed 5 years. Under the Deferred Option Plan, retirement benefits are calculated based on compensation and service at the time of election. The retirement benefits plus half of the municipal contributions on behalf of the participant are deposited into a deferred retirement account. The Deferred Option Plan accounts are credited with interest at a rate of 2% below the rate of return on the investment portfolio of the Plan, with a guaranteed minimum interest rate equal to the assumed actuarial interest rate of 7.5%, as approved by the Board. The participant is no longer required to make contributions. Upon retirement, the firefighter receives his/her monthly retirement benefit as calculated at the time of election. The member can elect to either leave the account balance accumulated in the Deferred Option Plan account or they can elect to have the balance paid to them either as a lump sum or in specified monthly payments. If the member elects to leave their account balance in the Deferred Option Plan account, they will continue to earn interest on their balance at the rate described above; however, no more benefit payments will be credited to their account. The member can leave their account balance in the Deferred Option Plan account until the age of 70½. When the member reaches 70½ years of age, they must either begin receiving regular monthly payments, based on the annuity method, or a lump sum distribution.

The Deferred Option Plan was modified effective November 1, 2013, to limit post-retirement interest for new members to a rate of return on the portfolio, less a 1% administrative fee. In addition, the members participating must withdraw all money by the age of 70½.

In the 2003 Legislative Session, Senate Bill 286 and House Bill 1464 created a "Back" DROP for members of the System effective July 1, 2003. The "Back" DROP is a modified deferred retirement option plan. The "Back" DROP allows the member flexibility by not having to commit to terminate employment within 5 years. Once a member has met their normal retirement period of 20 years for those hired prior to November 1, 2013, and 22 years for those hired after November 1, 2013, the member can choose, upon retirement, to be treated as if the member had entered into the Deferred Option Plan. A member, however, cannot receive credit to the Deferred Option Plan account based upon any years prior to when the member reached their normal retirement date. Once a member is ready to retire, the member can make the election to participate in the "Back" DROP and can receive a Deferred Option Plan benefit based upon up to 5 years of participation. The member's regular retirement benefit will not take into account any years of service credited to the "Back" DROP. Firefighters with 20 years of service or who were receiving pension benefits as of May 26, 1983, are entitled to post-retirement adjustments equal to one-half the increase or decrease for top-step firefighters. Pensions will not be adjusted below the level at which the firefighter retired.

*Contributions* – The Board has the authority to establish and amend the contribution requirements of the City and active employees. Members of the OFPRS 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 contractually required to pay 14% of base salary (starting November 1, 2013). For the year ended June 30, 2017, the total contribution to the system amounted to \$2,710,795 of which \$1,650,048 was made by the City and \$1,060,746 was made by the employees. These contributions represent 14% (City) and 9% (member) of covered payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$4,218,000 and does not meet the criteria of a special funding situation.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2017, the City reported a liability of \$50,436,541, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City’s proportion was 4.128341%

For the year ended June 30, 2017, the City recognized pension expense of \$5,565,545. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 1,352,065	\$ -
Employer change in proportion and differences between contributions recognized and proportionate share of contributions	1,749,881	255,839
Net difference between projected and actual earnings on pension plan investments	3,085,941	-
City's contributions subsequent to the measurement date	<u>1,650,048</u>	<u>-</u>
Total	<u>\$ 7,837,935</u>	<u>\$ 255,839</u>

At June 30, 2017, the City reported \$1,650,048 as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$5,932,048 related to pensions will be recognized as a (reduction) or increase in pension expense as follows:

2017	\$	748,733
2018		748,733
2019		2,355,315
2020		1,848,298
2021		209,760
Thereafter		<u>21,209</u>
	\$	<u>5,932,048</u>

*Actuarial Assumptions* – The total pension liability in the July 1, 2016, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3.5% to 9.0%, average, including inflation
Ad hoc cost of living adjustments	Half of the dollar amount of a 3% assumed increase in base pay for retirees with 20 years of service as of May 26, 1983
Investment rate of return	7.5%, net of pension plan investment expense, including an inflation rate of 3%

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	20%	5.18%
Domestic Equity	37%	8.70%
International Equity	20%	10.87%
Real Estate	10%	7.23%
Other Assets	<u>13%</u>	6.24%
	100%	

*Discount Rate* – The single discount rate used to measure the total pension liability was 7.5% for the year ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The City’s proportionate share of the net pension liability has been calculated using a discount rate of 7.5%. The following presents the City’s proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability	\$ 63,848,482	\$ 50,436,541	\$ 39,191,804

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued OFPRS Plan financial report, which can be located at [www.ok.gov/fprs/](http://www.ok.gov/fprs/).

b. *Oklahoma Police Pension and Retirement System (OPPRS)*

*Plan Description* - Members of the City’s Police Department are covered by the Oklahoma Police Pension and Retirement System (OPPRS), which is a statewide cost sharing multiple-employer public employee retirement system (the OPPRS Plan). The plan is administered by a board of trustees (the Board) appointed under state statute. Benefit provisions are contained in the Plan document and were established and can be amended by action of the OPPRS’ board of trustees. The plan issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS/](http://www.ok.gov/OPPRS/).

*Benefits Provided* – In general, the OPPRS Plan provides defined retirement benefits based on members’ final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan’s benefits are established and amended by state statute. Retirement provisions are as follows:

- The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants’ contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 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 the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had 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 highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.
- 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 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 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. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.
- Survivor's benefits are payable in full 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 entitled to a pension benefit. Effective July 1, 1999, a \$5,000 death benefit is also paid, in addition to any survivor's pension benefits under the Plan, to the participant's beneficiary or estate for active or retired members.
- The Deferred Option allows participants otherwise eligible for a normal retirement benefit to defer terminating employment and drawing retirement benefits for a period not to exceed 5 years. Under the Deferred Option, retirement benefits are calculated based on compensation and service at the time of election and a separate account is established for each participant. During the participation period, the employee's retirement benefit is credited to the participant's account along with a portion of the employer's contribution and interest. Interest is credited at a rate of 2% below the rate of return on the investment portfolio of the Plan, with a guaranteed minimum interest equal to the assumed actuarial interest of 7.5%. Employee contributions cease once participation in the Deferred Option is elected. At the conclusion of participation in the Deferred Option, the participant will receive the balance in the separate account under payment terms allowed by the Deferred Option and will then begin receiving retirement benefit payments as calculated at the time of election.
- In the 2003 Legislative Session, Senate Bill 688 and House Bill 1464 created a "Back" DROP for members of the System. The "Back" DROP is a modified deferred retirement option plan. The "Back" DROP allows the member flexibility by not having to commit to terminate employment within 5 years. Once a member has met their normal retirement period of 20 years, the member can choose, upon retirement, to be treated as if the member had entered into the "Back" DROP. A member, however, cannot receive credit to the "Back" DROP account based upon any years prior to when the member reached their normal retirement date. Once a member is ready to retire, the member can make the election to participate in the "Back" DROP and can receive a "Back" DROP benefit based upon up to 5 years of participation. The member's regular retirement benefit will not take into account any years of service credited to the "Back" DROP.
- In 2006, the Board approved a method of payment called the Deferred Option Payout Provision (the "Payout Provision"). The Payout Provision allows a retired member who has completed participation in the Deferred Option or the "Back" DROP the ability to leave their account balance in the Plan. The retired member's account balance will be commingled and reinvested with the total assets, and therefore the member will not be able to direct their

personal investments. Written election must be made to the Board no more than 30 days following the termination of employment.

- Upon participating in the Payout Provision, a retired member shall not be guaranteed a minimum rate of return on their investment. A retired member shall earn interest on their account as follows:
  - a) The retired member shall earn two percentage points below the net annual rate of return of the investment portfolio of the System.
  - b) If the portfolio earns less than a 2% rate of return, but more than zero, the retired member shall earn zero percentage points.
  - c) If the portfolio earns less than zero percentage points, there shall be a deduction from the retired member's balance equal to the net annual rate of return of the investment portfolio of the System.

Interest as earned above shall be credited to the retired member's account.

The Oklahoma Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the Plan. Additionally, certain retirees are entitled to receive a cost-of-living adjustment (COLA) when a COLA is granted to active police officers in the retiree's city. Participants eligible to receive both types of benefit increases are to receive the greater of the legislative increase or the benefit increase the participant would receive pursuant to the COLA provision.

*Contributions* – The Board has the authority to establish and amend the contribution requirements of the City and active employees. Members of the OPPRS are required to pay 8% of their base pay to the pension plan. The City is contractually required to pay 13% of base salary. For the year ended June 30, 2017, the total contribution to the system amounted to \$2,533,462 of which \$1,568,335 was made by the City and \$965,128 was made by the employees. These contributions represent 13% (City) and 8% (member) of covered payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$1,451,000 and does not meet the criteria of a special funding situation.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2017, the City reported a liability of \$6,189,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 4.0413%

For the year ended June 30, 2017, the City recognized pension expense of \$2,216,421. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19,854	\$ 695,210
Employer change in proportion and differences between contributions recognized and proportionate share of contributions	73,347	50,766
Net difference between projected and actual earnings on pension plan investments	5,946,575	-
City's contributions subsequent to the measurement date	<u>1,568,335</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 7,608,111</u></b>	<b><u>\$ 745,976</u></b>

At June 30, 2017, the City reported \$1,568,335 as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$5,293,799 related to pensions will be recognized as a (reduction) or increase in pension expense as follows:

2017	\$ 870,232
2018	870,232
2019	2,078,371
2020	1,470,350
2021	<u>(4,386)</u>
	<u>\$ 5,293,799</u>

*Actuarial Assumptions* – The total pension liability in the July 1, 2016, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% to 17.0%, average, including inflation
Cost of living adjustments	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.
Investment rate of return	7.5%, net of pension plan investment expense.

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA with age set back four years for active, pre-retirement employees. For active post-retirement employees, mortality rates were based on the RP-2000 Blue Collar Healthy Combined index with generational mortality improvement using Scale AA. For disabled pensioners, mortality rates index were based on the RP-2000 Blue Collar Healthy Combined index with age set forward four years.

The actuarial assumptions used in the July 1, 2016 valuation was based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	25%	3.27%
Domestic Equity	35%	5.16%
International Equity	15%	8.61%
Real Estate	10%	4.97%
Private Equity	10%	8.32%
Other Assets	<u>5%</u>	2.42%
	100%	

*Discount Rate* – The single discount rate used to measure the total pension liability was 7.5% for the year ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

*Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate* – The City’s proportionate share of the net pension liability (asset) has been calculated using a discount rate of 7.5%. The following presents the City’s proportionate share of the net pension liability (asset) calculated using a discount rate 1% higher and 1% lower than the current rate.



	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability (asset)	\$ 16,237,943	\$ 6,189,000	\$ (2,295,781)

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPPRS Plan financial report, which can be located at [www.ok.gov/OPPRS/](http://www.ok.gov/OPPRS/).

***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, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits	27
Terminated employees entitled to benefits but not yet receiving them	0
Active employees	<u>773</u>
Total	<u>800</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, 2017, 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 2017 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Obligation (Asset)
June 30, 2015	\$ 434,725	\$ 160,995	37.0%	\$ 8,457,200
June 30, 2016	660,934	182,984	27.7%	8,935,150
June 30, 2017	659,770	118,772	18.0%	9,471,273

The net OPEB obligation (NOO) as of June 30, 2017, was calculated as follows:

Annual required contribution	\$ 681,731
Interest on net OPEB obligation	352,336
Adjustment to annual required contribution	<u>(379,172)</u>
Annual OPEB cost	654,895
Contributions made	<u>(118,772)</u>
Increase in net OPEB obligation	536,123
Net OPEB obligation, beginning of year	<u>8,935,150</u>
Net OPEB obligation, end of year	<u>\$ 9,471,273</u>

*Funded Status and Funding Progress* – The funded status of the plan as of June 30, 2016, was as follows:

Actuarial accrued liability (AAL)	\$ 9,723,246
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 9,723,246
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 47,222,487
UAAL as a percentage of covered payroll	20.6%

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, 2016 actuarial valuation, the entry age 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 annual healthcare cost trend of 2.5%. Dental trends were

assumed to be 70% of medical trends. The rates included an inflation assumption that declines over time from 2.5% to 1.3%. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open 30-year period basis.

**Guaranty Deposits** - At June 30, 2017, the guaranty deposit accounts of the City included the following deposit liabilities:

**Governmental activities:**

Oil and gas drilling escrow	\$239,600
Site improvements	5,563,165
Contractor's escrow	110,848
Park improvement	8,615
Court fines and bond deposits	58,379
Others	<u>232,986</u>
 Total governmental activities	 <u>\$6,213,593</u>

**Business-type activities:**

Utility deposits	<u>\$1,608,410</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, 2017, the net assessed valuation approximated \$963,371,000. The City had no such bonds outstanding at June 30, 2017. There is no such limit on the issuance of other types of general obligation bonds.

General obligation bonds outstanding as of June 30, 2017 are as follows:

\$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)	\$ 1,185,000
\$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)	16,885,000
\$22,525,000 2015 General Obligation bonds, due in annual installments of \$1,185,000 to \$1,195,000 beginning June 1, 2017 through June 1, 2035 at interest rates ranging from 0.5% to 4.00% (for various street reconstruction projects)	21,340,000
\$15,000,000 2016 General Obligation bonds, due in annual installments of \$7,500,000 beginning June 1, 2018 through June 1, 2019 at interest rates ranging from 1.5% to 2.0% (for various street reconstruction projects)	15,000,000
\$7,775,000 2016A General Obligation bonds, due in annual installments of \$365,000 to \$795,000 beginning June 1, 2017 through July 1, 2027 at interest rates ranging from 4.0% to 5.0% (for refunding of the City's Series 2005A and 2007A Combined Purpose General Obligation Bonds)	<u>7,035,000</u>
Total general obligation bonds	<u>\$ 61,445,000</u>

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 11,085,000	\$ 1,606,589	\$ 12,691,589
2019	11,130,000	1,409,075	12,539,075
2020	3,025,000	1,185,420	4,210,420
2021	3,030,000	1,089,520	4,119,520
2022	3,035,000	1,005,220	4,040,220
2023 – 2027	14,315,000	3,509,609	17,824,609
2028 – 2032	11,200,000	1,625,981	12,825,981
2033 – 2035	<u>4,625,000</u>	<u>245,580</u>	<u>4,870,580</u>
<b>Total</b>	<u>\$ 61,445,000</u>	<u>\$ 11,676,994</u>	<u>\$ 73,121,994</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, 2017 are as follows:

\$2,315,000 Norman Municipal Authority, Recreation Facilities Revenue Bonds, Series 2002, due in annual installments of \$75,000 to \$195,000 from June 1, 2004 through June 1, 2022 at interest rates from 3.5% to 6.125%	<u>\$ 855,000</u>
<b>Total revenue bonds</b>	<u>\$ 855,000</u>

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 150,000	\$ 52,369	\$ 202,369
2019	160,000	43,181	203,181
2020	170,000	33,381	203,381
2021	180,000	22,969	202,969
2022	<u>195,000</u>	<u>11,944</u>	<u>206,944</u>
<b>Total</b>	<u>\$ 855,000</u>	<u>\$ 163,844</u>	<u>\$ 1,018,844</u>

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 \$1,018,844. Principal and interest paid for the current year was \$205,924. Total Westwood net revenues and room tax collections were \$1,360,617 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.

c. *Notes Payable* - Notes payable as of June 30, 2017 are as follows:

\$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.	\$ 621,795
\$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.	2,080,000
\$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.	11,815,000
\$4,964,024 Clean Water SRF loan payable to the OWRB due in annual installments ranging between \$212,595 and \$349,740 beginning September 15, 2013 through March 15, 2031. The loan has a 2.91% interest rate.	4,075,345
\$50,300,000 Clean Water SRF loan payable to the OWRB due in annual installments ranging from \$1,410,000 to \$3,880,000 beginning March 15, 2015 and ending September 15, 2029. The loan has a 1.75% interest rate with a .5% administration fee. As of June 30, 2017 only \$33,469,584 has been drawdown.	26,254,968
\$17,505,000 Norman Utilities Authority, Utility Revenue Notes, Refunding Series 2015, due in annual installments of \$730,000 to \$1,315,000 from November 1, 2015 to November 1, 2026, at an interest rate of 2.13%	13,240,000
\$22,825,000 Norman Municipal Authority Revenue Note, Taxable Series 2015, due in annual payments ranging from \$900,000 to \$1,185,000 beginning September 1, 2016 through March 1, 2027. The loan has a 2.330% interest rate.	21,015,000

Authorized, but not issued, \$31,000,000 Drinking Water SRF loan payable to the OWRB due in annual payments ranging from \$1,140,000 to \$1,935,000 beginning October 1, 2019 through October 1, 2039. The loan has a 2.82% interest rate.	-
\$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.	495,000
\$43,160,000 Norman Municipal Authority Revenue Note, Taxable Series 2015B, due in annual payments ranging from \$500,000 to \$5,845,000 beginning January 1, 2017 through January 1, 2029. The loan has a 2.98% interest rate.	42,660,000
\$30,950,000 Norman Municipal Authority Revenue Note, Taxable Series 2017, due in annual payments ranging from \$400,000 to \$3,450,000 beginning January 1, 2018 through July 1, 2030. The loan has a 3.00% interest rate.	30,950,000
\$9,380,000 Norman Utilities Authority Revenue Note, Refunding Series 2016, due in annual installments ranging from \$190,000 to \$755,000 beginning September 1, 2016 through September 1, 2030. The loan has a \$2.23% interest rate.	8,910,000
Authorized, but not issued, \$8,250,000 Norman Tax Increment Finance Authority Norman University North Park Project Plan Tax Apportionment Revenue Note, Series 2011, due in annual installments beginning July 1, 2012 through June 30, 2031, at interest rates not to exceed 8%.	-
Authorized, but not issued, \$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%.	-
Total notes payable	<u>\$ 162,117,108</u>

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

Fiscal Year	Principal	Interest	Total
2018	\$ 10,347,726	\$ 4,283,565	\$ 14,631,291
2019	11,019,829	4,471,036	15,490,865
2020	11,442,505	4,187,839	15,630,344
2021	12,315,950	3,877,099	16,193,049
2022	13,143,706	3,543,985	16,687,691
2023 – 2027	79,922,972	11,585,281	91,508,253
2028 – 2032	40,759,452	2,113,649	42,873,101
Less unfunded notes *	<u>(16,835,032)</u>	<u>-</u>	<u>(16,835,032)</u>
Total	<u>\$ 162,117,108</u>	<u>\$ 34,062,454</u>	<u>\$ 196,179,562</u>

d. *Capital Leases Payable* – Capital leases payable as of June 30, 2017 are as follows:

\$1,240,322 capital lease payable in annual installments of \$422,984 beginning August 1, 2016 through August 1, 2018. The capital lease has a 2.18% interest rate. \$ 819,121

The City entered into a lease agreement as lessee for financing the acquisition of new data storage equipment. The assets acquired (machinery and equipment) totaled \$1,240,322. As of June 30, 2017 accumulated depreciation totaled zero on the data storage system since it was not yet placed into service.

Fiscal Year	Principal	Interest	Total
2018	\$ 405,150	\$ 17,834	\$ 422,984
2019	<u>413,971</u>	<u>9,013</u>	<u>422,984</u>
Total	<u>\$ 819,121</u>	<u>\$ 26,847</u>	<u>\$ 845,968</u>

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

\* - Relates to \$50,300,000 Clean Water SRF loan



**Changes in Long-term Liabilities** – Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 69,535,000	\$ -	\$ (8,090,000)	\$ 61,445,000	\$ 11,085,000
Issuance premium/(discount)	1,883,971	-	(227,852)	1,656,119	-
Total bonds payable	71,418,971	-	(8,317,852)	63,101,119	11,085,000
Sales tax revenue notes	65,985,000	30,950,000	(2,310,000)	94,625,000	3,265,000
Notes payable	12,665,000	-	(850,000)	11,815,000	1,000,000
Capital leases	-	1,240,322	(421,201)	819,121	403,971
Liability for incurred claims	3,700,122	-	-	3,700,122	1,500,000
Net OPEB obligation	8,935,150	659,770	(123,647)	9,471,273	-
Net pension liability	44,262,395	12,363,146	-	56,625,541	-
Compensated absences	7,716,102	6,331,196	(5,767,625)	8,279,673	742,189
Government activity long-term liabilities	<u>\$ 214,682,740</u>	<u>\$ 51,544,434</u>	<u>\$ (17,790,325)</u>	<u>\$ 248,436,849</u>	<u>\$ 17,996,160</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 1,000,000	\$ -	\$ (145,000)	\$ 855,000	\$ 150,000
Less deferred amounts:					
For issuance premium and (discount)	(18,623)	3,104	-	(15,519)	-
Total bonds payable	981,377	3,104	(145,000)	839,481	150,000
Notes payable	54,474,191	7,676,622	(6,473,705)	55,677,108	4,637,726
Less deferred amounts:					
For issuance premium and (discount)	(19,610)	1,783	-	(17,827)	-
Total notes payable	54,454,581	7,678,405	(6,473,705)	55,659,281	4,637,726
Compensated absences	1,175,311	1,018,945	(893,499)	1,300,757	88,000
Business-type activity long-term liabilities	<u>\$ 56,611,269</u>	<u>\$ 8,700,454</u>	<u>\$ (7,512,204)</u>	<u>\$ 57,799,519</u>	<u>\$ 4,875,726</u>

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

## 5. FUND BALANCE

The following table shows the fund balance classifications as shown on the governmental funds balance sheet as of June 30, 2017:

	General	Public Safety Sales Tax	Debt Service	Capital Projects	Norman Forward	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	\$ 29,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,473
Restricted:							
Debt service reserve	-	-	8,638,158	-	-	-	8,638,158
Arts and humanities	-	-	-	-	-	6,644	6,644
Grant activities	-	-	-	-	-	14,506,927	14,506,927
Bond capital projects	-	-	-	27,258,878	59,143,533	-	86,402,411
Other capital projects	-	-	-	31,159,510	10,781,990	1,202,305	43,143,805
Seizures	-	-	-	-	-	763,338	763,338
CLEET	-	-	-	-	-	12,414	12,414
Public safety	-	26,641,985	-	-	-	-	26,641,985
Committed:							
Economic stabilization	3,302,656	-	-	-	-	-	3,302,656
Assigned:							
Other capital projects	-	-	-	3,191,396	94,671	-	3,286,067
Grant activities	-	-	-	-	-	426,714	426,714
Orders on purchase	2,298,057	-	-	-	-	-	2,298,057
Unassigned:	<u>7,166,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,166,425</u>
Total fund balances	<u>\$ 12,796,611</u>	<u>\$ 26,641,985</u>	<u>\$ 8,638,158</u>	<u>\$ 61,609,784</u>	<u>\$ 70,020,194</u>	<u>\$ 16,918,342</u>	<u>\$ 196,625,074</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, 2016 the Rainy Day Fund had a balance of \$3,302,656.

**6. RISK MANAGEMENT**

The City is self-insured against the following risks:

- Employee health claims to a maximum liability of \$250,000 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 \$250,000 limit are covered by insurance. The City’s unpaid claims liability of \$3,700,122 reported at June 30, 2017 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, 2017, 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, 2017, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years, the City has had no losses that exceeded commercial insurance coverage. Changes in the reported liability are as follows:

	<b>Balance at Beginning of Year</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
Fiscal year 2016	<u>\$ 4,700,122</u>	<u>\$ 10,535,416</u>	<u>\$ (11,535,416)</u>	<u>\$ 3,700,122</u>
Fiscal year 2017	<u>\$ 3,700,122</u>	<u>\$ 10,966,742</u>	<u>\$ (10,966,742)</u>	<u>\$ 3,700,122</u>

**7. SEGMENT INFORMATION**

The City operates various segments within its enterprise funds. Condensed financial statement information for these segments for the year ended June 30, 2017 was as follows:

<b>Norman Municipal Authority</b>			
	<b>Westwood Park</b>	<b>Sanitation Services</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 104,036	\$ -	\$ 104,036
Restricted cash and cash equivalents	5,077	551,867	556,944
Investments	-	11,093,599	11,093,599
<b>Receivables:</b>			
Accounts, net of allowance	-	1,022,659	1,022,659
Due from other funds	88	-	88
Due from Fed Govt	-	225,630	225,630
Interest	-	28,023	28,023
Total current assets	<u>109,201</u>	<u>12,921,778</u>	<u>13,030,979</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and cash equivalents	219,265	318,846	538,111
Capital assets, net	<u>7,251,331</u>	<u>10,952,432</u>	<u>18,203,763</u>
Total noncurrent assets	<u>7,470,596</u>	<u>11,271,278</u>	<u>18,741,874</u>
Total assets	<u>\$ 7,579,797</u>	<u>\$ 24,193,056</u>	<u>\$ 31,772,853</u>
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 65,301	\$ 212,607	\$ 277,908
Payroll payable	18,856	98,394	117,250
Due to other funds	-	743,703	743,703
Accrued interest payable	4,364	19,358	23,722
Guaranty deposits	-	388,889	388,889
Revenue bonds payable	150,000	-	150,000
Notes payable	-	575,000	575,000
Compensated absences	<u>8,325</u>	<u>24,096</u>	<u>32,421</u>
Total current liabilities	246,846	2,062,047	2,308,893
<b>Non-current liabilities:</b>			
Long-term debt and other liabilities	<u>804,207</u>	<u>2,332,076</u>	<u>3,136,283</u>
Total liabilities	<u>1,051,053</u>	<u>4,394,123</u>	<u>5,445,176</u>
Invested in capital assets, net of related debt	6,396,331	8,377,432	14,773,763
Restricted for debt service	219,978	462,466	682,444
Unrestricted	<u>(87,565)</u>	<u>10,959,035</u>	<u>10,871,470</u>
Total net assets	<u>6,528,744</u>	<u>19,798,933</u>	<u>26,327,677</u>

continued

**Norman Municipal Authority**

	<b>Westwood Park</b>	<b>Sanitation Services</b>	<b>Total</b>
Charges for services and goods, net	933,853	14,373,156	15,307,009
Other	75	432,468	432,543
Total operating revenues	<u>933,928</u>	<u>14,805,624</u>	<u>15,739,552</u>
Operating expenses	1,034,307	10,526,706	11,561,013
Depreciation	153,718	1,484,356	1,638,074
Total operating expenses	<u>1,188,025</u>	<u>12,011,062</u>	<u>13,199,087</u>
Operating income (loss)	<u>(254,097)</u>	<u>2,794,562</u>	<u>2,540,465</u>
Investment earnings	1,016	43,355	44,371
Interest expense	(64,575)	(85,904)	(150,479)
Miscellaneous income (expense)	<u>(3,695)</u>	<u>165,041</u>	<u>161,346</u>
(expenses)	<u>(67,254)</u>	<u>122,492</u>	<u>55,238</u>
Income before capital			
contributions and transfers	(321,351)	2,917,054	2,595,703
Transfers, net	<u>368,905</u>	<u>(30,850)</u>	<u>338,055</u>
Change in net position	47,554	2,886,204	2,933,758
Total net position - beginning	<u>6,481,190</u>	<u>16,912,729</u>	<u>23,393,919</u>
Total net position - ending	<u><u>6,528,744</u></u>	<u><u>19,798,933</u></u>	<u><u>26,327,677</u></u>
Net cash provided (used) by:			
Operating activities	(146,846)	4,737,636	4,590,790
Noncapital financing activities	368,905	(30,850)	338,055
Capital and related financing activities	(275,900)	(2,540,738)	(2,816,638)
Investing activities	930	(2,663,763)	(2,662,833)
Beginning cash and cash equivalents	<u>381,289</u>	<u>1,368,428</u>	<u>1,749,717</u>
Ending cash and cash equivalents	<u><u>\$ 328,378</u></u>	<u><u>\$ 870,713</u></u>	<u><u>\$ 1,199,091</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, 2017, the City maintained a litigation reserve, including judgments that have been awarded but not yet paid, of approximately \$199,500.

**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, 2017, rent expenditures approximated \$552,000 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, 2017, the City paid the District \$1,129,012.

**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, 2017 is as follows:

	<b>Total Construction In Progress</b>	<b>Total Project</b>	<b>Remaining To Complete</b>
General Government	\$ 66,823,373	\$ 181,852,144	\$ 115,028,771
Norman Municipal Authority:			
Sanitation	28,167	258,750	230,583
Norman Utilities Authority:			
Water Fund	15,410,372	59,133,071	43,722,699
Wastewater Fund	<u>63,336,887</u>	<u>67,758,665</u>	<u>4,421,778</u>
	<u>\$ 145,598,799</u>	<u>\$ 309,002,630</u>	<u>\$ 163,403,831</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, 2017 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 2,298,471
Public safety sales tax fund	13,247,343
Capital projects fund	5,542,739
Norman forward fund	35,950,342
Nonmajor governmental funds	6,954,738
Total	<u>\$ 63,993,633</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. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions***

GASB Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The primary objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency.

GASB Statement No. 75 is effective for fiscal years beginning after June 15, 2017 (effective for the City's June 30, 2018, year-end). Earlier application is encouraged.

### ***GASB Statement No. 81, Irrevocable Split-Interest Agreements***

The objective of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, GASB Statement No. 81 requires a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests. GASB Statement No. 81 requires a government recognize revenue when the resources become applicable to the reporting period.

The requirements of GASB Statement No. 81 are effective for financial statements for periods beginning after December 15, 2016 (effective for the City's June 30, 2018, year-end), and should be applied retroactively. Earlier application is encouraged.

### ***GASB Statement No. 83, Certain Asset Retirement Obligations***

GASB Statement No. 83 establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (ARO). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. Examples could be costs associated with decommissioning a nuclear power plant or disposal of an x-ray machine. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital

asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required.

GASB Statement No. 83 is effective for financial statements for fiscal years beginning after June 15, 2018 (effective for the City's June 30, 2019, year-end). Earlier application is encouraged.

#### **GASB Statement No. 84, *Fiduciary Activities***

GASB Statement No. 84 establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB Statement No. 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

GASB Statement No. 84 is effective for financial statements for fiscal years beginning after December 15, 2018 (effective for the City's June 30, 2020, year-end). Earlier application is encouraged.

#### **GASB Statement No. 85, *Omnibus 2017***

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 85 is effective for financial statements for fiscal years beginning after June 15, 2017 (effective for the City's June 30, 2018, year-end). Earlier application is encouraged.

#### **GASB Statement No. 86, *Certain Debt Extinguishment Issues***

The primary objective of GASB Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB Statement No. 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 86 is effective for financial statements for fiscal years beginning after June 15, 2017 (effective for the City's June 30, 2018, year-end). Earlier application is encouraged.

#### **GASB Statement No. 87, *Leases***

The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are



financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 87 is effective for financial statements for fiscal years beginning after December 15, 2019 (effective for the City's June 30, 2021, year-end). Earlier application is encouraged.

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**Required Supplementary  
Information**

# THE CITY OF NORMAN, OKLAHOMA

## Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) Year Ended June 30, 2017

Oklahoma Firefighters Pension and Retirement System (OFPRS)	2015 *	2016 *	2017 *
City's proportion of the net pension liability or asset	3.9342%	4.1552%	4.1283%
City's proportion share of the net pension liability or (asset)	\$ 40,457,734	\$ 44,103,551	\$ 50,436,541
City's covered-employee payroll	\$ 10,791,880	\$ 11,330,342	\$ 11,538,401
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	374.891%	389.252%	437.119%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%
<b>Oklahoma Police Pension and Retirement System (OPPRS)</b>			
City's proportion of the net pension liability or asset	3.8053%	3.8957%	4.0413%
City's proportion share of the net pension liability or (asset)	\$ (1,281,185)	\$ 158,844	\$ 6,189,000
City's covered-employee payroll	\$ 10,645,515	\$ 11,172,374	\$ 11,918,115
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	-12.035%	1.422%	51.929%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%

\* - The amounts present for each fiscal year were determined as of the measurement date, June 30, 2014, 2015 and 2016, respectively.

Note to Schedule: Only fiscal years 2015, 2016 and 2017 are presented because 10 year data is not yet available.

# THE CITY OF NORMAN, OKLAHOMA

## Schedule of the City's Contributions Year Ended June 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Oklahoma Firefighters Pension and Retirement System (OFPRS)</b>			
Contractually required contribution	\$ 1,586,248	\$ 1,615,405	\$ 1,650,048
Contributions in relation to the contractually required contribution	<u>1,586,248</u>	<u>1,615,405</u>	<u>1,650,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 11,330,342	\$ 11,538,401	\$ 11,772,620
Contributions as a percentage of covered-employee payroll	14%	14%	14%
<b>Oklahoma Police Pension and Retirement System (OPPRS)</b>			
Contractually required contribution	\$ 1,452,409	\$ 1,550,235	\$ 1,568,335
Contributions in relation to the contractually required contribution	<u>1,452,409</u>	<u>1,550,235</u>	<u>1,568,335</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 11,172,374	\$ 11,918,115	\$ 12,064,110
Contributions as a percentage of covered-employee payroll	13%	13%	13%

Note to Schedule: Only fiscal year 2015, 2016 and 2017 are presented because 10 year data is not yet available.

**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**

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<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Plan Assets</b>	<b>(2) Actuarial Liability (AAL) - Entry Age</b>	<b>(3) Unfunded AAL (UAAL) (2)-(1)</b>	<b>(4) Funded Ratio (1)/(2)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (3)/(5)</b>
July 1, 2012	\$ -	\$ 13,533,967	\$ 13,533,967	0.0 %	\$ 50,189,708	27.0 %
July 1, 2014	-	5,258,480	5,258,480	0.0 %	47,612,796	11.0 %
July 1, 2016	-	9,723,246	9,723,246	0.0 %	47,222,487	20.6 %

Note: The City uses biennial reporting of OPEB information. Therefore the July 1, 2016 information is the most recent available.

**THE CITY OF NORMAN, OKLAHOMA**

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

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<b>Fiscal Ended June 30</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2012	\$ 234,405	\$ 1,505,447 <sup>1</sup>	15.6 %
2013	212,753	1,242,633	17.1 %
2014	313,189	580,638 <sup>1</sup>	53.9 %
2015	160,995	580,638	27.7 %
2016	182,984	681,731	26.8 %
2017	118,772	681,731	17.4 %

<sup>1</sup> 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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Taxes:							
Sales taxes	\$ 40,851,000	\$ -	\$ 40,851,000			\$ 37,961,210	\$ (2,889,790)
Franchise taxes	7,939,073	-	7,939,073			6,838,988	(1,100,085)
State use taxes	2,688,300	-	2,688,300			2,724,437	36,137
Total taxes	<u>51,478,373</u>	<u>-</u>	<u>51,478,373</u>			<u>47,524,635</u>	<u>(3,953,738)</u>
Licenses and permits:							
Licenses	365,574	-	365,574			292,667	(72,907)
Permits	1,282,241	-	1,282,241			869,490	(412,751)
Total licenses and permits	<u>1,647,815</u>	<u>-</u>	<u>1,647,815</u>			<u>1,162,157</u>	<u>(485,658)</u>
State Shared Revenues:							
State motor fuel	260,131	-	260,131			217,976	(42,155)
Alcoholic beverage	285,248	-	285,248			317,152	31,904
Cigarette	845,304	-	845,304			878,335	33,031
State motor vehicle registration	878,269	-	878,269			822,855	(55,414)
Total intergovern- mental revenues	<u>2,268,952</u>	<u>-</u>	<u>2,268,952</u>			<u>2,236,318</u>	<u>(32,634)</u>
Charges for services:							
Zoning & subdivision	207,667	-	207,667			106,810	(100,857)
Public safety	430,502	-	430,502			353,153	(77,349)
Health	222,664	-	222,664			159,750	(62,914)
Recreation fees	645,100	-	645,100			441,564	(203,536)
Credit card confience fees	713,009	-	713,009			661,162	(51,847)
911 emergency fees	28,052	-	28,052			32,980	4,928
Total charges for services	<u>2,246,994</u>	<u>-</u>	<u>2,246,994</u>			<u>1,755,419</u>	<u>(491,575)</u>
Fines and forfeitures:							
Police court fines	2,360,500	-	2,360,500			2,367,952	7,452
Miscellaneous forfeitures	-	-	-			(67,902)	(67,902)
Total fines and forfeits	<u>2,360,500</u>	<u>-</u>	<u>2,360,500</u>			<u>2,300,050</u>	<u>(60,450)</u>
Investment earnings	25,000	-	25,000			32,616	7,616
Other revenue:							
Contributions	5,780	23,500	29,280			23,300	(5,980)
Rents and royalties	275,693	-	275,693			223,705	(51,988)
Cost allocations	9,843,939	-	9,843,939			8,582,425	(1,261,514)
Sale of fixed assets	159,154	-	159,154			106,910	(52,244)
Miscellaneous revenues	1,388,453	2,431	1,390,884			1,394,033	3,149
Total other revenue	<u>11,673,019</u>	<u>25,931</u>	<u>11,698,950</u>			<u>10,330,373</u>	<u>(1,368,577)</u>
Total revenues	<u>71,700,653</u>	<u>25,931</u>	<u>71,726,584</u>			<u>65,341,568</u>	<u>(6,385,016)</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>General government:</b>							
City council	\$ 2,026,809	\$ 42,097	\$ 2,068,906	\$ 1,042,650	\$ 20,306	\$ 1,062,956	\$ 1,005,950
City manager's office	421,387	960,486	1,381,873	364,730	-	364,730	1,017,143
Community relations	259,929	(14,427)	245,502	228,721	-	228,721	16,781
Communications	112,597	(4,800)	107,797	101,973	-	101,973	5,824
City clerk's office	594,855	(15,698)	579,157	574,577	80	574,657	4,500
Municipal court	1,116,194	(40,028)	1,076,166	1,066,976	499	1,067,475	8,691
Legal administration	1,204,438	(12,972)	1,191,466	1,219,058	501	1,219,559	(28,093)
Information Technology	2,193,955	315,343	2,509,298	2,020,899	109,695	2,130,594	378,704
Human resource admin	727,912	71,617	799,529	713,209	5,599	718,808	80,721
Safety administration	152,664	(7,126)	145,538	126,200	350	126,550	18,988
Building services admin	127,606	(13,527)	114,079	104,989	820	105,809	8,270
Custodial services	227,046	(7,978)	219,068	207,941	-	207,941	11,127
Building repair services	445,333	(1,101)	444,232	415,636	800	416,436	27,796
Human rights commission	230	-	230	31	-	31	199
Children's rights commission	176	(17)	159	89	-	89	70
Social & voluntary services	175,000	2,688	177,688	171,453	3,564	175,017	2,671
Norman public library	282,479	33,842	316,321	316,322	-	316,322	(1)
Firehouse art center	85,627	-	85,627	75,595	-	75,595	10,032
Historical museum	43,261	-	43,261	37,030	-	37,030	6,231
Sooner theatre	93,889	-	93,889	83,843	-	83,843	10,046
Employee training	8,726	(8,726)	-	-	-	-	-
Employee assistance program	24,993	2,750	27,743	27,162	-	27,162	581
Special studies & contributions	4,900	23,035	27,935	21,801	-	21,801	6,134
Municipal elections	92,115	(37,087)	55,028	33,792	4,124	37,916	17,112
Sister cities program	1,000	(10)	990	990	-	990	-
Holiday decorations	28,693	(574)	28,119	24,768	-	24,768	3,351
<b>Total general government</b>	<b>10,451,814</b>	<b>1,287,787</b>	<b>11,739,601</b>	<b>8,980,435</b>	<b>146,338</b>	<b>9,126,773</b>	<b>2,612,828</b>
<b>Planning:</b>							
Planning commission	347	(37)	310	310	-	310	-
Historic district commission	2,859	(1,000)	1,859	412	-	412	1,447
Greenbelt commission	490	(490)	-	-	-	-	-
Planning administration	586,810	1,528	588,338	570,215	1,005	571,220	17,118
Geographic information	429,246	7,756	437,002	426,323	-	426,323	10,679
Development services	1,622,355	10,084	1,632,439	1,576,232	6,034	1,582,266	50,173
Revitalization	852,994	(74,027)	778,967	740,993	4,696	745,689	33,278
Current planning	232,498	(2,373)	230,125	231,454	-	231,454	(1,329)
<b>Total planning</b>	<b>3,727,599</b>	<b>(58,559)</b>	<b>3,669,040</b>	<b>3,545,939</b>	<b>11,735</b>	<b>3,557,674</b>	<b>111,366</b>

(Continued)

# THE CITY OF NORMAN, OKLAHOMA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>City controller:</b>							
Finance administration	\$ 313,148	\$ (9,088)	\$ 304,060	\$ 306,370	\$ -	\$ 306,370	\$ (2,310)
Accounting services	683,412	(21,506)	661,906	650,043	1,023	651,066	10,840
Printing services	252,396	(10,357)	242,039	209,522	20,627	230,149	11,890
Budget services	137,096	796	137,892	138,836	-	138,836	(944)
Treasury services	668,321	170,610	838,931	850,733	434	851,167	(12,236)
Utility services	<u>1,364,322</u>	<u>33,203</u>	<u>1,397,525</u>	<u>1,285,491</u>	<u>22,978</u>	<u>1,308,469</u>	<u>89,056</u>
Total city controller	<u>3,418,695</u>	<u>163,658</u>	<u>3,582,353</u>	<u>3,440,995</u>	<u>45,062</u>	<u>3,486,057</u>	<u>96,296</u>
<b>Parks and recreation:</b>							
Parks board	767	(460)	307	142	-	142	165
Mosquito control program	15,977	(5,917)	10,060	-	-	-	10,060
Santa Fe Depot	9,332	47	9,379	5,956	-	5,956	3,423
Administration	658,532	17,716	676,248	639,655	-	639,655	36,593
Park maintenance	2,772,312	124,744	2,897,056	2,336,179	10,959	2,347,138	549,918
Forestry	20,850	(10,924)	9,926	9,485	1	9,486	440
Recreation little league	305,729	(22,435)	283,294	104,305	-	104,305	178,989
Recreation programs	1,261,988	(18,437)	1,243,551	1,128,024	5,081	1,133,105	110,446
Senior citizens center	<u>165,717</u>	<u>(1,628)</u>	<u>164,089</u>	<u>152,102</u>	<u>-</u>	<u>152,102</u>	<u>11,987</u>
Total parks & recreation	<u>5,211,204</u>	<u>82,706</u>	<u>5,293,910</u>	<u>4,375,848</u>	<u>16,041</u>	<u>4,391,889</u>	<u>902,021</u>
<b>Public works:</b>							
Public works administratic	311,644	1,936	313,580	310,242	3,092	313,334	246
Engineering department	1,246,282	175,077	1,421,359	1,191,926	5,657	1,197,583	223,776
Street maintenance	3,937,757	159,714	4,097,471	3,843,445	66,847	3,910,292	187,179
Stormwater drainage	3,534,845	(166,584)	3,368,261	2,268,797	513,111	2,781,908	586,353
Stormwater quality	371,878	1,256	373,134	314,940	20,017	334,957	38,177
Traffic control	3,888,946	47,603	3,936,549	3,310,089	168,301	3,478,390	458,159
Fleet maintenance admin	416,329	647	416,976	379,810	1,411	381,221	35,755
Fleet repair light duty	588,053	(11,050)	577,003	561,404	2,529	563,933	13,070
Fleet repair heavy duty	721,730	12,818	734,548	696,416	117	696,533	38,015
Fleet fuel and parts	1,786,854	511,180	2,298,034	2,126,712	11,354	2,138,066	159,968
CNG Station	<u>446,250</u>	<u>(172,184)</u>	<u>274,066</u>	<u>242,720</u>	<u>20,226</u>	<u>262,946</u>	<u>11,120</u>
Total public works	<u>17,250,568</u>	<u>560,413</u>	<u>17,810,981</u>	<u>15,246,501</u>	<u>812,662</u>	<u>16,059,163</u>	<u>1,751,818</u>
<b>Public safety:</b>							
Police department admin	1,395,165	42,571	1,437,736	1,458,596	10	1,458,606	(20,870)
Staff services	2,320,933	30,471	2,351,404	2,330,813	7,467	2,338,280	13,124
Criminal investigations	2,749,573	53,366	2,802,939	2,826,759	13,074	2,839,833	(36,894)
Patrol	11,119,370	(128,572)	10,990,798	10,443,473	72,136	10,515,609	475,189
Special Investigations	1,231,221	(16,279)	1,214,942	1,206,816	4,849	1,211,665	3,277
Animal control	1,260,865	50,750	1,311,615	1,241,603	30,389	1,271,992	39,623
911 services	2,033,277	(54,751)	1,978,526	1,998,430	8,510	2,006,940	(28,414)
Fire department admin	666,719	(284)	666,435	666,258	21,527	687,785	(21,350)
Training - fire department	349,745	(8,660)	341,085	190,101	10,548	200,649	140,436
Fire prevention	828,938	36,981	865,919	873,883	414	874,297	(8,378)
Fire suppression	13,889,853	103,858	13,993,711	13,397,871	114,513	13,512,384	481,327
Disaster preparedness servi	<u>167,891</u>	<u>46,124</u>	<u>214,015</u>	<u>204,186</u>	<u>166</u>	<u>204,352</u>	<u>9,663</u>
Total public safety	<u>38,013,550</u>	<u>155,575</u>	<u>38,169,125</u>	<u>36,838,789</u>	<u>283,603</u>	<u>37,122,392</u>	<u>1,046,733</u>
Total expenditures and encumbrances	<u>78,073,430</u>	<u>2,191,580</u>	<u>80,265,010</u>	<u>\$ 72,428,507</u>	<u>\$ 1,315,441</u>	<u>73,743,948</u>	<u>6,521,062</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, 2017**

	Original Budget	Revisions	Revised Budget	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues over expendi- tures and encumbrances	<u>(6,372,777)</u>	<u>(2,165,649)</u>	<u>(8,538,426)</u>	<u>(8,402,380)</u>	<u>136,046</u>
<b>OTHER FINANCING</b>					
<b>SOURCES (USES):</b>					
Transfers in:					
Norman Utilities					
Authority	1,633,347	40,467	1,673,814	599,244	(1,074,570)
Sanitation Fund	47,880	-	47,880	30,850	(17,030)
Capital Projects Fund	4,480,112	5,439	4,485,551	3,838,494	(647,057)
Public Safety Sales Tax Fund	-	-	-	1,016,208	1,016,208
Insurance Fund	<u>-</u>	<u>81,253</u>	<u>81,253</u>	<u>81,253</u>	<u>-</u>
Total transfers in	<u>6,161,339</u>	<u>127,159</u>	<u>6,288,498</u>	<u>5,566,049</u>	<u>(722,449)</u>
Transfers out:					
Capital Projects Fund	(500,000)	(61,000)	(561,000)	(561,004)	(4)
Westwood Fund	-	(180,113)	(180,113)	(135,905)	44,208
Rainy Day Fund	(88,500)	-	(88,500)	(66,378)	22,122
Art in Public Places Fund	-	(531)	(531)	(531)	-
Seizures Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,329)</u>	<u>(66,329)</u>
Total transfers out	<u>(588,500)</u>	<u>(241,644)</u>	<u>(830,144)</u>	<u>(830,147)</u>	<u>(3)</u>
Net other financing sources (uses)	<u>5,572,839</u>	<u>(114,485)</u>	<u>5,458,354</u>	<u>4,735,902</u>	<u>(722,452)</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, 2017

	Original Budget	Revisions	Revised Budget	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances, and other uses	(799,938)	(2,280,134)	(3,080,072)	(3,666,478)	(586,406)
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>3,792,703</u>	<u>-</u>	<u>3,792,703</u>	<u>3,792,703</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 2,992,765</u>	<u>\$ (2,280,134)</u>	<u>\$ 712,631</u>	<u>\$ 126,225</u>	<u>\$ (586,406)</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales tax	\$ 10,021,500	\$ -	\$ 10,021,500			\$ 9,183,569	\$ (837,931)
Use tax	<u>448,050</u>	<u>-</u>	<u>448,050</u>			<u>454,073</u>	<u>6,023</u>
Total taxes	10,469,550	-	10,469,550			9,637,642	(831,908)
SRO reimbursement-NPS	426,837	-	426,837			426,837	-
Investment earnings	50,000	-	50,000			93,701	43,701
Miscellaneous income	<u>-</u>	<u>-</u>	<u>-</u>			<u>262,089</u>	<u>262,089</u>
Total revenues	<u>10,946,387</u>	<u>-</u>	<u>10,946,387</u>			<u>10,420,269</u>	<u>(526,118)</u>
EXPENDITURES AND ENCUMBRANCES:							
Public safety:							
Police staff services	50,027	442,036	492,063	\$ 5,510	\$ 17,029	22,539	469,524
Police criminal investigations	590,281	7,820	598,101	599,689	2,012	601,701	(3,600)
Police patrol	4,738,865	751,560	5,490,425	5,165,271	237,308	5,402,579	87,846
911	124,095	(8,455)	115,640	112,297	-	112,297	3,343
Fire suppression	4,434,465	(229,399)	4,205,066	3,877,011	153,569	4,030,580	174,486
Capital projects	21,139,253	1,116,683	22,255,936	1,781,411	12,284,001	14,065,412	8,190,524
Debt services	<u>2,333,838</u>	<u>788</u>	<u>2,334,626</u>	<u>2,334,626</u>	<u>-</u>	<u>2,334,626</u>	<u>-</u>
Total expenditures and encumbrances	<u>33,410,824</u>	<u>2,081,033</u>	<u>35,491,857</u>	<u>\$ 13,875,815</u>	<u>\$12,693,919</u>	<u>26,569,734</u>	<u>8,922,123</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	(22,464,437)	(2,081,033)	(24,545,470)			(16,149,465)	8,396,005
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	<u>(22,464,437)</u>	<u>(2,081,033)</u>	<u>(24,545,470)</u>			<u>(16,149,465)</u>	<u>8,396,005</u>
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>28,165,413</u>	<u>-</u>	<u>28,165,413</u>			<u>28,165,413</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 5,700,976</u>	<u>\$ (2,081,033)</u>	<u>\$ 3,619,943</u>			<u>\$ 12,015,948</u>	<u>\$ 8,396,005</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, 2017, are as follows:

	<b>General Fund</b>	<b>Public Safety Sales Tax Fund</b>
Fund balances - budgetary basis, June 30, 2017	\$ 126,225	\$ 12,015,948
Current year encumbrances included in expenditures	1,315,439	12,693,919
Prior year encumbrances outstanding	983,032	553,424
Current year revenue accrual	8,317,688	1,574,198
Current year expenditure accrual	(1,248,429)	(195,504)
Rainy Day Fund Balance	<u>3,302,656</u>	<u>-</u>
Fund balances - fund financial statements, June 30, 2017	<u>\$ 12,796,611</u>	<u>\$ 26,641,985</u>
Revenues - budgetary basis	\$ 65,341,568	\$ 10,420,269
Current year revenue accrual	8,317,688	1,574,198
Prior year revenue accrual	(8,167,360)	(1,620,691)
Interest earned within Rainy Day Fund	<u>10,132</u>	<u>-</u>
Revenues - fund financial statements	<u>\$ 65,502,028</u>	<u>\$ 10,373,776</u>
Expenditures - budgetary basis	\$ 73,743,948	\$ 26,569,734
Current year encumbrances included in expenditures	(1,315,439)	(12,693,919)
Prior year encumbrances paid	1,298,395	555,744
Current year expenditure accrual	1,248,429	195,505
Prior year expenditure accrual	<u>(3,077,231)</u>	<u>(452,674)</u>
Expenditures - fund financial statements	<u>\$ 71,898,102</u>	<u>\$ 14,174,390</u>



# Other Supplementary Information

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2017

	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleet Fund	Art in Public Places Fund	Total Nonmajor Governmental Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1	\$ 9,694,066	\$ 3,319	\$ -	\$ 640,469	\$ 4,221	\$ 2,408	\$ 10,344,484
Investments	278,364	-	2,140,227	966,733	378,596	10,938	-	3,774,858
Receivables:								
Taxes	182,417	-	-	-	-	-	-	182,417
Accounts	-	-	-	-	14,337	-	389	14,726
Interest	699	-	5,370	2,426	950	28	-	9,473
Due from Federal Government	-	1,210,891	327,486	-	-	-	-	1,538,377
Due from other funds	-	2,344,844	-	-	-	1,027	454	2,346,325
<b>Total assets</b>	<b>\$ 461,481</b>	<b>\$13,249,801</b>	<b>\$ 2,476,402</b>	<b>\$ 969,159</b>	<b>\$ 1,034,352</b>	<b>\$ 16,214</b>	<b>\$ 3,251</b>	<b>\$ 18,210,660</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable and other accrued liabilities	\$ 912	\$ 433,534	\$ 15,145	\$ 44,898	\$ 7,919	\$ 2,907	\$ -	\$ 505,315
Payroll payable	-	8,083	7,025	-	1,680	-	-	16,788
Retainage payable	-	179,797	-	-	-	-	-	179,797
Due to other funds	112,674	-	178,595	61,311	237,838	-	-	590,418
<b>Total liabilities</b>	<b>113,586</b>	<b>621,414</b>	<b>200,765</b>	<b>106,209</b>	<b>247,437</b>	<b>2,907</b>	<b>-</b>	<b>1,292,318</b>
Fund balance:								
Restricted	342,748	12,628,387	1,878,540	862,950	763,338	12,414	3,251	16,491,628
Assigned	5,147	-	397,097	-	23,577	893	-	426,714
<b>Total fund balance</b>	<b>347,895</b>	<b>12,628,387</b>	<b>2,275,637</b>	<b>862,950</b>	<b>786,915</b>	<b>13,307</b>	<b>3,251</b>	<b>16,918,342</b>
<b>Total liabilities and fund balance</b>	<b>\$ 461,481</b>	<b>\$13,249,801</b>	<b>\$ 2,476,402</b>	<b>\$ 969,159</b>	<b>\$ 1,034,352</b>	<b>\$ 16,214</b>	<b>\$ 3,251</b>	<b>\$ 18,210,660</b>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	Norman Room Tax Fund	Community Development Fund	Special Grants Fund	Park Land Fund	Seizures and Restitutions Fund	Cleet Fund	Art in Public Places Fund	Total Nonmajor Governmental Total
Revenues:								
Taxes	\$ 1,759,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,759,851
Intergovernmental revenues	-	5,271,412	448,992	-	-	27,929	-	5,748,333
Charges for services	-	-	-	88,576	-	-	-	88,576
Investment earnings	53	-	3,588	2,753	3,127	20	-	9,541
Other	-	-	-	-	209,472	-	10,739	220,211
Total revenues	<u>1,759,904</u>	<u>5,271,412</u>	<u>452,580</u>	<u>91,329</u>	<u>212,599</u>	<u>27,949</u>	<u>10,739</u>	<u>7,826,512</u>
Expenditures:								
Current:								
Parks and recreation	89,572	-	-	46,734	-	-	8,024	144,330
Public service	1,520,723	2,356,803	14,294	-	-	-	-	3,891,820
Public safety	-	-	184,891	-	219,484	29,303	-	433,678
Public works	-	-	10,000	-	-	-	-	10,000
Capital outlay	199,170	2,940,812	314,700	143,659	62,551	-	-	3,660,892
Total expenditures	<u>1,809,465</u>	<u>5,297,615</u>	<u>523,885</u>	<u>190,393</u>	<u>282,035</u>	<u>29,303</u>	<u>8,024</u>	<u>8,140,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,561)</u>	<u>(26,203)</u>	<u>(71,305)</u>	<u>(99,064)</u>	<u>(69,436)</u>	<u>(1,354)</u>	<u>2,715</u>	<u>(314,208)</u>
Other financing sources (uses):								
Transfers in	-	20,970	-	-	66,329	-	531	87,830
Transfers out	<u>(274,084)</u>	<u>(3,533,767)</u>	<u>(598,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,405,894)</u>
Net other financing sources (uses)	<u>(274,084)</u>	<u>(3,512,797)</u>	<u>(598,043)</u>	<u>-</u>	<u>66,329</u>	<u>-</u>	<u>531</u>	<u>(4,318,064)</u>
Net change in fund balances	(323,645)	(3,539,000)	(669,348)	(99,064)	(3,107)	(1,354)	3,246	(4,632,272)
Fund balance - beginning	<u>671,540</u>	<u>16,167,387</u>	<u>2,944,985</u>	<u>962,014</u>	<u>790,022</u>	<u>14,661</u>	<u>5</u>	<u>21,550,614</u>
Fund balance - ending	<u>\$ 347,895</u>	<u>\$ 12,628,387</u>	<u>\$ 2,275,637</u>	<u>\$ 862,950</u>	<u>\$ 786,915</u>	<u>\$ 13,307</u>	<u>\$ 3,251</u>	<u>\$ 16,918,342</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Taxes:							
Hotel/motel tax	\$ 1,982,750	\$ -	\$ 1,982,750			\$ 1,741,466	\$ (241,284)
Investment earnings	1,500	-	1,500			3,139	1,639
Total revenues	<u>1,984,250</u>	<u>-</u>	<u>1,984,250</u>			<u>1,744,605</u>	<u>(239,645)</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Public service:							
Room tax	<u>1,814,213</u>	<u>312,479</u>	<u>2,126,692</u>	<u>\$ 1,716,029</u>	<u>\$ 5,063</u>	<u>1,721,092</u>	<u>405,600</u>
Total expenditures and encumbrances	<u>1,814,213</u>	<u>312,479</u>	<u>2,126,692</u>	<u>\$ 1,716,029</u>	<u>\$ 5,063</u>	<u>1,721,092</u>	<u>405,600</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>170,037</u>	<u>(312,479)</u>	<u>(142,442)</u>			<u>23,513</u>	<u>165,955</u>
<b>OTHER FINANCING USES:</b>							
Transfers out:							
Capital fund	-	(66,900)	(66,900)			(66,900)	-
Westwood	<u>(77,922)</u>	<u>(48,237)</u>	<u>(126,159)</u>			<u>(207,184)</u>	<u>(81,025)</u>
Net other financing sources (uses)	<u>(77,922)</u>	<u>(115,137)</u>	<u>(193,059)</u>			<u>(274,084)</u>	<u>(81,025)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses	92,115	(427,616)	(335,501)			(250,571)	84,930
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>412,193</u>		<u>412,193</u>			<u>412,193</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 504,308</u>	<u>\$ (427,616)</u>	<u>\$ 76,692</u>			<u>\$ 161,622</u>	<u>\$ 84,930</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
Community development							
block grant ("CDBG")	\$ 756,303	\$ 15,070	\$ 771,373			\$ 779,088	\$ 7,715
CDBG-DR grant	699,000	-	699,000			3,533,768	2,834,768
Home grant	316,375	4,000	320,375			72,015	(248,360)
COC planning grant	-	12,015	12,015			10,457	(1,558)
Total revenues	<u>1,771,678</u>	<u>31,085</u>	<u>1,802,763</u>			<u>4,395,328</u>	<u>2,592,565</u>
EXPENDITURES AND ENCUMBRANCES:							
Public service:							
Community development	254,107	260,445	514,552	\$ 1,458	\$ 13,053	14,511	500,041
CDBG housing	502,196	376,668	878,864	497,160	-	497,160	381,704
CDBG-DR	699,000	15,548,883	16,247,883	211,908	-	211,908	16,035,975
Home grants	316,375	273,396	589,771	72,629	15,000	87,629	502,142
COC planning grants	-	22,472	22,472	10,457	-	10,457	12,015
Total expenditures and encumbrances	<u>1,771,678</u>	<u>16,481,864</u>	<u>18,253,542</u>	<u>\$ 793,612</u>	<u>\$ 28,053</u>	<u>821,665</u>	<u>17,431,877</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	(16,450,779)	(16,450,779)			3,573,663	20,024,442
OTHER FINANCING SOURCES (USES):							
Operating transfers in:							
Capital Fund	-	20,970	20,970			20,970	-
Operating transfers out:							
Capital Fund	-	(3,533,767)	(3,533,767)			(3,533,767)	-
Excess (deficiency) of revenues over (under) expenditures, encumbrances and other uses	-	(19,963,576)	(19,963,576)			60,866	20,024,442
Fund balance (deficit),							
July 1, 2016 (Non-GAAP budgetary basis)	<u>4,632,968</u>	<u>-</u>	<u>4,632,968</u>			<u>4,632,968</u>	<u>-</u>
Fund balance (deficit),							
June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 4,632,968</u>	<u>\$ (19,963,576)</u>	<u>\$ (15,330,608)</u>			<u>\$ 4,693,834</u>	<u>\$ 20,024,442</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Intergovernmental:							
County Court DUI	\$ 62,835	\$ -	\$ 62,835			\$ 37,939	\$ (24,896)
Public safety grants	-	96,083	96,083			333,825	237,742
Public service grants	-	-	-			9,692	9,692
Recreation grants	-	-	-			160,000	160,000
Public works grants	<u>700,000</u>	<u>10,000</u>	<u>710,000</u>			<u>(37,565)</u>	<u>(747,565)</u>
Total intergovernmental	762,835	106,083	868,918			503,891	(365,027)
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>			<u>24,163</u>	<u>24,163</u>
Total revenues	<u>762,835</u>	<u>106,083</u>	<u>868,918</u>			<u>528,054</u>	<u>(340,864)</u>
EXPENDITURES AND ENCUMBRANCES:							
DUI enforcement	62,835	-	62,835	\$ 7,999	\$ 616	8,615	54,220
Traffic & alcohol enforcement	-	107,097	107,097	70,611	-	70,611	36,486
Shelter rebate grant	-	147,667	147,667	43,561	-	43,561	104,106
JAG grant	-	16,283	16,283	16,283	-	16,283	-
Emergency management	-	3,372	3,372	10,255	-	10,255	(6,883)
Miscellaneous police grants	-	3,496	3,496	3,000	-	3,000	496
SHPO / CLG grant	-	15,000	15,000	14,294	-	14,294	706
Main Street DT Imp Enhancement	-	33,292	33,292	-	-	-	33,292
CNG facility	-	100,000	100,000	98,500	-	98,500	1,500
ACOG fleet conversion grant	-	124	124	-	-	-	124
Saxon Park grant	-	160,000	160,000	-	-	-	160,000
Sutton Wilderness grant	-	160,000	160,000	-	160,000	160,000	-
Legacy Trail improvement grant	-	574,859	574,859	-	-	-	574,859
Drug evaluation/recognition	-	63,707	63,707	36,728	446	37,174	26,533
Traffic grant	700,000	614,215	1,314,215	10,000	-	10,000	1,304,215
School Zone Imp grant	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total expenditures and encumbrances	<u>762,835</u>	<u>2,014,112</u>	<u>2,776,947</u>			<u>472,293</u>	<u>2,304,654</u>

(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, 2017**

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances	<u>-</u>	<u>(1,908,029)</u>	<u>(1,908,029)</u>			<u>55,761</u>	<u>1,963,790</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in:							
Capital Fund	-	-	-			-	-
General Fund	-	-	-			-	-
Operating transfers out:							
Capital Fund	<u>-</u>	<u>(598,043)</u>	<u>(598,043)</u>			<u>(598,043)</u>	<u>-</u>
Net other financing sources sources	<u>-</u>	<u>(598,043)</u>	<u>(598,043)</u>			<u>(598,043)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources	-	(2,506,072)	(2,506,072)			(542,282)	1,963,790
Fund balance (deficit), July 1, 2016 (Non-GAAP budgetary basis)	<u>2,102,356</u>	<u>-</u>	<u>2,102,356</u>			<u>2,102,356</u>	<u>-</u>
Fund balance (deficit), June 30, 2017 (Non-GAAP budgetary basis)	<u>\$2,102,356</u>	<u>\$ (2,506,072)</u>	<u>\$ (403,716)</u>			<u>\$ 1,560,074</u>	<u>\$ 1,963,790</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Investment earnings	\$ 10,000	\$ -	\$ 10,000			\$ 10,899	\$ 899
Charges for services	<u>120,000</u>	<u>-</u>	<u>120,000</u>			<u>88,576</u>	<u>(31,424)</u>
Total revenues	<u>130,000</u>	<u>-</u>	<u>130,000</u>			<u>99,475</u>	<u>(30,525)</u>
EXPENDITURES AND ENCUMBRANCES:							
Parks and recreation	<u>50,000</u>	<u>319,073</u>	<u>369,073</u>	<u>\$ 154,680</u>	<u>\$ 20,567</u>	<u>175,247</u>	<u>193,826</u>
Total expenditures and encumbrances	<u>50,000</u>	<u>319,073</u>	<u>369,073</u>	<u>\$ 154,680</u>	<u>\$ 20,567</u>	<u>175,247</u>	<u>193,826</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances and other financing sources (uses)	80,000	(319,073)	(239,073)			(75,772)	163,301
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>922,346</u>	<u>-</u>	<u>922,346</u>			<u>922,346</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 1,002,346</u>	<u>\$ (319,073)</u>	<u>\$ 683,273</u>			<u>\$ 846,574</u>	<u>\$ 163,301</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Intergovernmental:							
State Seizure/Restitution	\$ 9,000	\$ -	\$ 9,000			\$ 181,230	\$ 172,230
Federal Seizure/Restitution	6,000	-	6,000			14,875	8,875
Investment earnings	500	-	500			6,286	5,786
Juvenile Program	88,251	-	88,251			18,521	(69,730)
Miscellaneous income	-	-	-			(5,154)	(5,154)
	<u>103,751</u>	<u>-</u>	<u>103,751</u>			<u>215,758</u>	<u>112,007</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Public Safety:							
State seizures	209,686	11,952	221,638	\$ 188,790	\$ 12,936	201,726	19,912
Federal seizures	300	193	493	493	-	493	-
Juvenile program	88,251	-	88,251	83,170	-	83,170	5,081
	<u>298,237</u>	<u>12,145</u>	<u>310,382</u>	<u>\$ 272,453</u>	<u>\$ 12,936</u>	<u>285,389</u>	<u>24,993</u>
Excess (deficiency) of revenues over (under)							
expenditures and encumbrances	<u>(194,486)</u>	<u>(12,145)</u>	<u>(206,631)</u>			<u>(69,631)</u>	<u>137,000</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in:							
General Fund	-	-	-			66,329	66,329
	<u>-</u>	<u>-</u>	<u>-</u>			<u>66,329</u>	<u>66,329</u>
Excess (deficiency) of revenues over (under)							
expenditures and encumbrances							
and other financing sources (uses)	(194,486)	(12,145)	(206,631)			(3,302)	203,329
Fund balance, July 1, 2016							
(Non-GAAP budgetary basis)	<u>780,601</u>	<u>-</u>	<u>780,601</u>			<u>780,601</u>	<u>-</u>
Fund balance, June 30, 2017							
(Non-GAAP budgetary basis)	<u>\$ 586,115</u>	<u>\$ (12,145)</u>	<u>\$ 573,970</u>			<u>\$ 777,299</u>	<u>\$ 203,329</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Fines and forfeitures:							
Cleet training revenue	\$ 32,000	\$ -	\$ 32,000			\$ 27,929	\$ (4,071)
Investment earnings	-	-	-			124	124
Miscellaneous revenue	-	-	-			-	-
Total revenues	<u>32,000</u>	<u>-</u>	<u>32,000</u>			<u>28,053</u>	<u>(3,947)</u>
EXPENDITURES AND ENCUMBRANCES:							
Public Safety:							
Court Cleet Training	1,500	-	1,500	\$ 626	\$ -	626	874
Police Cleet Training	<u>29,005</u>	<u>895</u>	<u>29,900</u>	<u>27,782</u>	<u>414</u>	<u>28,196</u>	<u>1,704</u>
Total expenditures and encumbrances	<u>30,505</u>	<u>895</u>	<u>31,400</u>	<u>\$ 28,408</u>	<u>\$ 414</u>	<u>28,822</u>	<u>2,578</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	1,495	(895)	600			(769)	(1,369)
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>13,709</u>	<u>-</u>	<u>13,709</u>			<u>13,709</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 15,204</u>	<u>\$ (895)</u>	<u>\$ 14,309</u>			<u>\$ 12,940</u>	<u>\$ (1,369)</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Other revenue	\$ 16,000	\$ -	\$ 16,000			\$ 10,739	\$ (5,261)
Total revenues	16,000	-	16,000			10,739	(5,261)
EXPENDITURES AND ENCUMBRANCES:							
Parks & recreation							
Donation	16,000	6,761	22,761	\$ 4,514	\$ -	4,514	18,247
Total expenditures and encumbrances	16,000	6,761	22,761	\$ 4,514	\$ -	4,514	18,247
Excess (deficiency) of revenues over (under) expenditures and encumbrances	-	(6,761)	(6,761)			6,225	12,986
OTHER FINANCING SOURCES (USES):							
Transfers in:							
General Fund	-	531	531			531	-
Excess (deficiency) of revenues over (under) expenditures and encumbrances and other financing sources (uses)	-	(6,230)	(6,230)			6,756	12,986
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	(6,756)	-	(6,756)			(6,756)	-
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	\$ (6,756)	\$ (6,230)	\$ (12,986)			\$ -	\$ 12,986

# 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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Property tax	\$ 10,477,309	\$ -	\$ 10,477,309			\$ 12,827,037	\$ 2,349,728
Sales tax	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>
Total taxes	10,477,309	-	10,477,309			12,827,037	2,349,728
Investment earnings	25,000	-	25,000			83,552	58,552
Other revenue:							
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>
Total revenues	<u>10,502,309</u>	<u>-</u>	<u>10,502,309</u>			<u>12,910,589</u>	<u>2,408,280</u>
EXPENDITURES AND ENCUMBRANCES:							
Debt service:							
Principal	8,170,000	-	8,170,000	\$ 8,127,500	\$ -	8,127,500	42,500
Interest and fiscal charges	<u>1,506,274</u>	<u>195,802</u>	<u>1,702,076</u>	<u>1,744,579</u>	<u>-</u>	<u>1,744,579</u>	<u>(42,503)</u>
Total expenditures and encumbrances	<u>9,676,274</u>	<u>195,802</u>	<u>9,872,076</u>	<u>\$ 9,872,079</u>	<u>\$ -</u>	<u>9,872,079</u>	<u>(3)</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>826,035</u>	<u>(195,802)</u>	<u>630,233</u>			<u>3,038,510</u>	<u>2,408,277</u>
OTHER FINANCING SOURCES (USES):							
Transfers out:							
General fund	(861,030)	(29,618)	(890,648)			(788,714)	101,934
Tax Increment Financing fund	<u>-</u>	<u>-</u>	<u>-</u>			<u>(101,934)</u>	<u>(101,934)</u>
Net other financing sources (uses)	<u>(861,030)</u>	<u>(29,618)</u>	<u>(890,648)</u>			<u>(890,648)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses)	(34,995)	(225,420)	(260,415)			2,147,862	2,408,277
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>6,522,426</u>	<u>-</u>	<u>6,522,426</u>			<u>6,522,426</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 6,487,431</u>	<u>\$ (225,420)</u>	<u>\$ 6,262,011</u>			<u>\$ 8,670,288</u>	<u>\$ 2,408,277</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, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>							
Taxes:							
Sales tax	\$ 12,633,210	\$ -	\$ 12,633,210			\$ 11,553,411	\$ (1,079,799)
Sales tax - UNP TIF	3,794,061	-	3,794,061			5,586,791	1,792,730
Property tax - UNP TIF	835,000	-	835,000			1,912,867	1,077,867
Special assessment	75,000	-	75,000			65,998	(9,002)
Investment earnings	167,500	-	167,500			198,892	31,392
Miscellaneous	8,700	-	8,700			219,699	210,999
Total revenues	<u>17,513,471</u>	<u>-</u>	<u>17,513,471</u>			<u>19,537,658</u>	<u>2,024,187</u>
<b>EXPENDITURES AND ENCUMBRANCES:</b>							
Personnel costs	1,179,827	-	1,179,827	\$ 1,161,915	\$ -	1,161,915	17,912
Services and maintenance	144,854	34,892	179,746	102,053	56,660	158,713	21,033
Cost allocation charges	236,278	139,040	375,318	375,318	-	375,318	-
Capital equipment	-	65,500	65,500	63,016	-	63,016	2,484
Capital projects	13,509,342	35,615,642	49,124,984	9,695,142	3,311,086	13,006,228	36,118,756
Capital projects - UNP TIF	1,454,983	4,263,903	5,718,886	3,358,672	388,758	3,747,430	1,971,456
Debt service - UNP TIF	1,318,844	295,154	1,613,998	1,613,998	-	1,613,998	-
Total expenditures and encumbrances	<u>17,844,128</u>	<u>40,414,131</u>	<u>58,258,259</u>	<u>\$ 16,370,114</u>	<u>\$ 3,756,504</u>	<u>20,126,618</u>	<u>38,131,641</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>(330,657)</u>	<u>(40,414,131)</u>	<u>(40,744,788)</u>			<u>(588,960)</u>	<u>40,155,828</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers Out:							
General fund	(4,480,112)	(5,439)	(4,485,551)			(3,838,494)	647,057
Westwood fund	(71,000)	-	(71,000)			(25,816)	45,184
CDBG fund	-	(20,970)	(20,970)			(20,970)	-
Transfers In:							
General fund	500,000	61,000	561,000			561,004	4
CDBG fund	-	-	-			3,533,767	3,533,767
Water fund	-	17,144	17,144			17,144	-
Special grants fund	-	498,867	498,867			598,043	99,176
Room tax fund	-	66,900	66,900			66,900	-
Debt service fund	-	-	-			101,934	101,934
Debt proceeds	-	-	-			-	-
Net other financing sources (uses)	<u>(4,051,112)</u>	<u>617,502</u>	<u>(3,433,610)</u>			<u>993,512</u>	<u>4,427,122</u>
Excess (deficiency) of revenues over expenditures and encumbrances and other sources (uses)	<u>(4,381,769)</u>	<u>(39,796,629)</u>	<u>(44,178,398)</u>			<u>404,552</u>	<u>44,582,950</u>
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>53,182,493</u>	<u>-</u>	<u>53,182,493</u>			<u>53,182,493</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ 48,800,724</u>	<u>\$ (39,796,629)</u>	<u>\$ 9,004,095</u>			<u>\$ 53,587,045</u>	<u>\$ 44,582,950</u>

# THE CITY OF NORMAN, OKLAHOMA

## NORMAN FORWARD FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Expenditures	Encum- brances	Actual	Variance- Positive (Negative)
REVENUES:							
Taxes:							
Sales tax	\$ 10,021,500	\$ -	\$ 10,021,500			\$ 9,183,569	\$ (837,931)
Use tax	448,050	-	448,050			454,073	6,023
Investment earnings	15,000	-	15,000			114,128	99,128
Miscellaneous	-	-	-			-	-
Total revenues	<u>10,484,550</u>	<u>-</u>	<u>10,484,550</u>			<u>9,751,770</u>	<u>(732,780)</u>
EXPENDITURES AND ENCUMBRANCES:							
Services and maintenance	-	1,717,645	1,717,645	\$ (13,200)	\$ 130,037	116,837	1,600,808
Capital projects	57,803,362	4,041,980	61,845,342	8,098,466	33,296,757	41,395,223	20,450,119
Debt service	<u>1,838,686</u>	<u>427,758</u>	<u>2,266,444</u>	<u>3,402,078</u>	<u>-</u>	<u>3,402,078</u>	<u>(1,135,634)</u>
Total expenditures and encumbrances	<u>59,642,048</u>	<u>6,187,383</u>	<u>65,829,431</u>	<u>\$ 11,487,344</u>	<u>\$ 33,426,794</u>	<u>44,914,138</u>	<u>20,915,293</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>(49,157,498)</u>	<u>(6,187,383)</u>	<u>(55,344,881)</u>			<u>(35,162,368)</u>	<u>20,182,513</u>
OTHER FINANCING SOURCES (USES):							
Transfers Out:							
Capital fund	-	-	-			-	-
Transfers In:							
Capital fund	-	-	-			-	-
Debt proceeds	-	-	-			<u>30,950,000</u>	<u>30,950,000</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>			<u>30,950,000</u>	<u>30,950,000</u>
Excess (deficiency) of revenues over expenditures and encumbrances and other sources (uses)	<u>(49,157,498)</u>	<u>(6,187,383)</u>	<u>(55,344,881)</u>			<u>(4,212,368)</u>	<u>51,132,513</u>
Fund balance, July 1, 2016 (Non-GAAP budgetary basis)	<u>37,074,925</u>	<u>-</u>	<u>37,074,925</u>			<u>37,074,925</u>	<u>-</u>
Fund balance, June 30, 2017 (Non-GAAP budgetary basis)	<u>\$ (12,082,573)</u>	<u>\$ (6,187,383)</u>	<u>\$ (18,269,956)</u>			<u>\$ 32,862,557</u>	<u>\$ 51,132,513</u>

**NOTES TO OTHER SUPPLEMENTARY INFORMATION ON BUDGETARY COMPARISON  
SCHEDULES – NONMAJOR SPECIAL REVENUE FUNDS, DEBT SERVICE FUND, CAPITAL PROJECTS  
FUND AND NORMAN FORWARD 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, 2017, are as follows:

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Norman Forward Fund
Fund balances, June 30, 2016 (Non-GAAP budgetary basis)	\$ 8,051,812	\$ 8,670,288	\$ 53,587,045	\$ 32,862,557
Current year encumbrances included in expenditures	228,096	-	3,756,504	33,426,794
Prior year encumbrances outstanding	6,726,642	-	1,786,235	2,523,548
Current year revenue accrual	1,928,050	(32,130)	2,736,828	1,574,910
Current year expenditure accrual	(16,789)	-	(256,828)	(367,615)
GAAP basis fund balances, June 30, 2016	<u>\$ 16,917,811</u>	<u>\$ 8,638,158</u>	<u>\$ 61,609,784</u>	<u>\$ 70,020,194</u>
Budgetary basis revenues	\$ 7,022,012	\$ 12,910,589	\$ 19,537,658	\$ 9,751,770
Current year revenue accrual	1,928,050	(32,130)	2,736,828	1,574,910
Prior year revenue accrual	(1,123,550)	(30,069)	(2,930,583)	(1,593,839)
GAAP basis revenues	<u>\$ 7,826,512</u>	<u>\$ 12,848,390</u>	<u>\$ 19,343,903</u>	<u>\$ 9,732,841</u>
Budgetary basis expenditures	\$ 3,509,022	\$ 9,872,079	\$ 20,126,618	\$ 44,914,138
Current year encumbrances included in expenditures	(228,096)	-	(3,756,504)	(33,426,794)
Prior year encumbrances paid	4,872,751	-	5,820,448	2,970,377
Current year expenditure accrual	16,789	(3)	256,828	367,615
Prior year expenditure accrual	(29,746)	-	(225,646)	(4,840)
GAAP basis expenditures	<u>\$ 8,140,720</u>	<u>\$ 9,872,076</u>	<u>\$ 22,221,744</u>	<u>\$ 14,820,496</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF NET POSITION ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY JUNE 30, 2017

	Westwood Park	Sanitation Services	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 104,036	\$ -	\$ 104,036
Restricted cash and cash equivalents	5,077	551,867	556,944
Investments	-	11,093,599	11,093,599
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	-	1,022,659	1,022,659
Interest	88	28,023	28,111
Due from other Federal Government	-	225,630	225,630
	<u>109,201</u>	<u>12,921,778</u>	<u>13,030,979</u>
Noncurrent assets:			
Restricted cash and cash equivalents	219,265	318,846	538,111
Capital assets, net	<u>7,251,331</u>	<u>10,952,432</u>	<u>18,203,763</u>
	<u>7,470,596</u>	<u>11,271,278</u>	<u>18,741,874</u>
	<u>7,579,797</u>	<u>24,193,056</u>	<u>31,772,853</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	65,301	212,607	277,908
Payroll payable	18,856	98,394	117,250
Due to other funds	-	743,703	743,703
Accrued interest payable	4,364	19,358	23,722
Guaranty deposits	-	388,889	388,889
Revenue bonds payable	150,000	-	150,000
Notes payable	-	575,000	575,000
Compensated absences	<u>8,325</u>	<u>24,096</u>	<u>32,421</u>
	<u>246,846</u>	<u>2,062,047</u>	<u>2,308,893</u>
Noncurrent liabilities:			
Notes payable	-	2,000,000	2,000,000
Compensated absences	114,726	332,076	446,802
Revenue bonds payable, net	<u>689,481</u>	<u>-</u>	<u>689,481</u>
	<u>804,207</u>	<u>2,332,076</u>	<u>3,136,283</u>
	<u>1,051,053</u>	<u>4,394,123</u>	<u>5,445,176</u>
<b>NET POSITION</b>			
Invested in capital assets, net	6,396,331	8,377,432	14,773,763
Restricted for debt service	219,978	462,466	682,444
Unrestricted	<u>(87,565)</u>	<u>10,959,035</u>	<u>10,871,470</u>
	<u>\$ 6,528,744</u>	<u>\$ 19,798,933</u>	<u>\$ 26,327,677</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2017

	Westwood Park	Sanitation Services	Total
Operating revenues:			
Golf and pool fees	\$ 933,853	\$ -	\$ 933,853
Sanitation services, net	-	14,373,156	14,373,156
Other	75	432,468	432,543
	<u>933,928</u>	<u>14,805,624</u>	<u>15,739,552</u>
Total operating revenues			
Operating expenses:			
Salaries and benefits	750,179	4,285,128	5,035,307
Supplies and materials	85,287	798,911	884,198
Services and maintenance	198,841	5,442,667	5,641,508
Depreciation and amortization	153,718	1,484,356	1,638,074
	<u>1,188,025</u>	<u>12,011,062</u>	<u>13,199,087</u>
Total operating expenses			
Operating income (loss)	<u>(254,097)</u>	<u>2,794,562</u>	<u>2,540,465</u>
Nonoperating revenues (expenses):			
Investment earnings	1,016	43,355	44,371
Interest and fiscal charges	(64,575)	(85,904)	(150,479)
Miscellaneous income (expense)	(3,695)	165,041	161,346
	<u>(67,254)</u>	<u>122,492</u>	<u>55,238</u>
Net nonoperating revenues (expenses)			
Income (loss) before transfers	<u>(321,351)</u>	<u>2,917,054</u>	<u>2,595,703</u>
Transfers in (out):			
Transfers in	368,905	-	368,905
Transfers out	-	(30,850)	(30,850)
	<u>368,905</u>	<u>(30,850)</u>	<u>338,055</u>
Net transfers			
Net income	47,554	2,886,204	2,933,758
Net position - beginning	<u>6,481,190</u>	<u>16,912,729</u>	<u>23,393,919</u>
Net position - ending	<u>\$ 6,528,744</u>	<u>\$ 19,798,933</u>	<u>\$ 26,327,677</u>

**THE CITY OF NORMAN, OKLAHOMA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Westwood Park</b>	<b>Sanitation Services</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from customers	\$ 933,928	\$ 14,702,637	\$ 15,636,565
Cash paid to employees for services	(786,833)	(4,390,267)	(5,177,100)
Cash paid to suppliers	(293,941)	(6,407,661)	(6,701,602)
Other receipts (payments)	<u>-</u>	<u>832,927</u>	<u>832,927</u>
Net cash provided by (used for) operating activities	<u>(146,846)</u>	<u>4,737,636</u>	<u>4,590,790</u>
Cash flows from noncapital financing activities:			
Transfers in	368,905	-	368,905
Transfers out	<u>-</u>	<u>(30,850)</u>	<u>(30,850)</u>
Net cash provided by (used for) noncapital financing activities	<u>368,905</u>	<u>(30,850)</u>	<u>338,055</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	-	203,243	203,243
Payments for the acquisition of capital assets	(68,716)	(2,095,091)	(2,163,807)
Principal payments on revenue bonds payable	(145,000)	-	(145,000)
Principal payments on notes payable	-	(560,000)	(560,000)
Interest and fiscal charges paid	<u>(62,184)</u>	<u>(88,890)</u>	<u>(151,074)</u>
Net cash used for capital and related financing activities	<u>(275,900)</u>	<u>(2,540,738)</u>	<u>(2,816,638)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	-	950,031	950,031
Payments for purchases of investments	-	(3,732,468)	(3,732,468)
Investment earnings received	<u>930</u>	<u>118,674</u>	<u>119,604</u>
Net cash provided by (used for) investing activities	<u>930</u>	<u>(2,663,763)</u>	<u>(2,662,833)</u>
Net change in cash and cash equivalents	(52,911)	(497,715)	(550,626)
Cash and cash equivalents - beginning	<u>381,289</u>	<u>1,368,428</u>	<u>1,749,717</u>
Cash and cash equivalents - ending	<u>\$ 328,378</u>	<u>\$ 870,713</u>	<u>\$ 1,199,091</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (254,097)	\$ 2,794,562	\$ 2,540,465
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Miscellaneous revenue	(3,695)	165,041	161,346
Bad debt expense	-	91,350	91,350
Depreciation	153,718	1,484,356	1,638,074
(Gain) loss on disposal of property, plant and equipment	3,695	(91,811)	(88,116)
Increase in accounts receivable, net	-	(203,604)	(203,604)
Increase in due from Federal Government	-	(225,630)	(225,630)
Decrease in due from other funds	-	985,327	985,327
Decrease in accounts payable and accrued liabilities	(9,813)	(166,083)	(175,896)
Decrease in payroll payable	(56,702)	(126,759)	(183,461)
Increase in guaranty deposits	-	9,267	9,267
Increase in compensated absences	<u>20,048</u>	<u>21,620</u>	<u>41,668</u>
Net cash provided by (used for) operating activities	<u>\$ (146,846)</u>	<u>\$ 4,737,636</u>	<u>\$ 4,590,790</u>
NONCASH ACTIVITIES:			
Change in unrealized (gain) loss on investments	<u>\$ -</u>	<u>\$ 88,420</u>	<u>\$ 88,420</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF NET POSITION ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY JUNE 30, 2017

ASSETS	Water	Wastewater	Total
Current assets:			
Cash and cash equivalents	\$ -	\$ 4,637	\$ 4,637
Restricted cash and cash equivalents	1,344,861	507,752	1,852,613
Investments	23,701,448	7,951,058	31,652,506
Receivables:			
Accounts, net of allowance for estimated uncollectible accounts	2,648,683	1,031,024	3,679,707
Interest	59,627	34,130	93,757
Due from Federal Government	100,623	-	100,623
Total current assets	<u>27,855,242</u>	<u>9,528,601</u>	<u>37,383,843</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	5,637,587	5,637,587
Capital assets, net	100,062,873	151,082,229	251,145,102
Total noncurrent assets	<u>100,062,873</u>	<u>156,719,816</u>	<u>256,782,689</u>
Total assets	<u>127,918,115</u>	<u>166,248,417</u>	<u>294,166,532</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charge on refunding	834,208	90,615	924,823
Total deferred outflows of resources	<u>834,208</u>	<u>90,615</u>	<u>924,823</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,308,949	506,783	1,815,732
Payroll payable	89,694	75,008	164,702
Due to other funds	1,084,280	675,395	1,759,675
Accrued interest payable	111,673	212,263	323,936
Retainage payable	148,113	1,223,988	1,372,101
Guaranty deposits	845,418	374,103	1,219,521
Notes payable	1,785,000	2,277,726	4,062,726
Compensated absences	31,078	24,501	55,579
Total current liabilities	<u>5,404,205</u>	<u>5,369,767</u>	<u>10,773,972</u>
Noncurrent liabilities:			
Notes payable, net	19,758,224	29,263,331	49,021,555
Compensated absences	428,295	337,660	765,955
Total noncurrent liabilities	<u>20,186,519</u>	<u>29,600,991</u>	<u>49,787,510</u>
Total liabilities	<u>25,590,724</u>	<u>34,970,758</u>	<u>60,561,482</u>
<b>NET POSITION</b>			
Invested in capital assets, net	78,359,760	118,281,340	196,641,100
Restricted for debt service	387,770	5,558,973	5,946,743
Unrestricted	24,414,069	7,527,961	31,942,030
Total net position	<u>\$ 103,161,599</u>	<u>\$ 131,368,274</u>	<u>\$ 234,529,873</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY FOR THE YEAR ENDED JUNE 30, 2017

	Water	Wastewater	Total
Operating revenues:			
Water service, net	\$ 22,961,871	\$ -	\$ 22,961,871
Wastewater service, net	-	15,767,530	15,767,530
Other	447,422	(10,500)	436,922
	<u>23,409,293</u>	<u>15,757,030</u>	<u>39,166,323</u>
Total operating revenues			
Operating expenses:			
Salaries and benefits	3,826,853	3,135,907	6,962,760
Supplies and materials	1,938,401	413,559	2,351,960
Services and maintenance	5,028,179	5,260,094	10,288,273
Depreciation and amortization	4,724,619	5,698,480	10,423,099
	<u>15,518,052</u>	<u>14,508,040</u>	<u>30,026,092</u>
Total operating expenses			
Operating income	<u>7,891,241</u>	<u>1,248,990</u>	<u>9,140,231</u>
Nonoperating revenues (expenses):			
Tax revenue	-	1,530,490	1,530,490
Investment earnings	73,521	46,069	119,590
Interest and fiscal charges	(521,524)	(716,003)	(1,237,527)
Miscellaneous income (expense)	47,088	(223,689)	(176,601)
	<u>(400,915)</u>	<u>636,867</u>	<u>235,952</u>
Net nonoperating revenues (expenses)			
Income before capital contributions and operating transfers	<u>7,490,326</u>	<u>1,885,857</u>	<u>9,376,183</u>
Capital contributions - donated water and sewer distribution systems	1,282,752	1,041,478	2,324,230
Transfers out	(1,035,445)	(597,151)	(1,632,596)
	<u>247,307</u>	<u>444,327</u>	<u>691,634</u>
Net capital contributions and transfers			
Net income	7,737,633	2,330,184	10,067,817
Net position - beginning	<u>95,423,966</u>	<u>129,038,090</u>	<u>224,462,056</u>
Net position - ending	<u>\$ 103,161,599</u>	<u>\$ 131,368,274</u>	<u>\$ 234,529,873</u>



**THE CITY OF NORMAN, OKLAHOMA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from customers	\$ 23,172,070	\$ 15,655,849	\$ 38,827,919
Cash paid to employees for services	(3,921,162)	(3,208,537)	(7,129,699)
Cash paid to suppliers	(8,224,236)	(7,430,766)	(15,655,002)
Other receipts (payments)	<u>1,452,889</u>	<u>1,731,729</u>	<u>3,184,618</u>
Net cash provided by operating activities	<u>12,479,561</u>	<u>6,748,275</u>	<u>19,227,836</u>
Cash flows from noncapital financing activities:			
Transfers out	<u>(1,035,445)</u>	<u>(597,151)</u>	<u>(1,632,596)</u>
Net cash used for noncapital financing activities	<u>(1,035,445)</u>	<u>(597,151)</u>	<u>(1,632,596)</u>
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	38,161	2,604	40,765
Payments for the acquisition of capital assets	(9,241,357)	(13,202,019)	(22,443,376)
Proceeds from taxes	-	1,530,490	1,530,490
Proceeds from notes payable	-	7,676,622	7,676,622
Principal payments on notes payable	(1,864,298)	(4,079,198)	(5,943,496)
Interest and fiscal charges paid	<u>(404,903)</u>	<u>(647,826)</u>	<u>(1,052,729)</u>
Net cash used for capital and related financing activities	<u>(11,472,397)</u>	<u>(8,719,327)</u>	<u>(20,191,724)</u>
Cash flows from investing activities:			
Proceeds from maturity of investments	6,498,205	3,457,627	9,955,832
Payments for purchases of investments	(7,974,409)	(4,571,932)	(12,546,341)
Investment earnings received	<u>260,996</u>	<u>151,836</u>	<u>412,832</u>
Net cash used for investing activities	<u>(1,215,208)</u>	<u>(962,469)</u>	<u>(2,177,677)</u>
Net change in cash and cash equivalents	(1,243,489)	(3,530,672)	(4,774,161)
Cash and cash equivalents - beginning	<u>2,588,350</u>	<u>4,043,061</u>	<u>6,631,411</u>
Cash and cash equivalents - ending	<u>\$ 1,344,861</u>	<u>\$ 512,389</u>	<u>\$ 1,857,250</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 7,891,241	\$ 1,248,990	\$ 9,140,231
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous income	47,088	(223,689)	(176,601)
Bad debt expense	175,014	112,904	287,918
Depreciation	4,724,619	5,698,480	10,423,099
Gain (Loss) on disposal of property, plant and equipment	(45,524)	1,079,086	1,033,562
Increase in accounts receivable, net	(419,415)	(221,790)	(641,205)
Increase due from Federal Government	(100,623)	0	(100,623)
Increase due from other funds	1,551,948	1,700,598	3,252,546
Decrease in accounts payable and accrued liabilities	(1,257,878)	(1,717,501)	(2,975,379)
Decrease in payroll payable	(145,798)	(104,919)	(250,717)
Increase (decrease) in retainage payable	222	(863,878)	(863,656)
Increase in guaranty deposits	7,178	7,705	14,883
Increase in compensated absences	<u>51,489</u>	<u>32,289</u>	<u>83,778</u>
Net cash provided by operating activities	<u>\$ 12,479,561</u>	<u>\$ 6,748,275</u>	<u>\$ 19,227,836</u>
NONCASH ACTIVITIES:			
Donated water and sewer distribution systems	<u>\$ 1,282,752</u>	<u>\$ 1,041,478</u>	<u>\$ 2,324,230</u>
Change in unrealized (gain) loss on investments	<u>\$ 207,251</u>	<u>\$ 117,533</u>	<u>\$ 324,784</u>

**THE CITY OF NORMAN, OKLAHOMA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

---

	<b>Annuity Pool Fund</b>	<b>401(a) Plan Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Investments - mutual funds	\$ 287,123	\$ 83,573,672	\$ 83,860,795
Loans to 401(a) Plan participants	<u>-</u>	<u>3,570,212</u>	<u>3,570,212</u>
Total assets	<u>\$ 287,123</u>	<u>\$ 87,143,884</u>	<u>\$ 87,431,007</u>
<b>LIABILITIES AND NET ASSETS</b>			
Net position:			
Held in trust for pension benefits	\$ 287,123	\$ -	\$ 287,123
Held in trust for retirement benefits	<u>-</u>	<u>87,143,884</u>	<u>87,143,884</u>
Total liabilities and net position	<u>\$ 287,123</u>	<u>\$ 87,143,884</u>	<u>\$ 87,431,007</u>

# THE CITY OF NORMAN, OKLAHOMA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONS:	Annuity Pool Fund	401(a) Fund	Total
Contributions:			
Employer	\$ -	\$ 2,555,988	\$ 2,555,988
Employee	<u>-</u>	<u>1,976,184</u>	<u>1,976,184</u>
Total contributions	-	4,532,172	4,532,172
Investment income (loss)	<u>36,533</u>	<u>10,963,489</u>	<u>11,000,022</u>
Total additions	<u>36,533</u>	<u>15,495,661</u>	<u>15,532,194</u>
DEDUCTIONS:			
Pension benefits paid	53,940	4,642,109	4,696,049
Administration costs	<u>1,451</u>	<u>(104,960)</u>	<u>(103,509)</u>
Total deductions	<u>55,391</u>	<u>4,537,149</u>	<u>4,592,540</u>
NET DECREASE	(18,858)	10,958,512	10,939,654
Net position held in trust for pension and retirement benefits, Beginning of year	<u>305,981</u>	<u>76,185,372</u>	<u>76,491,353</u>
End of year	<u>\$ 287,123</u>	<u>\$ 87,143,884</u>	<u>\$ 87,431,007</u>

# THE CITY OF NORMAN, OKLAHOMA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2017

---

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>CENTENNIAL AGENCY FUND:</b>				
<b>ASSETS</b>				
Cash	\$ 728	\$ -	\$ (728)	\$ -
Investments	8,355	765	-	9,120
Interest receivable	15	8	-	23
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,098</u>	<u>\$ 773</u>	<u>\$ (728)</u>	<u>\$ 9,143</u>
<b>LIABILITIES</b>				
Funds held for others	<u>\$ 9,098</u>	<u>\$ 45</u>	<u>\$ 0</u>	<u>\$ 9,143</u>

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# Statistical Section



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	106-111
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	112-114
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity	115-119
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	120-121
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	122-124
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 POSITION BY COMPONENT

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 256,880,446	\$ 283,831,364	\$ 282,047,232	\$ 244,461,034	\$ 230,316,125	\$ 226,301,248	\$ 206,982,527	\$ 175,482,607	\$ 168,461,960	\$ 161,077,889
Restricted	128,695,200	86,079,582	62,156,755	59,573,841	59,450,003	46,103,535	42,431,883	33,165,081	26,111,498	21,745,305
Unrestricted	(44,522,535)	(43,098,736)	(48,153,075)	(6,068,605)	(6,704,318)	(2,190,465)	(1,500,859)	(259,210)	8,974,819	9,974,408
Total governmental activities net position	\$ 341,053,111	\$ 326,812,210	\$ 296,050,912	\$ 297,966,270	\$ 283,061,810	\$ 270,214,318	\$ 247,913,551	\$ 208,388,478	\$ 203,548,277	\$ 192,797,602
Business-type activities										
Net investment in capital assets	\$ 211,414,863	\$ 198,638,260	\$ 183,385,272	\$ 159,760,362	\$ 153,645,303	\$ 149,661,248	\$ 149,829,383	\$ 146,472,150	\$ 135,025,019	\$ 123,751,512
Restricted	6,629,187	1,067,921	10,023,153	23,214,855	23,764,771	23,888,626	22,568,084	23,202,532	22,411,356	24,610,916
Unrestricted	42,813,500	48,149,794	34,949,967	30,864,543	31,874,629	29,032,825	22,177,807	17,147,722	17,475,856	20,844,722
Total business-type activities net position	\$ 260,857,550	\$ 247,855,975	\$ 228,358,392	\$ 213,839,760	\$ 209,284,703	\$ 202,582,699	\$ 194,575,274	\$ 186,822,404	\$ 174,912,231	\$ 169,207,150
Primary government										
Net investment in capital assets	\$ 468,295,309	\$ 482,469,624	\$ 465,432,504	\$ 404,221,396	\$ 383,961,428	\$ 375,962,496	\$ 356,811,910	\$ 321,954,757	\$ 303,486,979	\$ 284,829,401
Restricted	135,324,387	87,147,503	72,179,908	82,788,696	83,214,774	69,992,161	64,999,967	56,367,613	48,522,854	46,356,221
Unrestricted	(1,709,035)	5,051,058	(13,203,108)	24,795,938	25,170,311	26,842,360	20,676,948	16,888,512	26,450,675	30,819,130
Total primary government net position	\$ 601,910,661	\$ 574,668,185	\$ 524,409,304	\$ 511,806,030	\$ 492,346,513	\$ 472,797,017	\$ 442,488,825	\$ 395,210,882	\$ 378,460,508	\$ 362,004,752



# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 10,763,028	\$ 7,999,471	\$ 8,500,923	\$ 11,353,764	\$ 10,067,554	\$ 10,443,931	\$ 6,904,076	\$ 5,830,137	\$ 3,751,170	\$ 3,829,737
Planning	3,315,422	3,320,979	3,297,788	3,208,350	3,334,674	3,063,260	2,944,363	3,345,225	3,139,732	2,892,976
City controller	1,231,508	893,000	706,793	3,337,932	3,256,464	2,404,401	2,299,619	3,487,837	3,317,241	3,128,315
Parks and recreation	7,087,981	5,936,777	5,194,010	5,555,796	5,251,598	5,076,388	4,951,495	5,909,298	5,441,885	4,975,386
Public works	30,953,789	25,389,053	22,130,634	21,530,165	21,126,808	19,810,834	17,384,501	17,665,244	18,412,370	21,420,245
Public service	3,892,316	2,976,064	2,875,451	2,841,186	2,242,861	2,368,850	2,777,749	2,964,057	3,871,811	2,655,470
Public safety	53,613,442	50,921,384	47,480,003	47,819,597	46,133,723	44,528,493	41,050,651	41,750,244	38,223,543	34,176,717
Interest on long-term debt	4,734,646	5,277,210	2,325,103	1,901,483	1,812,032	1,715,040	1,306,589	1,175,941	1,022,021	844,342
Total governmental activities expenses	<u>115,592,132</u>	<u>102,713,938</u>	<u>92,510,705</u>	<u>97,548,273</u>	<u>93,225,714</u>	<u>89,411,197</u>	<u>79,619,043</u>	<u>82,127,983</u>	<u>77,179,773</u>	<u>73,923,188</u>
Business-type activities:										
Westwood Park	1,256,295	1,340,514	1,352,050	1,456,266	1,451,959	1,477,312	1,475,445	1,458,522	1,498,891	1,343,650
Water	14,535,092	14,843,372	13,258,111	13,261,728	13,776,395	13,630,489	10,479,592	10,307,362	10,650,815	9,582,054
Wastewater	15,448,412	17,222,233	15,477,741	15,658,935	12,229,767	11,846,247	12,736,928	10,794,791	11,534,123	11,417,808
Sanitation	12,005,272	12,135,886	12,298,641	13,580,465	12,325,246	11,679,875	11,055,474	10,802,282	10,395,098	9,765,306
Total business-type activities expenses	<u>43,245,071</u>	<u>45,542,005</u>	<u>42,386,543</u>	<u>43,957,394</u>	<u>39,783,367</u>	<u>38,633,923</u>	<u>35,747,439</u>	<u>33,362,957</u>	<u>34,078,927</u>	<u>32,108,818</u>
Total primary government expenses	<u>\$ 158,837,203</u>	<u>\$ 148,255,943</u>	<u>\$ 134,897,248</u>	<u>\$ 141,505,667</u>	<u>\$ 133,009,081</u>	<u>\$ 128,045,120</u>	<u>\$ 115,366,482</u>	<u>\$ 115,490,940</u>	<u>\$ 111,258,700</u>	<u>\$ 106,032,006</u>

# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 2,730,336	\$ 2,612,495	\$ 2,644,776	\$ 2,554,566	\$ 2,431,538	\$ 2,297,341	\$ 186,094	\$ 244,495	\$ 253,409	\$ 775,038
Planning	1,061,776	1,353,411	1,369,582	1,376,330	1,213,106	1,123,524	1,009,561	1,080,835	893,633	1,140,867
City controller	661,162	642,726	624,135	214,838	165,969	155,226	66,093	-	-	-
Parks and recreation	530,140	653,613	609,175	587,433	506,358	568,817	592,238	586,611	426,476	398,639
Public safety	2,912,640	3,097,858	3,296,808	3,125,456	3,040,640	3,208,642	3,066,665	2,815,951	2,877,921	3,112,702
Operating grants and contributions	12,379,368	10,375,508	7,758,836	7,533,947	6,893,726	8,241,861	6,771,145	8,143,742	6,427,085	10,611,762
Capital grants and contributions	<u>3,813,991</u>	<u>15,614,024</u>	<u>29,958,311</u>	<u>5,501,318</u>	<u>5,754,538</u>	<u>13,944,754</u>	<u>30,934,491</u>	<u>2,513,839</u>	<u>8,102,826</u>	<u>8,507,544</u>
Total governmental activities										
program revenues	<u>24,089,413</u>	<u>34,349,635</u>	<u>46,261,623</u>	<u>20,893,888</u>	<u>20,005,875</u>	<u>29,540,165</u>	<u>42,626,287</u>	<u>15,385,473</u>	<u>18,981,350</u>	<u>24,546,552</u>
Business-type activities:										
Charges for services:										
Westwood Park	933,853	1,098,470	1,065,318	1,102,085	1,141,661	1,167,227	1,143,973	1,067,800	1,089,329	1,103,631
Water	21,735,237	21,496,086	16,050,007	14,053,978	14,817,012	15,460,504	14,185,492	13,267,513	12,881,381	12,500,439
Wastewater	15,767,530	15,923,396	15,715,128	13,906,530	11,383,549	11,451,634	11,075,566	11,012,593	11,000,250	10,818,981
Sanitation	14,584,853	14,338,856	13,991,281	14,006,612	13,546,341	13,501,474	11,820,912	11,028,021	11,035,050	10,144,328
Capital grants and contributions	<u>2,324,230</u>	<u>10,525,831</u>	<u>7,703,017</u>	<u>3,721,838</u>	<u>5,006,692</u>	<u>4,291,238</u>	<u>4,474,408</u>	<u>7,215,720</u>	<u>2,055,411</u>	<u>4,631,310</u>
Total business-type activities										
program revenues	<u>55,345,703</u>	<u>63,382,639</u>	<u>54,524,751</u>	<u>46,791,043</u>	<u>45,895,255</u>	<u>45,872,077</u>	<u>42,700,351</u>	<u>43,591,647</u>	<u>38,061,421</u>	<u>39,198,689</u>
Total primary government revenues	<u>\$ 79,435,116</u>	<u>\$ 97,732,274</u>	<u>\$ 100,786,374</u>	<u>\$ 67,684,931</u>	<u>\$ 65,901,130</u>	<u>\$ 75,412,242</u>	<u>\$ 85,326,638</u>	<u>\$ 58,977,120</u>	<u>\$ 57,042,771</u>	<u>\$ 63,745,241</u>
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$ (91,502,719)	\$ (68,364,303)	\$ (46,249,082)	\$ (76,654,385)	\$ (73,219,839)	\$ (59,871,032)	\$ (36,992,756)	\$ (66,742,510)	\$ (58,198,423)	\$ (49,376,636)
Business-type activities	<u>12,100,632</u>	<u>17,840,634</u>	<u>12,138,208</u>	<u>2,833,649</u>	<u>6,111,888</u>	<u>7,238,154</u>	<u>6,952,912</u>	<u>10,201,690</u>	<u>3,982,494</u>	<u>7,089,871</u>
Total primary government net expense	<u>\$ (79,402,087)</u>	<u>\$ (50,523,669)</u>	<u>\$ (34,110,874)</u>	<u>\$ (73,820,736)</u>	<u>\$ (67,107,951)</u>	<u>\$ (52,632,878)</u>	<u>\$ (30,039,844)</u>	<u>\$ (56,540,820)</u>	<u>\$ (54,215,929)</u>	<u>\$ (42,286,765)</u>

# THE CITY OF NORMAN, OKLAHOMA

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS</b>										
Governmental activities:										
Sales taxes	\$ 73,345,458	\$ 70,981,084	\$ 65,778,553	\$ 63,580,323	\$ 60,558,342	\$ 58,777,068	\$ 56,146,152	\$ 53,601,698	\$ 52,261,757	\$ 45,565,002
Franchise taxes	6,807,860	6,743,712	7,155,689	6,782,746	6,572,686	6,584,853	6,228,264	6,262,225	6,215,692	5,797,844
Property taxes	14,739,604	9,794,490	11,620,098	12,481,940	11,532,189	7,931,992	7,684,537	6,111,415	3,373,306	3,485,026
Use taxes	3,797,125	3,467,863	2,864,048	2,504,136	2,428,484	2,393,708	2,187,289	2,179,503	2,401,933	2,025,502
Hotel/Motel taxes	1,759,851	1,825,087	1,785,788	1,648,452	1,352,311	1,130,488	1,068,000	1,033,060	991,435	905,341
Alcoholic beverage taxes	316,013	306,225	301,618	272,697	285,339	271,359	247,014	232,016	231,077	222,079
Cigarette taxes	894,092	839,492	771,946	746,900	764,653	845,149	816,503	744,416	705,377	641,678
Investment earnings	513,238	1,965,790	323,863	379,805	208,763	701,524	396,095	490,604	1,074,489	1,718,553
Miscellaneous	2,275,838	1,943,106	2,196,990	2,458,091	2,319,411	2,761,766	962,203	838,558	1,003,269	1,632,050
Transfers	<u>1,294,541</u>	<u>1,258,752</u>	<u>1,085,283</u>	<u>703,755</u>	<u>734,795</u>	<u>773,892</u>	<u>781,772</u>	<u>89,216</u>	<u>690,763</u>	<u>764,657</u>
Total governmental activities	<u>105,743,620</u>	<u>99,125,601</u>	<u>93,883,876</u>	<u>91,558,845</u>	<u>86,756,973</u>	<u>82,171,799</u>	<u>76,517,829</u>	<u>71,582,711</u>	<u>68,949,098</u>	<u>62,757,732</u>
Business-type activities:										
Sales taxes	-	-	-	-	-	-	-	-	-	-
Excise taxes	1,530,490	1,709,914	2,149,079	1,769,195	1,432,321	1,597,960	1,038,715	1,562,722	1,251,242	1,608,254
State use taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	163,961	515,716	250,382	342,984	187,837	278,751	355,657	440,118	1,109,011	2,561,016
Miscellaneous	501,033	690,071	1,066,246	312,984	241,978	(333,548)	187,358	(205,141)	53,097	77,605
Transfers	<u>(1,294,541)</u>	<u>(1,258,752)</u>	<u>(1,085,283)</u>	<u>(703,755)</u>	<u>(734,795)</u>	<u>(773,892)</u>	<u>(781,772)</u>	<u>(89,216)</u>	<u>(690,763)</u>	<u>(764,657)</u>
Total business-type activities	<u>900,943</u>	<u>1,656,949</u>	<u>2,380,424</u>	<u>1,721,408</u>	<u>1,127,341</u>	<u>769,271</u>	<u>799,958</u>	<u>1,708,483</u>	<u>1,722,587</u>	<u>3,482,218</u>
Total primary government	<u>\$106,644,563</u>	<u>\$100,782,550</u>	<u>\$ 96,264,300</u>	<u>\$ 93,280,253</u>	<u>\$ 87,884,314</u>	<u>\$ 82,941,070</u>	<u>\$ 77,317,787</u>	<u>\$ 73,291,194</u>	<u>\$ 70,671,685</u>	<u>\$ 66,239,950</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 14,240,901	\$ 30,761,298	\$ 47,634,794	\$ 14,904,460	\$ 13,537,134	\$ 22,300,767	\$ 39,525,073	\$ 4,840,201	\$ 10,750,675	\$ 13,381,096
Business-type activities	<u>13,001,575</u>	<u>19,497,583</u>	<u>14,518,632</u>	<u>4,555,057</u>	<u>7,239,229</u>	<u>8,007,425</u>	<u>7,752,870</u>	<u>11,910,173</u>	<u>5,705,081</u>	<u>10,572,089</u>
Total primary government	<u>\$ 27,242,476</u>	<u>\$ 50,258,881</u>	<u>\$ 62,153,426</u>	<u>\$ 19,459,517</u>	<u>\$ 20,776,363</u>	<u>\$ 30,308,192</u>	<u>\$ 47,277,943</u>	<u>\$ 16,750,374</u>	<u>\$ 16,455,756</u>	<u>\$ 23,953,185</u>

# THE CITY OF NORMAN, OKLAHOMA

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,826,810	\$ 1,819,264	\$ 1,825,186
Unreserved	-	-	-	-	-	-	-	19,530,033	17,472,575	16,611,606
Nonspendable	29,473	20,896	26,642	47,131	337,642	320,512	334,339			
Restricted	-	-	-	-	-	-	14,307			
Committed	3,302,656	3,226,149	3,191,393	2,554,596	1,510,323	1,503,429				
Assigned	2,298,057	2,281,428	2,890,768	2,152,746	2,169,071	1,467,574	1,037,294			
Unassigned	7,166,425	8,861,932	8,290,555	8,384,756	8,405,617	10,184,006	12,283,864			
Total general fund	<u>\$ 12,796,611</u>	<u>\$ 14,390,405</u>	<u>\$ 14,399,358</u>	<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>
All other governmental funds										
Reserved										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,865,963	\$ 5,682,896	\$ 8,769,381
Debt service	-	-	-	-	-	-	-	2,512,584	1,590,705	2,218,703
Unreserved, reported in:										
Public safety sales tax fund	-	-	-	-	-	-	-			
Capital projects fund	-	-	-	-	-	-	-	21,127,319	30,098,079	17,761,773
Special revenue funds	-	-	-	-	-	-	-	2,647,787	2,800,254	3,863,008
Restricted	180,115,682	162,761,288	123,475,384	86,328,836	95,384,952	68,041,077	48,791,046			
Assigned	3,712,781	3,436,379	2,148,078	1,834,631	1,350,473	1,059,369	587,163			
Total all other governmental funds	<u>\$ 183,828,463</u>	<u>\$ 166,197,667</u>	<u>\$ 125,623,462</u>	<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>

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>REVENUES</b>										
Taxes	\$ 100,450	\$ 92,812	\$ 89,204	\$ 86,998	\$ 82,444	\$ 76,818	\$ 73,314	\$ 69,188	\$ 65,244	\$ 57,779
Licenses & permits	1,162	1,399	1,393	1,426	1,212	1,190	1,086	1,156	968	1,165
Intergovernmental revenues	8,358	6,396	4,553	8,773	8,637	9,370	9,608	8,354	7,456	12,946
Charges for services	10,427	10,966	11,484	10,918	10,684	10,268	11,775	11,836	10,874	10,070
Fines and forfeitures	2,300	2,425	2,644	2,461	2,352	2,554	2,490	2,176	2,204	2,477
Investment earnings	278	334	278	365	194	517	389	491	1,075	1,718
Special assessment revenue	-	-	-	-	-	26	38	50	57	60
Other	2,652	1,762	2,403	2,424	1,424	2,381	1,006	969	1,196	1,399
Total revenues	<u>125,627</u>	<u>116,094</u>	<u>111,959</u>	<u>113,365</u>	<u>106,947</u>	<u>103,124</u>	<u>99,706</u>	<u>94,220</u>	<u>89,074</u>	<u>87,614</u>
<b>EXPENDITURES</b>										
General government	10,022	9,742	9,431	10,218	7,963	8,571	8,036	8,960	6,399	6,136
Planning	3,429	3,454	3,416	3,379	3,387	3,261	3,112	3,394	3,237	2,962
City controller	3,353	3,141	2,940	4,492	4,957	4,405	6,009	5,645	5,360	4,962
Parks & recreation	5,999	5,167	4,665	4,930	4,520	4,598	4,760	5,372	5,034	4,449
Public works	22,634	18,572	18,137	18,054	17,481	17,240	15,863	16,151	16,519	19,923
Public service	3,892	2,963	2,920	2,803	2,239	2,401	2,772	2,961	3,749	2,535
Public safety	43,913	46,079	43,780	45,846	42,780	40,310	37,997	37,312	34,643	32,593
Capital Outlay	31,375	32,910	22,358	20,897	18,152	16,449	16,150	15,654	18,043	11,212
Debt Service:										
Principal	11,671	9,668	9,542	22,949	5,655	4,319	3,750	2,647	2,510	1,470
Interest and fiscal charges	4,839	3,905	2,180	2,400	1,578	1,315	1,223	1,004	1,022	844
Total expenditures	<u>141,127</u>	<u>135,601</u>	<u>119,369</u>	<u>135,968</u>	<u>108,712</u>	<u>102,869</u>	<u>99,672</u>	<u>99,100</u>	<u>96,516</u>	<u>87,086</u>
Excess of revenues over (under) expenditures	<u>(15,500)</u>	<u>(19,507)</u>	<u>(7,410)</u>	<u>(22,603)</u>	<u>(1,765)</u>	<u>255</u>	<u>34</u>	<u>(4,880)</u>	<u>(7,442)</u>	<u>528</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	30,950	65,935	45,909	14,971	28,175	19,861	7,559	-	15,166	-
Premium on issuance of debt	-	1,426	-	-	179	19,861	7,559	-	15,166	-
Payment to refunded bond escrow agent	-	(7,707)	-	-	-	-	-	-	-	-
Transfers in	10,533	35,034	7,456	5,486	8,863	7,404	9,564	6,900	8,867	5,639
Transfers out	(9,946)	(34,616)	(7,235)	(5,710)	(8,870)	(7,992)	(8,782)	(6,811)	(8,177)	(4,875)
Total other financing sources (uses)	<u>31,537</u>	<u>60,072</u>	<u>46,130</u>	<u>14,747</u>	<u>28,347</u>	<u>39,134</u>	<u>15,900</u>	<u>89</u>	<u>31,022</u>	<u>764</u>
Net change in fund balances	\$ 16,037	\$ 40,565	\$ 38,720	\$ (7,856)	\$ 26,582	\$ 39,389	\$ 15,934	\$ (4,791)	\$ 23,580	\$ 1,292
Debt service as a percentage of noncapital expenditures	15.04%	13.22%	12.08%	22.03%	7.99%	6.52%	5.95%	4.38%	4.50%	3.05%

# THE CITY OF NORMAN, OKLAHOMA

## TAXABLE SALES BY CATEGORY

### LAST TEN FISCAL YEARS

(Dollars in Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General merchandise	\$ 16,869	\$ 15,678	\$ 15,047	\$ 14,991	\$ 10,174	\$ 14,697	\$ 14,515	\$ 14,138	\$ 13,656	\$ 11,759
Eating and drinking establishments	12,011	11,366	10,708	10,096	10,372	9,350	8,973	8,498	8,015	7,134
Miscellaneous retail	9,063	9,060	8,518	7,899	17,001	6,177	5,696	5,017	4,444	3,926
Building materials and farm tools	5,241	5,948	4,487	4,742	2,708	3,985	3,421	3,535	3,630	3,216
Electric, gas & sanitary services	3,864	3,460	3,586	3,512	3,393	3,538	3,304	3,377	3,170	2,584
Home furnishings and appliances	3,785	3,480	3,507	3,166	1,963	3,156	3,246	3,045	3,306	2,897
Food stores	4,158	4,062	3,849	4,058	2,430	3,470	3,136	2,933	2,756	2,428
Apparel and accessory stores	3,547	3,642	3,549	3,531	2,423	3,050	2,983	2,765	2,613	2,297
Communications	2,585	2,429	2,349	2,322	1,494	2,480	2,463	2,576	2,398	2,076
Wholesale trade-durable goods	4,657	4,392	4,042	3,341	2,487	2,018	1,687	1,561	1,623	1,472
All other outlets	<u>8,097</u>	<u>7,377</u>	<u>6,327</u>	<u>6,484</u>	<u>5,477</u>	<u>7,267</u>	<u>7,043</u>	<u>6,366</u>	<u>6,498</u>	<u>5,863</u>
<b>Total</b>	<b><u>\$ 73,877</u></b>	<b><u>\$ 70,894</u></b>	<b><u>\$ 65,969</u></b>	<b><u>\$ 64,142</u></b>	<b><u>\$ 59,922</u></b>	<b><u>\$ 59,188</u></b>	<b><u>\$ 56,467</u></b>	<b><u>\$ 53,811</u></b>	<b><u>\$ 52,109</u></b>	<b><u>\$ 45,652</u></b>
City direct sales tax rate	4.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.00%

**Sources:** Oklahoma Tax Commission

**Note:** Beginning January 1, 2016 sales tax increased by 0.5% for Norman Forward projects.

# THE CITY OF NORMAN, OKLAHOMA

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

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Fiscal Year	City Direct Rate	State of Oklahoma	Cleveland County
2017	4.0 %	4.5 %	0.25 %
2016	4.0 %	4.5 %	0.25 %
2015	3.5 %	4.5 %	0.25 %
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 %

**Source:** Oklahoma Tax Commission

**Note:** Voters approved a 0.5% City sales tax for Norman Forward quality of life projects effective January 1, 2016. Voters approved a .25% County jail tax effective April 1, 2009. Voters approved a temporary .5% City public safety sales tax effective October 1, 2008 and ending September 30, 2015. On April 1, 2014, the citizens approved permanent extension of the public safety sales tax.

**THE CITY OF NORMAN, OKLAHOMA**

**SALES TAX REVENUE PAYERS BY INDUSTRY**

**FISCAL YEARS 2017 AND 2016**

**(Dollars in Thousands)**

	Fiscal Year 2017				Fiscal Year 2016			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail trade	1,182	38.7 %	\$ 42,663	57.7 %	1,131	37.2 %	\$ 41,870	59.1 %
Accommodation and food service	303	9.9 %	13,789	18.7 %	289	9.5 %	13,120	18.5 %
Real estate and rental and leasing	198	6.5 %	1,107	1.5 %	212	7.0 %	1,105	1.6 %
Wholesale trade	542	17.7 %	4,657	6.3 %	518	17.0 %	4,392	6.2 %
Manufacturing	219	7.2 %	1,757	2.4 %	199	6.5 %	1,686	2.4 %
Information	151	4.9 %	2,585	3.5 %	145	4.8 %	2,429	3.4 %
Other services (except public administration)	115	3.8 %	623	0.8 %	106	3.5 %	636	0.9 %
Professional, scientific, and technical services	72	2.4 %	206	0.3 %	77	2.5 %	196	0.3 %
Arts, entertainment, and recreation	32	1.0 %	478	0.6 %	26	0.9 %	403	0.6 %
Admin, support, waste mgmt and remediation services	44	1.4 %	79	0.1 %	39	1.3 %	72	0.1 %
Construction	28	0.9 %	66	0.1 %	24	0.8 %	48	0.1 %
Transportation and warehousing	22	0.7 %	126	0.2 %	16	0.5 %	116	0.2 %
Finance and insurance	17	0.6 %	68	0.1 %	11	0.4 %	60	0.1 %
Utilities	7	0.2 %	3,864	5.2 %	8	0.3 %	3,460	4.9 %
Agricultural, forestry, fishing and hunting	5	0.2 %	10	0.0 %	4	0.1 %	14	0.0 %
Educational services	21	0.7 %	1,014	1.4 %	6	0.2 %	19	0.0 %
Health care and social assistance	9	0.3 %	15	0.0 %	7	0.2 %	26	0.0 %
Mining, quarrying, and oil and gas extraction	6	0.2 %	86	0.1 %	9	0.3 %	84	0.1 %
Public administration	1	0.0 %	-	0.0 %	-	0.0 %	-	0.0 %
Nonclassifiable	83	2.7 %	684	0.9 %	216	7.1 %	1,159	1.6 %
<b>Total</b>	<b>3,057</b>	<b>100.0 %</b>	<b>\$ 73,877</b>	<b>100.0 %</b>	<b>3,043</b>	<b>100.0 %</b>	<b>\$ 70,895</b>	<b>100.0 %</b>

**Sources:** Oklahoma Tax Commission

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



# THE CITY OF NORMAN, OKLAHOMA

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Revenue Bonds	Special Assessment Debt	Capital Leases	Term Loans	Revenue Bonds	Term Loans	Capital Leases			
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	14,356	20,593	21,243	-	106,340	1.0 %	899.68
2015	64,196	-	-	226	36,411	1,113	41,009	-	142,955	1.3 %	1,211.08
2016	71,419	-	-	-	78,650	1,000	54,470	-	205,539	1.8 %	1,708.66
2017	61,445	-	-	819	106,440	855	55,677	-	225,236	1.9 %	1,843.48

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 120 for personal income and population data.

# THE CITY OF NORMAN, OKLAHOMA

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

(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value <sup>1</sup> of Property Per Capita <sup>2</sup>	
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
2015	64,196	8,847	55,349	6.34%	468.90
2016	71,419	6,552	64,867	6.97%	539.28
2017	61,445	8,638	52,807	5.48%	432.21

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

<sup>1</sup> See the Schedule of Legal Debt Margin Information on page 118 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 120.

# THE CITY OF NORMAN, OKLAHOMA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2017

(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ -	46.15%	\$ -
Debt repaid with property taxes: Norman Public Schools	77,470	96.39%	74,673
Debt repaid with property taxes: McLoud Public Schools	2,535	0.02%	1
Debt repaid with property taxes: Robin Hill Public Schools	395	0.11%	0
Debt repaid with property taxes: Noble Public Schools	5,600	0.68%	38
Debt repaid with property taxes: Mid Del Public Schools	44,140	0.02%	9
Debt repaid with property taxes: Little Axe Public Schools	2,030	0.19%	4
Debt repaid with property taxes: Moore Public Schools	<u>81,900</u>	2.49%	<u>2,039</u>
Subtotal, overlapping debt	214,070		76,764
City of Norman direct debt			<u>169,541</u>
Total direct and overlapping debt			<u>\$ 246,305</u>

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

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

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

# THE CITY OF NORMAN, OKLAHOMA

## LEGAL DEBT MARGIN INFORMATION

### LAST TEN FISCAL YEARS

(dollars in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed value of property	\$ 963,371	\$ 930,798	\$ 873,553	\$ 843,440	\$ 807,370	\$ 790,324	\$ 773,094	\$ 719,235	\$ 715,777	\$ 665,056
Debt limit <sup>1</sup> , 10% of assessed value	96,337	93,080	87,355	84,344	80,737	79,032	77,309	71,924	71,578	66,506
Amount of debt applicable to limit:										
General Obligation Bonds back by property taxes	-	-	-	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 96,337</u>	<u>\$ 93,080</u>	<u>\$ 87,355</u>	<u>\$ 84,344</u>	<u>\$ 80,737</u>	<u>\$ 79,032</u>	<u>\$ 77,309</u>	<u>\$ 71,924</u>	<u>\$ 71,578</u>	<u>\$ 66,506</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt limit <sup>2</sup> , 30% of assessed value	\$ 289,011	\$ 279,239	\$ 262,066	\$ 253,032	\$ 242,211	\$ 237,097	\$ 231,928	\$ 215,771	\$ 214,733	\$ 199,517
Amount of debt applicable to limit:										
General Obligation Bonds	61,445	71,419	64,196	49,495	58,620	43,140	28,495	25,915	28,370	20,115
Less: Resources restricted to paying principal	(8,638)	(6,552)	(8,847)	(8,967)	(9,121)	(4,817)	(3,669)	(2,513)	(1,591)	(2,219)
Total net debt applicable to limit	52,807	64,867	55,349	40,528	49,499	38,323	24,826	23,402	26,779	17,896
Legal debt margin	<u>\$ 236,204</u>	<u>\$ 214,372</u>	<u>\$ 206,717</u>	<u>\$ 212,504</u>	<u>\$ 192,712</u>	<u>\$ 198,774</u>	<u>\$ 207,102</u>	<u>\$ 192,369</u>	<u>\$ 187,954</u>	<u>\$ 181,621</u>
Total net debt applicable to the limit as a percentage of debt limit	18.27%	23.23%	21.12%	16.02%	20.44%	16.16%	10.70%	10.85%	12.47%	8.97%

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

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

# THE CITY OF NORMAN, OKLAHOMA

## PLEDGED-REVENUE COVERAGE

### LAST TEN FISCAL YEARS

(dollars in thousands)

Fiscal Year	NUA Revenue Bonds & Term Loans							NMA Revenue Bonds and Term Loans							Special Assessment Term Loans			
	Gross Revenue <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage	Gross Revenue <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage		
				Principal	Interest					Principal	Interest			Principal	Interest			
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	-	-	-	-		
2015	32,212	14,381	17,831	4,447	2,544	2.55	15,476	12,075	3,401	665	189	3.98	-	-	-	-		
2016	37,308	11,657	25,651	6,508	1,287	3.29	16,021	11,781	4,240	680	171	4.98	-	-	-	-		
2017	33,834	18,055	15,779	5,943	1,053	2.26	16,315	11,603	4,712	705	151	5.50	-	-	-	-		

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

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

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

# THE CITY OF NORMAN, OKLAHOMA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

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Fiscal year	Population <sup>1</sup>	Personal Income (billions of dollars) <sup>5</sup>	Per Capita Income <sup>2</sup>	Median Age <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
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%
2015	118,040	10.6	27,749	30.2	15,745	3.80%
2016	120,284	11.2	28,273	30.1	15,944	4.20%
2017	122,180	11.9	28,458	30.3	16,363	4.20%

### Data Sources

<sup>1</sup> Years 2007-10 estimated by the City of Norman Planning Department. Years 2011- 16 obtained from census data

<sup>2</sup> U.S. Census Bureau, American Community Survey 2007-2016 estimated

<sup>3</sup> Norman Public Schools

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

<sup>5</sup> Personal income estimated except for 2010 Census data

# THE CITY OF NORMAN, OKLAHOMA

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The University of Oklahoma	12,941	1	21.81%	11,671	1	22.03%
Norman Regional Hospital	3,036	2	5.12%	2,666	2	5.05%
Norman Public Schools	1,806	3	3.04%	1,685	3	3.19%
Walmart	985	4	1.66%			
York International/Johnson Controls	950	5	1.60%	1,191	4	2.25%
City of Norman	865	6	1.46%	768	6	1.45%
Department of Mental Health & Substance Abuse	552	7	0.93%	775	5	1.47%
NOAA National Severe Storm Laboratory	550	8	0.93%			
USPS National Center for Employee Development	420	9	0.71%	635	7	1.20%
Oklahoma Veterans Center Norman Division	414	10	0.70%	361	10	0.68%
Moore-Norman Technology Center	-		-	410	8	0.78%
ClientLogic/Site1	-		-	384	9	0.73%
Total	<u>22,519</u>		<u>37.96%</u>	<u>20,546</u>		<u>38.83%</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	64	61	59	40	38	36	36	49	48	44
Planning	38	37	36	37	36	36	37	39	39	39
City controller	30	29	28	35	37	38	38	38	38	38
Parks & recreation	58	53	52	47	52	54	53	60	63	85
Public works	119	112	112	110	108	106	104	107	107	102
Public safety										
Police	259	245	235	231	240	229	237	216	192	186
Fire	173	163	162	163	157	142	137	134	133	131
Westwood	16	17	17	18	18	19	18	18	20	35
Water	50	49	47	49	49	49	48	47	50	50
Wastewater	46	43	43	42	42	40	41	42	42	42
Sanitation	60	58	55	58	57	55	56	52	53	52
Total	913	867	846	830	834	804	805	802	785	804

**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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Planning</b>										
Building permits issued	1,575	2,418	2,493	3,437	1,997	1,661	1,212	1,243	1,252	1,271
Building inspections conducted	25,846	26,556	29,348	26,699	26,410	21,572	24,001	24,489	25,925	26,061
<b>Police</b>										
Physical arrests	5,594	5,709	5,637	6,529	5,922	5,740	6,005	8,596	8,227	5,628
Parking violations	17,438	13,433	15,616	12,422	10,053	5,883	4,848	6,791	14,332	13,883
Traffic violations	16,988	16,249	16,330	16,803	16,295	17,531	19,102	19,215	17,349	21,868
Non-traffic violations	4,704	4,012	4,444	4,619	4,423	4,996	4,260	4,531	4,745	4,881
<b>Fire</b>										
Calls answered	14,425	13,761	12,650	12,234	11,560	11,129	11,198	10,530	10,376	11,050
Inspections	2,972	2,983	3,456	2,083	2,700	2,814	2,623	3,050	2,815	3,083
<b>Sanitation</b>										
Refuse collected (tons per day)	272	316	286	286	298	279	292	289	276	228
Recyclables collected (tons per day)	28	32	32	27	28	22	11	13	12	9
<b>Highways and streets</b>										
Street resurfacing (miles)	8	17	16	15	19	26	19	9	11	6
Street patching (tons of asphalt used)	2,502	2,767	1,814	2,364	1,178	792	2,651	2,621	3,521	2,451
<b>Parks and recreation</b>										
Athletic field permits issued	119,904	146,641	143,878	154,596	159,817	170,291	174,268	168,648	154,757	169,933
Community center admissions	129,705	127,522	138,650	121,791	138,109	142,738	145,828	155,380	152,071	149,581
<b>Water</b>										
New connections	458	496	649	504	919	364	649	632	562	537
Water main breaks	160	159	185	191	268	308	177	163	143	112
Average daily consumption (thousands of gallons)	12,730	12,180	12,500	12,470	12,390	13,220	13,060	15,800	12,420	12,320
Peak daily consumption (thousands of gallons)	22,290	19,870	21,800	20,610	24,820	23,940	22,290	22,240	23,380	22,330
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	9,700	9,800	9,500	9,800	10,300	9,500	10,500	10,800	10,800	10,300

**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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public safety										
Police										
Stations	2	2	2	2	1	1	1	1	1	1
Patrol units	116	117	116	119	120	118	108	105	100	85
Fire stations	9	9	9	9	8	8	8	7	7	7
Sanitation										
Collection trucks	40	41	45	41	41	41	41	42	42	39
Highways and streets										
Streets (miles)	765	763	783	753	752	749	745	740	738	735
Streetlights	6,565	6,478	6,339	6,296	6,191	6,115	5,585	5,577	5,497	5,381
Traffic signals	256	250	246	241	189	185	176	170	170	165
Parks and recreation										
Acreage	1,158	1,158	1,158	1,156	1,150	1,150	1,142	1,142	1,133	1,131
Playgrounds	53	52	52	52	52	52	51	50	50	50
Swimming pools	6	5	5	5	5	5	5	5	5	5
Tennis courts	24	24	24	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)	600	597	593	576	566	562	547	536	531	520
Fire hydrants	5,988	5,921	5,860	5,618	5,498	5,392	5,337	5,158	5,038	4,904
Water towers	5	5	4	4	4	4	4	4	4	5
Maximum daily capacity (thousands of gallons)	23,300	23,500	23,500	23,500	22,600	22,600	20,300	20,300	19,577	20,100
Wastewater										
Sanitary sewers (miles)	511	500	494	491	485	479	476	466	462	455
Manholes	11,928	11,656	11,625	11,530	11,387	11,228	11,154	10,885	10,665	10,585
Maximum daily treatment capacity (thousands of gallons)	36,000	30,000	30,000	30,000	30,000	24,000	24,000	24,000	24,000	24,000

**Sources:** Various city departments.

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



**Santa Fe Depot**  
**Norman, Oklahoma**

In 1866, the United States signed treaties with the Creek and Seminole Nations and acquired land in central Indian Territory that would later be called the Unassigned Lands. In 1870, the U.S. Land Office contracted for the area to be surveyed. The Norman vicinity was surveyed between 1871 and 1873. Among the contractor's team was young Abner B. Norman for whom the surveyor's field camp was named.

On July 3, 1884, President Chester A. Arthur authorized the Atchison, Topeka & Santa Fe Railroad Company to build a railroad across Indian Territory. In the early stages of railroad construction, the proposed station grounds for the Norman area were referred to as "Dugout" because of the existing dugouts in the old surveyor's campsite (Norman's Camp) located on today's Bishop Creek. However, on May 2, 1887, railroad officials assigned the name "Norman" to the station grounds.

At approximately 1:00 p.m. on June 13, 1887, the first northbound passenger train passed Norman Station. On July 3, 1887, a clock equipped with telegraph instruments was placed on the railroad along with the name "Norman" displayed on the outside. When the Unassigned Lands were opened for settlement on April 22, 1889, Norman Station was selected by railroad engineer, Frank Chubbuck, to become the site for the new town of Norman.

The present depot was built in 1909 and served the city continuously until passenger service ended in 1979. Under the 1987's, a converted camp of fifteen-rooms restoration of the depot. The depot was listed in the National Register of Historic Places on June 25, 1991. In 1999 the depot returned to original use when passenger service was restored to Norman.

City of Norman Historic District Commission, 21 Easton Street, Inc. June 11, 1992



ABNER E. NORMAN

FOUNDER OF OUR CITY