



COMPREHENSIVE ANNUAL FINANCIAL REPORT



THE CITY OF NORMAN, OKLAHOMA

FISCAL YEAR ENDING JUNE 30, 2010



ABOVE – University of Oklahoma Reserve Officers Training Corps - Hundreds of students at the University of Oklahoma’s Norman campus are future commissioned officers in the United States’ armed forces, serving in the Reserve Officers Training Corps (ROTC) programs of the U.S. Army (“Sooner Battalion”), U.S. Navy and Marine Corps, and U.S. Air Force (AFROTC Detachment 675). Over 80 percent of OU ROTC members receive armed services commissions. Many students receive financial aid and scholarships related to the ROTC program, including the prestigious Captain Riley Leroy Pitts Memorial Scholarship.

ON THE COVER – “Military Presence in Norman, Oklahoma” - On May 24, 2010, the Norman Armed Forces Reserve Center opened on Interstate 35 in north Norman. The facility will join with six other AFRCs to replace more than 60 armories throughout Oklahoma, under the U.S. Base Realignment and Closure Commission. The modern facility is unlike the armories it replaces, in providing more than 230,000 square feet of technical and classroom space, kitchen facilities, fitness facilities and motor pool space. The facility will house 7 Oklahoma National Guard and 5 Army Reserve units, with up to 100 full-time employees and 1000 soldiers.

Photo: Sgt. 1st Class Kendall Jones

**The City
of
Norman, Oklahoma**



**Comprehensive
Annual Financial Report
Fiscal Year Ended
June 30, 2010**

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

THE CITY OF NORMAN, OKLAHOMA

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Introductory Section



The City of **NORMAN**

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

OFFICE OF THE FINANCE DIRECTOR

Phone: 405-366-5413

Fax: 405-366-5417

December 16, 2010

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, 2010.

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

Cole and Reed, PC has issued an unqualified (“clean”) opinion on the City of Norman (“City”) financial statements for the year ended June 30, 2010. The independent accountants’ report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

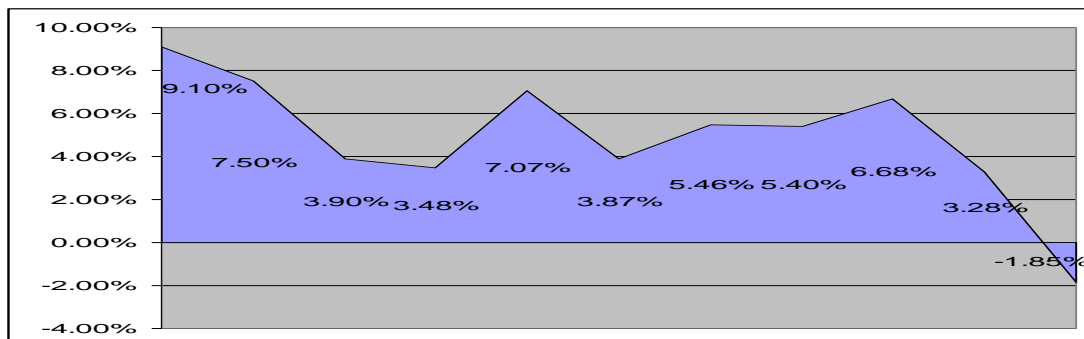
The Council is required to adopt a final budget by no later than ten days before the close of the fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, department and category (e.g., salary and benefits). Department Managers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

Local Economy

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

One of the best indicators of the economic condition of the City is the evaluation of trends in some key factors. Sales and use taxes and franchise fees collectively represent 69% of the City’s total General Fund revenue. Overall, sales tax collections (excluding use tax) increased 1.76% from FYE 2009 levels. More than all this increase was due to the half cent sales tax dedicated to public safety. Sales taxes excluding the half cent sales tax actually decreased 2.25% from FYE 2009 levels. Collections from the City’s franchise fees (charges to private electric, natural gas and cable vision to operate within the City’s rights-of-way) increased 0.7% from FYE 2009 levels. Sales tax receipts increase in direct proportion to the level of retail sales, and therefore provide a good indication of the economic condition of the community and the level of optimism about the future. The FYE 10 decrease was a direct reflection of the slowdown in the local and national economies. Trends in City sales tax for the last ten fiscal years are illustrated below:

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



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

Long-term Financial Planning

The long-term financial status of the City's major operating funds (General Fund and Special Revenue Funds) is driven in large part by personnel expenses. These operating funds have relatively low employment levels and the City of Norman has a relatively small workforce in comparison to most comparable cities. The passage of a temporary (seven year duration) sales tax dedicated to public safety is increasing staffing in police patrol and fire suppression areas.

The financial status of the City's utility enterprise funds are driven in large part by capital expenditures. Major capital improvement programs are under way in the Water and Wastewater Utility operations, financed by ratepayer revenues, a temporary sales tax dedicated to sewer improvements (expired in October, 2006), and development charges. Over time, it is expected that these programs will improve service delivery to the City's utility customers and reduce operational costs.

Relevant Financial Policies

It is the City's policy that one time revenues not be used for operating purposes. The City also targets a fund balance level in each operating fund of at least six percent 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.

Major Initiatives

During fiscal year 2009-2010, the City took several measures to mitigate the financial impacts of the national recession on the City's budget. Among the measures taken with the adoption of the fiscal year 2010-2011 budget were the elimination of several vacant positions; the implementation of a one-day per month furlough program, contingent upon agreement with the City's labor unions; implementation of revenue enhancement measures; and a freeze on merit pay increases. While Norman has been able to withstand the impacts of the recession better than

many cities, the reduction in the City's General Fund balance is indicative of the impact on the City's finances.

The citizens of Norman voted to continue a five-year street resurfacing and reconstruction program, as well as make improvements to the Outdoor Warning System, financed by General Obligation Bonds. This program will continue to concentrate on addressing the streets identified by the City's Pavement Management System as benefitting from resurfacing, as opposed to those requiring major reconstruction. The City also continues to stress the maintenance of its existing facilities through its dedicated Capital Sales Tax funds.

Oklahoma Beautiful, Inc. has named Norman as the state's "Greenest City". The City continues initiatives to encourage recycling of solid wastes. The City has taken aggressive steps to conserve fuel and to convert its vehicle fleet to Compressed Natural Gas (CNG) fuel, including the ongoing construction of a CNG fueling station on the City's North Maintenance Facility that will be open to the travelling public. Ongoing projects at the City's water and wastewater treatment facilities will reduce energy consumption at these facilities and save the Utility Enterprise's budgetary costs.

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, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

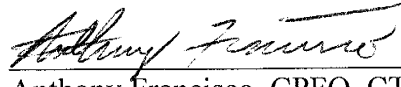
Finally, we would like to express our gratitude and appreciation to the members of the Norman City Council and the Council's Finance and Audit Committee for your policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting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

ensure them, establishes an environment influencing all other decisions that are made. We are proud to convey the City Council's commitment to excellence to our citizens and all readers of the FYE 2010 CAFR.

Respectfully submitted,



Steven Lewis
City Manager



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norman
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



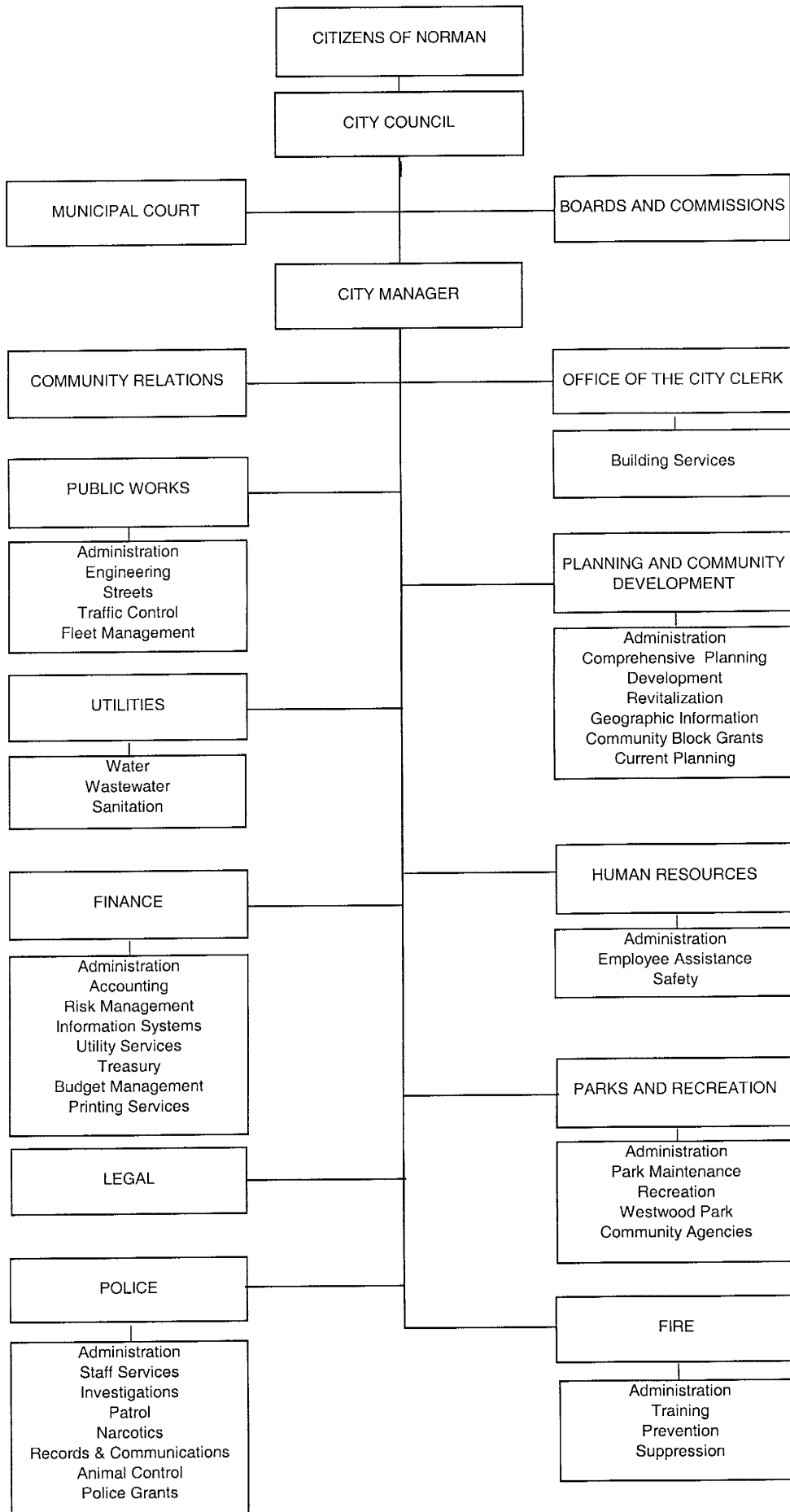
A stylized, handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

ORGANIZATIONAL CHART



ACCOUNTING & RESEARCH STAFF

Anthony Francisco, CPFO, CTP, CPFA
Finance Director

Clint Mercer, CPA
Chief Accountant

Debbie Whitaker
Municipal Accountant III

Mindy Aynes
Municipal Accountant I

Mary Anne Kirkland
Administrative Technician IV

Carrie Clark
Municipal Accountant I

Lisa Woods
Municipal Accountant I

This document was prepared by the City of Norman Finance Department
For additional information, please contact:
City of Norman Finance Department
P.O. Box 370
Norman, Oklahoma 73070
(405) 366-5413

CITY OFFICIALS

MAYOR
Cindy Rosenthal

Ward 1 Alan Atkins

Ward 5 Rachel Butler

Ward 2 Tom Kovach

Ward 6 Jim Griffith

Ward 3 Hal Ezzell

Ward 7 Doug Cubberley

Ward 4 Carol Dillingham

Ward 8 Dan Quinn

City Manager Steve Lewis

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Financial Section

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norman, Oklahoma, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

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

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

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 16, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$395,210,882 (net assets). Of this amount, \$16,888,512 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$16,750,374.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,672,299, a decrease of \$4,791,474 in comparison with the prior year. Approximately 89% or \$48,695,886 was reserved, restricted or designated for specific purposes. Approximately 11% or \$5,976,413 was unreserved and undesignated at fiscal year end.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,976,413 (net of \$5,422,794 designated for incurred claims and \$7,292,629 is designated to fund public safety costs) or 8 percent of total general fund expenditures.
- The City's total debt increased by \$1,319,939 during the current fiscal year. The City issued \$3,590,000 in sanitation system notes payable and \$2,882,014 in utility system notes payable. The remaining decrease was due to normal payments.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-56 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the general fund. Required supplementary information can be found on pages 57-64 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 65-88 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$395,210,882 at the close of the most recent fiscal year.

Net Assets As of June 30

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 64,887,442 | \$ 69,984,439 | \$ 64,526,778 | \$ 61,387,539 | \$ 129,414,220 | \$ 131,371,978 |
| Capital assets | 198,412,802 | 188,624,157 | 166,559,543 | 152,455,048 | 364,972,345 | 341,079,205 |
| Total assets | 263,300,244 | 258,608,596 | 231,086,321 | 213,842,587 | 494,386,565 | 472,451,183 |
| Long-term liabilities | 41,061,511 | 42,482,706 | 37,171,058 | 33,275,867 | 78,232,569 | 75,758,573 |
| Other liabilities | 13,850,255 | 12,577,613 | 7,092,859 | 5,654,489 | 20,943,114 | 18,232,102 |
| Total liabilities | 54,911,766 | 55,060,319 | 44,263,917 | 38,930,356 | 99,175,683 | 93,990,675 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 175,482,607 | 168,461,960 | 146,472,150 | 135,025,019 | 321,954,757 | 303,486,979 |
| Restricted | 33,165,081 | 26,111,498 | 23,202,532 | 22,411,356 | 56,367,613 | 48,522,854 |
| Unrestricted | (259,210) | 8,974,819 | 17,147,722 | 17,475,856 | 16,888,512 | 26,450,675 |
| Total net assets | \$ 208,388,478 | \$ 203,548,277 | \$ 186,822,404 | \$ 174,912,231 | \$ 395,210,882 | \$ 378,460,508 |

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

An additional portion of the City's net assets (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$16,888,512) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an increase of \$11.9 million in the net assets reported in connection with the City's business-type activities. This increase was due to several factors. See below for more information.

The governmental net assets increased by \$4.8 million during the current fiscal year. This increase was due to several factors. See below for more information.

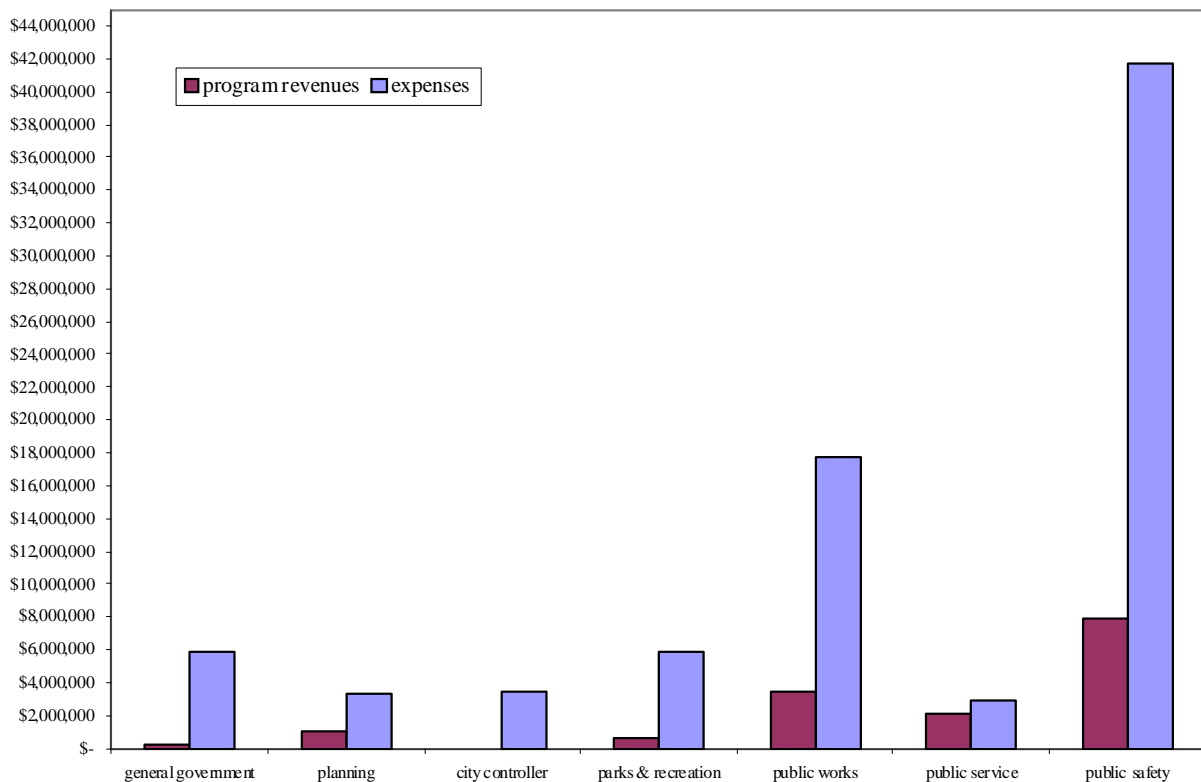
Change in Net Assets For the Year Ended June 30

| | Governmental activities | | Business-type activities | | Total | |
|---------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Program Revenues: | | | | | | |
| Charges for services | \$ 4,727,892 | \$ 4,451,439 | \$ 36,375,927 | \$ 36,006,010 | \$ 41,103,819 | \$ 40,457,449 |
| Operating grants & contributions | 8,143,742 | 6,427,085 | - | - | 8,143,742 | 6,427,085 |
| Capital grants & contributions | 2,513,839 | 8,102,826 | 7,215,720 | 2,055,411 | 9,729,559 | 10,158,237 |
| General revenues: | | | | | | |
| Sales and excise taxes | 53,601,698 | 52,261,757 | 1,562,722 | 1,251,242 | 55,164,420 | 53,512,999 |
| Franchise taxes | 6,262,225 | 6,215,692 | - | - | 6,262,225 | 6,215,692 |
| Property taxes | 6,111,415 | 3,373,306 | - | - | 6,111,415 | 3,373,306 |
| State use taxes | 2,179,503 | 2,401,933 | - | - | 2,179,503 | 2,401,933 |
| Other taxes | 2,009,492 | 1,927,889 | - | - | 2,009,492 | 1,927,889 |
| Investment earnings | 490,604 | 1,074,489 | 440,118 | 1,109,011 | 930,722 | 2,183,500 |
| Miscellaneous | 838,558 | 1,003,269 | (205,141) | 53,097 | 633,417 | 1,056,366 |
| Total revenues | 86,878,968 | 87,239,685 | 45,389,346 | 40,474,771 | 132,268,314 | 127,714,456 |
| Expenses: | | | | | | |
| General government | 5,830,137 | 3,751,170 | - | - | 5,830,137 | 3,751,170 |
| Planning | 3,345,225 | 3,139,732 | - | - | 3,345,225 | 3,139,732 |
| City controller | 3,487,837 | 3,317,241 | - | - | 3,487,837 | 3,317,241 |
| Parks and recreation | 5,909,298 | 5,441,885 | - | - | 5,909,298 | 5,441,885 |
| Public works | 17,665,244 | 18,412,370 | - | - | 17,665,244 | 18,412,370 |
| Public service | 2,964,057 | 3,871,811 | - | - | 2,964,057 | 3,871,811 |
| Public safety | 41,750,244 | 38,223,543 | - | - | 41,750,244 | 38,223,543 |
| Interest on long-term debt | 1,175,941 | 1,022,021 | - | - | 1,175,941 | 1,022,021 |
| Westwood park | - | - | 1,485,522 | 1,498,891 | 1,485,522 | 1,498,891 |
| Water | - | - | 10,307,362 | 10,650,815 | 10,307,362 | 10,650,815 |
| Wastewater | - | - | 10,794,791 | 11,534,123 | 10,794,791 | 11,534,123 |
| Sanitation | - | - | 10,802,282 | 10,395,098 | 10,802,282 | 10,395,098 |
| Total expenses | 82,127,983 | 77,179,773 | 33,389,957 | 34,078,927 | 115,517,940 | 111,258,700 |
| Change in net assets before transfers | 4,750,985 | 10,059,912 | 11,999,389 | 6,395,844 | 16,750,374 | 16,455,756 |
| Transfers | 89,216 | 690,763 | (89,216) | (690,763) | - | - |
| Change in net assets | 4,840,201 | 10,750,675 | 11,910,173 | 5,705,081 | 16,750,374 | 16,455,756 |
| Net assets, beginning | 203,548,277 | 192,797,602 | 174,912,231 | 169,207,150 | 378,460,508 | 362,004,752 |
| Net assets, ending | \$ 208,388,478 | \$ 203,548,277 | \$ 186,822,404 | \$ 174,912,231 | \$ 395,210,882 | \$ 378,460,508 |

Governmental activities – Governmental activities increased the City’s net assets by \$4.8 million. In the prior year, governmental activities increased the City’s net assets by \$10.8 million. Key elements of this change are as follows:

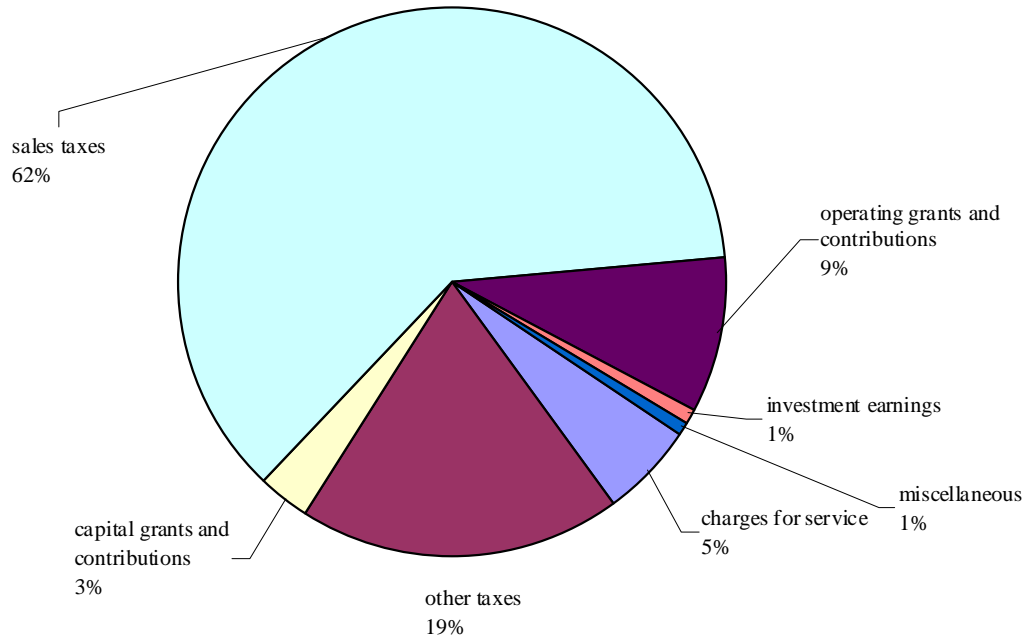
- Sales tax revenue within the governmental activities (the City’s primary fund source) increased by \$1,339,941 or 2.6% over the prior fiscal year. It is important to note that all of this increase and more was due to the new half cent sales tax dedicated to public safety which became effective October 1, 2008. Sales taxes actually decreased by \$1,003,312 or 2.3% from the prior fiscal year excluding this new tax.
- Capital grants and contribution revenues decreased by \$5,588,987 or 69% from the prior fiscal year. Developers dedicate roadways and right-of-way when they develop additions. This decrease was due to a reduction in such activity during the current fiscal year
- General government activities increased by \$2,078,967 or 55% over the prior fiscal year. Most of this increase was due to maintenance projects including resurfacing the library roof (\$743,815) and maintenance projects (\$882,638) to various municipal buildings within the main complex. In addition, Legal Department expenses were up \$495,998 due to increased judgments and settlements.
- Public safety activities increased \$3,526,701 or 9.2% over the prior fiscal year due to increased costs associated with the new half cent dedicated sales tax.

Expenses and Program Revenues – Governmental Activities



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

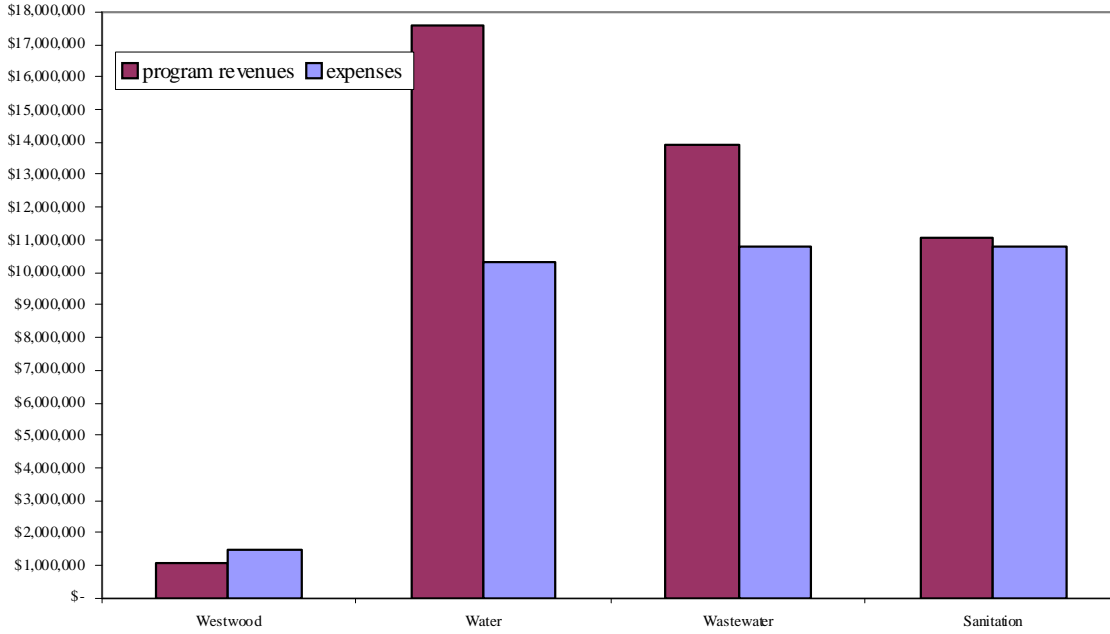
Revenues by Source - Governmental Activities



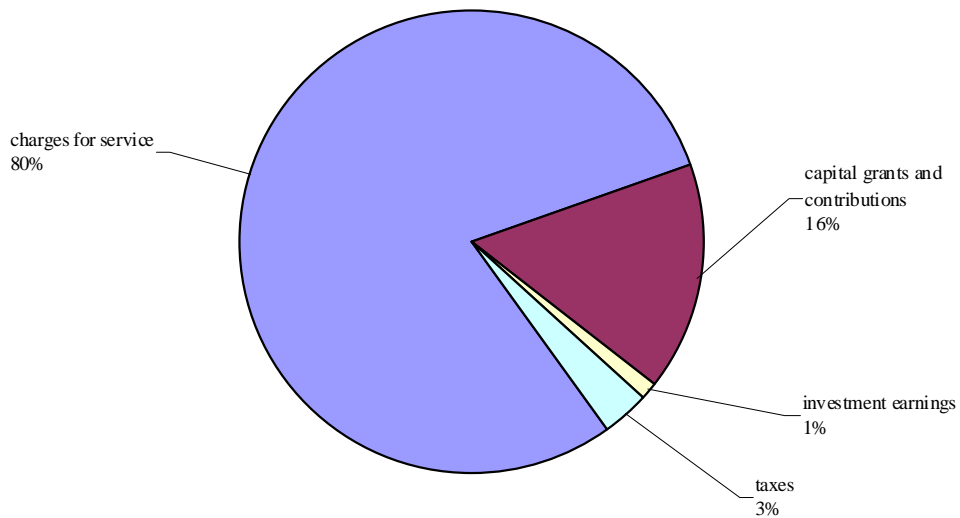
Business-type activities – Business-type activities increased the City’s net assets by \$11.9 million. In the prior year, business-type activities increased the City’s net assets by \$5.7 million. Key elements of this change are as follows:

- Capital grants and contribution revenue increased \$5,160,309 or 251% over the previous fiscal year. This increase was due to grants in the amount of \$3,280,746 for water and sewer system improvements via the Oklahoma Water Resources Board. In addition, capital contributions from developers in the form of water and sewer pipe increased \$1,879,563.
- Investment earnings decreased \$668,893 or 60% under the prior fiscal year. This decrease was due to reduced returns within the market as a whole.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 \$54,672,299, a decrease of \$4,791,474 from the prior year. Approximately 78 percent of this total amount (\$42,466,942) constitutes unreserved fund balance, which is available for spending at the government's discretion (\$5,422,794 of this total has been designated to cover the liability for incurred claims and \$7,292,629 is designated to fund public safety costs). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay outstanding encumbrances of the prior period (\$9,692,773) or 2) to pay debt service (\$2,512,584).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$18,691,836 (of which \$5,422,794 is designated to cover liability for incurred claims and \$7,292,629 is designated to fund public safety costs) while total fund balance reached \$20,518,646. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26 percent of total General Fund expenditures, while total fund balance represents 28 percent of that same amount.

The fund balance of the City's General Fund increased by \$1,226,807 during the current fiscal year compared to an increase of \$855,047 in the previous year. Key factors in the current year increase are as follows:

- Sales tax revenues associated with the half cent dedicated public safety tax increased \$1,888,425 or 32.7%. The tax became effective October 1, 2008 so the prior year figure did not include a full 12 months of revenue. Public safety expenditures increased \$2,121,433 or 6.6%. The majority of this increase was due to dedicated expenditures related to the new half cent tax.
- Transfers out decreased \$2,408,323 or 51% in the current year. Prior year transfers included a \$3,000,000 transfer out to the Capital Projects Fund to construct a new fire station on the west-side of town and funded by the new half cent dedicated sales tax.

The Debt Service Fund has a total fund balance of \$2,512,584, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year was \$921,879 due to increased property tax revenue to fund principal and interest payments on general obligation bond issues and judgments awarded against the City as they come due.

The Capital Projects Fund has a total fund balance of \$28,426,105. The net decrease in fund balance during the current year was \$6,877,489. This decrease was due to \$15,165,813 in general obligation bond proceeds received in the prior year and a \$3,000,000 transfer in the prior year from the General Fund to construct a new fire station on the west-side of town.

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

Unrestricted net assets of the NMA and NUA funds were \$665,862 and \$16,481,860, respectively. The total growth in net assets for these funds was \$351,206 and \$11,558,967, 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 \$2,365,112 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$1,253,263 in increases to the public works budget for storm debris cleanup. Norman experienced several storms during the current fiscal year including winter storms in December 2009 and January 2010 as well as a tornado in May 2010.
- \$412,552 in increases to the city controller budget primarily within Information Services for increases related to computer hardware items that were budgeted and encumbered in the prior year. Encumbrances are rolled from fiscal year to fiscal year until liquidated.
- \$206,164 in increases to the city controller budget for expenses associated with on-the-job injuries and worker's compensation claims.

By policy, the City holds a targeted six percent of its fund balances in reserve for unanticipated operational demands or below-target revenues. The net difference between the amended budget and actual amounts received/expended can be briefly summarized as follows:

- General Fund revenues fell short of expectations by \$4,214,085.
 - Sales taxes fell substantially short of expectations by \$3,256,694 due to the slow down in the economy.
 - Use taxes fell short of expectations by \$446,527 due to the economy.
 - Franchise taxes fell short of expectation by \$461,932 due to the economy.
- General Fund expenditures and encumbrances were below expectations by \$8,131,407.
 - City Manager expenditures were \$1,342,219 below expectations. This was due to the movement of budgeted funds from other departments/cost centers to the City Manager's cost center in order to save those funds as a response falling sales tax collections.
 - Street Maintenance expenditures were \$1,762,400 below expectations. This was due to the various storm debris cleanup costs that were unspent in the current year.
 - City Council expenditures were \$781,123 below expectation due to lack of expense of all the 2% reserve.
- Net General Fund transfers were \$162,155 more than expected. Transfers in from the Debt Service Fund were \$845,323 more than expected and the amounts were transferred to cover the payment of judgments and settlements.

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

Capital Asset and Debt Administration

Capital assets – The City's gross investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$364,972,345 (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 7% (a 5% increase for governmental activities and a 10% increase for business-type activities).

**Capital Assets
As of June 30**

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | \$ 49,289,990 | \$ 48,686,052 | \$ 8,501,800 | \$ 8,426,015 | \$ 57,791,790 | \$ 57,112,067 |
| Buildings and improvements | 39,755,911 | 37,401,626 | 143,224,195 | 136,439,567 | 182,980,106 | 173,841,193 |
| Machinery and equipment | 32,776,296 | 30,896,314 | 81,764,665 | 73,725,139 | 114,540,961 | 104,621,453 |
| Infrastructure | 363,047,502 | 357,525,923 | - | - | 363,047,502 | 357,525,923 |
| Construction in progress | 42,753,880 | 35,757,154 | 41,822,801 | 37,341,192 | 84,576,681 | 73,098,346 |
| Less: Accumulated depreciation | (329,210,777) | (321,642,912) | (108,753,918) | (104,545,585) | (437,964,695) | (426,188,497) |
| Total | \$ 198,412,802 | \$ 188,624,157 | \$ 166,559,543 | \$ 151,386,328 | \$ 364,972,345 | \$ 340,010,485 |

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

- Two new fire trucks were purchased at a cost of \$934,252.
- The Upper Bishop Creek Interceptor project was completed at a cost of \$2,248,490.
- The Downtown Parking Lot project was completed at a cost of \$1,260,198.
- Certain road bond projects were completed at a cost of \$1,908,351 consisting of rural road projects, urban asphalt pavement projects and urban concrete pavement projects.
- A variety of street and roadway construction projects were underway; governmental construction in progress as of the end of the current fiscal year had reached \$42,753,880.
- A variety of water and sewer projects were underway; NUA construction in progress as of the end of the current fiscal year was \$41,822,801.

Additional information on the City's capital assets can be found in note 4 on pages 36-37 of this report.

Long-term debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$54,569,000. Of this amount, \$25,915,000 comprises debt backed by the full faith and credit of the government and \$319,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) of \$28,335,000. The City also had notes payable outstanding of \$15,297,421 at the end of the current fiscal year and was secured by capital assets and specified revenue sources.

**Outstanding Debt
As of June 30**

| | Governmental activities | | Business-type activities | | Total | |
|------------------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| General obligation bonds | \$ 25,915,000 | \$ 28,370,000 | \$ - | \$ - | \$ 25,915,000 | \$ 28,370,000 |
| Special assessment debt with governmental commitment | 319,000 | 398,750 | - | - | 319,000 | 398,750 |
| Revenue bonds | - | - | 28,335,000 | 30,135,000 | 28,335,000 | 30,135,000 |
| Notes payable | 4,480,813 | 4,480,813 | 10,816,608 | 5,161,919 | 15,297,421 | 9,642,732 |
| Total | \$ 30,714,813 | \$ 33,249,563 | \$ 39,151,608 | \$ 35,296,919 | \$ 69,866,421 | \$ 68,546,482 |

The City’s total debt increased by \$1,319,939 (2 percent) during the current fiscal year. The key factors of this change were issuance of \$3,590,000 in sanitation system notes payable, issuance of \$2,882,014 in utilities system notes payable and normally scheduled payments.

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

Additional information on the City’s long-term debt can be found in note 4 on pages 45-51 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the Oklahoma City metropolitan area which includes Norman is currently 5.3 percent, which is an increase of .5 percent from a year ago. This compares favorably to the state’s average unemployment rate of 6.8 percent and favorably to the national average rate of 9.5 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 2.25% (excluding the half cent sales tax dedicated to public safety expenditures) under the prior year total.

All of these factors were considered in preparing the City’s budget for the 2011 fiscal year.

Requests for Information

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

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF NET ASSETS

JUNE 30, 2010

| | Primary Government | | Total |
|--------------------------------------------------------------------------------------------|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 4,202,185 | \$ 681,972 | \$ 4,884,157 |
| Restricted cash and cash equivalents | 12,162,387 | 26,583,194 | 38,745,581 |
| Investments | 31,739,823 | 17,608,860 | 49,348,683 |
| Restricted investments | 2,100,401 | - | 2,100,401 |
| Receivables: | | | |
| Taxes | 10,619,590 | - | 10,619,590 |
| Accounts, net of allowance for estimated uncollectible Business-Type accounts of \$110,673 | 1,697,733 | 2,398,183 | 4,095,916 |
| Interest | 147,699 | 126,011 | 273,710 |
| Other receivables | 22,000 | - | 22,000 |
| Due from Federal Government | 375,179 | 76,703 | 451,882 |
| Internal balances | 520,659 | (520,659) | - |
| Inventory | 317,425 | - | 317,425 |
| Total current assets | <u>63,905,081</u> | <u>46,954,264</u> | <u>110,859,345</u> |
| Non-current assets: | | | |
| Restricted cash and cash equivalents | 61,266 | 345,164 | 406,430 |
| Restricted investments | 124,774 | 16,581,124 | 16,705,898 |
| Other receivables | 103,192 | - | 103,192 |
| Unamortized bond issue costs | 693,129 | 646,226 | 1,339,355 |
| Capital assets not subject to depreciation | 92,043,870 | 50,352,714 | 142,396,584 |
| Capital assets, net | <u>106,368,932</u> | <u>116,206,829</u> | <u>222,575,761</u> |
| Total non-current assets | <u>199,395,163</u> | <u>184,132,057</u> | <u>383,527,220</u> |
| Total assets | <u>263,300,244</u> | <u>231,086,321</u> | <u>494,386,565</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and other accrued liabilities | 2,003,012 | 2,429,369 | 4,432,381 |
| Payroll payable | 1,623,014 | 329,795 | 1,952,809 |
| Accrued interest payable | 59,188 | 280,484 | 339,672 |
| Guaranty deposits | 3,956,886 | 1,399,559 | 5,356,445 |
| Current portion of long-term debt | 6,208,155 | 2,653,652 | 8,861,807 |
| Total current liabilities | <u>13,850,255</u> | <u>7,092,859</u> | <u>20,943,114</u> |
| Non-current liabilities: | | | |
| Long-term debt and other liabilities | <u>41,061,511</u> | <u>37,171,058</u> | <u>78,232,569</u> |
| Total non-current liabilities | <u>41,061,511</u> | <u>37,171,058</u> | <u>78,232,569</u> |
| Total liabilities | <u>54,911,766</u> | <u>44,263,917</u> | <u>99,175,683</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 175,482,607 | 146,472,150 | 321,954,757 |
| Restricted for: | | | |
| Debt service | 2,512,584 | 4,203,046 | 6,715,630 |
| Capital improvements | 20,641,487 | 18,999,486 | 39,640,973 |
| Public safety | 8,017,616 | - | 8,017,616 |
| Public parks and recreation | 1,688,512 | - | 1,688,512 |
| Public service | 304,882 | - | 304,882 |
| Unrestricted | <u>(259,210)</u> | <u>17,147,722</u> | <u>16,888,512</u> |
| Total net assets | <u>\$ 208,388,478</u> | <u>\$ 186,822,404</u> | <u>\$ 395,210,882</u> |

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

| Function/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|----------------------------------------------|------------------|----------------------|------------------------------------|-------------------------------------------------|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | Total |
| | | | | Governmental Activities | Business-Type Activities | |
| Primary government | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 5,830,137 | \$ 244,495 | \$ - | \$ (5,585,642) | \$ - | \$ (5,585,642) |
| Planning | 3,345,225 | 1,080,835 | - | (2,264,390) | - | (2,264,390) |
| City controller | 3,487,837 | - | - | (3,487,837) | - | (3,487,837) |
| Parks and recreation | 5,909,298 | 586,611 | 32,737 | (5,289,950) | - | (5,289,950) |
| Public works | 17,665,244 | - | 958,051 | (14,193,354) | - | (14,193,354) |
| Public service | 2,964,057 | - | 2,064,276 | (899,781) | - | (899,781) |
| Public safety | 41,750,244 | 2,815,951 | 5,088,678 | (33,845,615) | - | (33,845,615) |
| Interest on long-term debt | 1,175,941 | - | - | (1,175,941) | - | (1,175,941) |
| Total governmental activities | 82,127,983 | 4,727,892 | 8,143,742 | (66,742,510) | - | (66,742,510) |
| Business-type activities: | | | | | | |
| Westwood Park | 1,485,522 | 1,067,800 | - | - | (417,722) | (417,722) |
| Water | 10,307,362 | 13,267,513 | 4,312,471 | - | 7,272,622 | 7,272,622 |
| Wastewater | 10,794,791 | 11,012,593 | 2,903,249 | - | 3,121,051 | 3,121,051 |
| Sanitation | 10,802,282 | 11,028,021 | - | - | 225,739 | 225,739 |
| Total business-type activities | 33,389,957 | 36,375,927 | 7,215,720 | - | 10,201,690 | 10,201,690 |
| Total primary government | \$ 115,517,940 | \$ 41,103,819 | \$ 8,143,742 | (66,742,510) | 10,201,690 | (56,540,820) |
| General revenues: | | | | | | |
| Taxes (unrestricted unless otherwise noted): | | | | | | |
| Sales taxes | | | | 43,319,709 | - | 43,319,709 |
| Sales taxes - restricted | | | | 10,281,989 | - | 10,281,989 |
| Excise taxes - restricted | | | | - | 1,562,722 | 1,562,722 |
| Franchise taxes | | | | 6,262,225 | - | 6,262,225 |
| Property taxes - restricted | | | | 6,111,415 | - | 6,111,415 |
| State use taxes | | | | 1,868,161 | - | 1,868,161 |
| State use taxes - restricted | | | | 311,342 | - | 311,342 |
| Hotel/Motel taxes | | | | 1,033,060 | - | 1,033,060 |
| Alcoholic beverage taxes | | | | 232,016 | - | 232,016 |
| Cigarette taxes | | | | 744,416 | - | 744,416 |
| Investment earnings | | | | 490,604 | 440,118 | 930,722 |
| Miscellaneous | | | | 838,558 | (205,141) | 633,417 |
| Transfers | | | | 89,216 | (89,216) | - |
| Total general revenues and transfers | | | | 71,582,711 | 1,708,483 | 73,291,194 |
| Change in net assets | | | | 4,840,201 | 11,910,173 | 16,750,374 |
| Net assets - beginning | | | | 203,548,277 | 174,912,231 | 378,460,508 |
| Net assets - ending | | | | \$ 208,388,478 | \$ 186,822,404 | \$ 395,210,882 |

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2010

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------|----------------------|---------------------|----------------------|--------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,339,413 | \$ - | \$ 1,518,046 | \$ 1,344,726 | \$ 4,202,185 |
| Investments | 12,200,138 | 2,463,924 | 15,103,023 | 1,972,738 | 31,739,823 |
| Receivables: | | | | | |
| Taxes | 8,374,147 | 53,672 | 2,067,237 | 124,534 | 10,619,590 |
| Accounts | 854,833 | - | - | 4,703 | 859,536 |
| Interest | 44,550 | 40,796 | 55,148 | 7,205 | 147,699 |
| Special assessment | - | 125,192 | - | - | 125,192 |
| Due from Federal Government | - | - | 60,725 | 314,454 | 375,179 |
| Due from other funds | 926,283 | - | 139,720 | 31,417 | 1,097,420 |
| Inventory | 317,425 | - | - | - | 317,425 |
| Restricted Assets: | | | | | |
| Cash and cash equivalents | 1,109,221 | 120,454 | 10,993,978 | - | 12,223,653 |
| Investments | 2,100,401 | 124,774 | - | - | 2,225,175 |
| Total assets | <u>\$ 27,266,411</u> | <u>\$ 2,928,812</u> | <u>\$ 29,937,877</u> | <u>\$ 3,799,777</u> | <u>\$ 63,932,877</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable and other accrued liabilities | \$ 1,000,477 | \$ 300 | \$ 756,504 | \$ 245,731 | \$ 2,003,012 |
| Payroll payable | 1,560,463 | - | 8,001 | 54,550 | 1,623,014 |
| Due to other funds | - | 292,337 | - | 284,532 | 576,869 |
| Deferred revenue | - | 123,591 | - | - | 123,591 |
| Interest payable | - | - | - | - | - |
| Liability for incurred claims | 977,206 | - | - | - | 977,206 |
| Guaranty deposits | 3,209,619 | - | 747,267 | - | 3,956,886 |
| Total liabilities | <u>6,747,765</u> | <u>416,228</u> | <u>1,511,772</u> | <u>584,813</u> | <u>9,260,578</u> |
| FUND BALANCES | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 1,826,810 | - | 7,298,786 | 567,177 | 9,692,773 |
| Debt service | - | 2,512,584 | - | - | 2,512,584 |
| Unreserved, reported in: | | | | | |
| General fund | 5,976,413 | - | - | - | 5,976,413 |
| Special revenue funds | - | - | - | 2,647,787 | 2,647,787 |
| Capital projects fund | - | - | 21,127,319 | - | 21,127,319 |
| Designated for public safety | 7,292,629 | - | - | - | 7,292,629 |
| Designated for incurred claims | 5,422,794 | - | - | - | 5,422,794 |
| Total fund balances | <u>20,518,646</u> | <u>2,512,584</u> | <u>28,426,105</u> | <u>3,214,964</u> | <u>54,672,299</u> |
| Total liabilities and fund balances | <u>\$ 27,266,411</u> | <u>\$ 2,928,812</u> | <u>\$ 29,937,877</u> | <u>\$ 3,799,777</u> | |

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

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 198,412,802 |
| Bond issue costs are not available to pay for current-period expenditures and, therefore, are not recorded in the funds. | 693,237 |
| Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 961,788 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(46,351,648)</u> |

Net assets of governmental activities \$ 208,388,478

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, 2010

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------|----------------------|---------------------|----------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 49,518,915 | \$ 5,694,948 | \$ 12,940,978 | \$ 1,033,060 | \$ 69,187,901 |
| Licenses and permits | 1,156,083 | - | - | - | 1,156,083 |
| Intergovernmental revenues | 5,654,754 | - | 62,797 | 2,636,557 | 8,354,108 |
| Charges for services | 11,527,187 | - | - | 309,227 | 11,836,414 |
| Fines and forfeits | 2,175,347 | - | - | - | 2,175,347 |
| Investment earnings | 161,963 | 59,214 | 245,319 | 24,108 | 490,604 |
| Special assessment revenue | - | 50,277 | - | - | 50,277 |
| Other | 703,404 | 1,779 | 25,700 | 238,504 | 969,387 |
| Total revenues | <u>70,897,653</u> | <u>5,806,218</u> | <u>13,274,794</u> | <u>4,241,456</u> | <u>94,220,121</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 7,116,822 | - | 1,843,543 | - | 8,960,365 |
| Planning | 3,393,945 | - | - | - | 3,393,945 |
| City controller | 5,645,379 | - | - | - | 5,645,379 |
| Parks and recreation | 4,423,056 | - | 930,101 | 18,945 | 5,372,102 |
| Public works | 13,698,997 | - | 2,451,797 | - | 16,150,794 |
| Public service | - | - | - | 2,961,065 | 2,961,065 |
| Public safety | 34,934,363 | - | 97,897 | 2,279,983 | 37,312,243 |
| Capital outlay | 2,879,637 | - | 12,299,331 | 474,447 | 15,653,415 |
| Debt service: | | | | | |
| Principal retirement | - | 2,534,750 | 112,487 | - | 2,647,237 |
| Interest and fiscal charges | - | 1,004,266 | - | - | 1,004,266 |
| Total expenditures | <u>72,092,199</u> | <u>3,539,016</u> | <u>17,735,156</u> | <u>5,734,440</u> | <u>99,100,811</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,194,546)</u> | <u>2,267,202</u> | <u>(4,460,362)</u> | <u>(1,492,984)</u> | <u>(4,880,690)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 4,803,017 | - | 427,306 | 1,670,176 | 6,900,499 |
| Transfers out | <u>(2,381,664)</u> | <u>(1,345,323)</u> | <u>(2,844,433)</u> | <u>(239,863)</u> | <u>(6,811,283)</u> |
| Net other financing sources (uses) | <u>2,421,353</u> | <u>(1,345,323)</u> | <u>(2,417,127)</u> | <u>1,430,313</u> | <u>89,216</u> |
| Net change in fund balances | 1,226,807 | 921,879 | (6,877,489) | (62,671) | (4,791,474) |
| Fund balances, July 1, 2009 | <u>19,291,839</u> | <u>1,590,705</u> | <u>35,303,594</u> | <u>3,277,635</u> | <u>59,463,773</u> |
| Fund balances, June 30, 2010 | <u>\$ 20,518,646</u> | <u>\$ 2,512,584</u> | <u>\$ 28,426,105</u> | <u>\$ 3,214,964</u> | <u>\$ 54,672,299</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, 2010

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

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net change in fund balances - total governmental funds | \$ (4,791,474) |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 7,277,202 |
| 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 | 2,511,443 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | 788,583 |
| Debt service principal retirement expensed in fund level financial statements but treated as reduction in outstanding debt in government-wide financial statements | 2,534,750 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds | (2,021,635) |
| The issuance of long-term debt provides current financial resources to governmental funds | - |
| Increase in liability for incurred claims and compensated absences expensed in government-wide financial statements | <u>(1,458,668)</u> |
| Change in net assets of governmental activities | <u>\$ 4,840,201</u> |

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS JUNE 30, 2010

| | Norman Municipal Authority | Norman Utilities Authority | Total |
|-----------------------------------------------------------------|----------------------------------|----------------------------------|-----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 74,220 | \$ 607,752 | \$ 681,972 |
| Restricted cash and cash equivalents | 3,605,888 | 22,977,306 | 26,583,194 |
| Investments | 1,724,638 | 15,884,222 | 17,608,860 |
| Receivables: | | | |
| Accounts, net of allowance for estimated uncollectible accounts | 624,339 | 1,773,844 | 2,398,183 |
| Interest | 8,158 | 117,853 | 126,011 |
| Due from other funds | - | 324,074 | 324,074 |
| Due from Federal Government | - | 76,703 | 76,703 |
| Total current assets | <u>6,037,243</u> | <u>41,761,754</u> | <u>47,798,997</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 345,164 | - | 345,164 |
| Restricted investments | 220,343 | 16,360,781 | 16,581,124 |
| Unamortized bond issue costs | 78,498 | 567,728 | 646,226 |
| Capital assets, net | 15,284,142 | 151,275,401 | 166,559,543 |
| Total noncurrent assets | <u>15,928,147</u> | <u>168,203,910</u> | <u>184,132,057</u> |
| Total assets | <u>21,965,390</u> | <u>209,965,664</u> | <u>231,931,054</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 459,721 | 1,969,648 | 2,429,369 |
| Payroll payable | 140,040 | 189,755 | 329,795 |
| Due to other funds | 844,733 | - | 844,733 |
| Accrued interest payable | 72,385 | 208,099 | 280,484 |
| Guaranty deposits | 297,891 | 1,101,668 | 1,399,559 |
| Revenue bonds payable | 105,000 | 1,750,000 | 1,855,000 |
| Notes payable | 190,000 | 547,029 | 737,029 |
| Compensated absences | 22,258 | 39,365 | 61,623 |
| Total current liabilities | <u>2,132,028</u> | <u>5,805,564</u> | <u>7,937,592</u> |
| Noncurrent liabilities: | | | |
| Notes payable | 3,400,000 | 6,679,580 | 10,079,580 |
| Compensated absences | 379,734 | 671,548 | 1,051,282 |
| Revenue bonds payable, net | 1,572,753 | 24,467,443 | 26,040,196 |
| Total noncurrent liabilities | <u>5,352,487</u> | <u>31,818,571</u> | <u>37,171,058</u> |
| Total liabilities | <u>7,484,515</u> | <u>37,624,135</u> | <u>45,108,650</u> |
| NET ASSETS | | | |
| Invested in capital assets, net | 13,236,494 | 133,235,656 | 146,472,150 |
| Restricted for debt service | 578,519 | 3,624,527 | 4,203,046 |
| Restricted for capital improvements | - | 18,999,486 | 18,999,486 |
| Unrestricted | 665,862 | 16,481,860 | 17,147,722 |
| Total net assets | <u>\$ 14,480,875</u> | <u>\$ 172,341,529</u> | <u>\$ 186,822,404</u> |

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

| | Norman Municipal Authority | Norman Utilities Authority | Total |
|----------------------------------------------------------------------|----------------------------------|----------------------------------|-----------------------|
| Operating revenues: | | | |
| Golf and pool fees | \$ 1,067,800 | \$ - | \$ 1,067,800 |
| Water service, net | - | 14,348,572 | 14,348,572 |
| Wastewater service, net | - | 11,012,593 | 11,012,593 |
| Sanitation services, net | 10,852,752 | - | 10,852,752 |
| Other | 305,053 | 223,494 | 528,547 |
| | <u>12,225,605</u> | <u>25,584,659</u> | <u>37,810,264</u> |
| Total operating revenues | | | |
| Operating expenses: | | | |
| Salaries and benefits | 4,556,666 | 6,676,488 | 11,233,154 |
| Supplies and materials | 1,128,535 | 1,591,411 | 2,719,946 |
| Services and maintenance | 5,354,970 | 7,717,067 | 13,072,037 |
| Depreciation and amortization | 1,041,817 | 5,287,801 | 6,329,618 |
| | <u>12,081,988</u> | <u>21,272,767</u> | <u>33,354,755</u> |
| Total operating expenses | | | |
| Operating income | <u>143,617</u> | <u>4,311,892</u> | <u>4,455,509</u> |
| Nonoperating revenues (expenses): | | | |
| Tax revenue | - | 1,562,722 | 1,562,722 |
| Investment earnings | 30,410 | 409,708 | 440,118 |
| Interest and fiscal charges | (193,879) | (1,250,793) | (1,444,672) |
| Miscellaneous income (expense) | 12,807 | (242,815) | (230,008) |
| | <u>(150,662)</u> | <u>478,822</u> | <u>328,160</u> |
| Net nonoperating revenues (expenses) | | | |
| Income before capital contributions and transfers | <u>(7,045)</u> | <u>4,790,714</u> | <u>4,783,669</u> |
| Capital contributions - donated water and sewer distribution systems | - | 3,934,974 | 3,934,974 |
| Capital contributions - capital grants | - | 3,280,746 | 3,280,746 |
| Transfers in | 416,599 | 184,284 | 600,883 |
| Transfers out | (58,348) | (631,751) | (690,099) |
| | <u>358,251</u> | <u>6,768,253</u> | <u>7,126,504</u> |
| Net capital contributions and transfers | | | |
| Net income | 351,206 | 11,558,967 | 11,910,173 |
| Net assets - beginning | <u>14,129,669</u> | <u>160,782,562</u> | <u>174,912,231</u> |
| Net assets - ending | <u>\$ 14,480,875</u> | <u>\$ 172,341,529</u> | <u>\$ 186,822,404</u> |

See notes to financial statements

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

| | Norman Municipal Authority | Norman Utilities Authority | Total |
|-----------------------------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 12,314,380 | \$ 25,448,563 | \$ 37,762,943 |
| Cash paid to employees for services | (4,528,824) | (6,601,754) | (11,130,578) |
| Cash paid to suppliers | (6,328,716) | (8,189,188) | (14,517,904) |
| Other receipts (payments) | 849,699 | (273,058) | 576,641 |
| Net cash provided by operating activities | <u>2,306,539</u> | <u>10,384,563</u> | <u>12,691,102</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | 416,599 | 184,284 | 600,883 |
| Transfers out | (58,348) | (631,751) | (690,099) |
| Net cash provided by (used for) noncapital financing activities | <u>358,251</u> | <u>(447,467)</u> | <u>(89,216)</u> |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from disposal of capital assets | 219,165 | (4,173) | 214,992 |
| Payments for the acquisition of capital assets | (3,073,385) | (14,880,756) | (17,954,141) |
| Proceeds from capital contributions | - | 3,278,737 | 3,278,737 |
| Proceeds from taxes | - | 1,562,722 | 1,562,722 |
| Principal payments on revenue bonds | (100,000) | (1,700,000) | (1,800,000) |
| Proceeds from notes payable | 3,590,000 | 2,882,013 | 6,472,013 |
| Principal payments on notes payable | (275,000) | (542,324) | (817,324) |
| Interest and fiscal charges paid | (175,787) | (1,152,142) | (1,327,929) |
| Net cash provided by (used for) capital and related financing activities | <u>184,993</u> | <u>(10,555,923)</u> | <u>(10,370,930)</u> |
| Cash flows from investing activities: | | | |
| Proceeds from maturity of investments | 2,292,714 | 26,715,373 | 29,008,087 |
| Payments for purchases of investments | (1,857,587) | (34,730,707) | (36,588,294) |
| Investment earnings received | 38,324 | 446,335 | 484,659 |
| Net cash used for investing activities | <u>473,451</u> | <u>(7,568,999)</u> | <u>(7,095,548)</u> |
| Net change in cash and cash equivalents | 3,323,234 | (8,187,826) | (4,864,592) |
| Cash and cash equivalents - beginning | <u>702,038</u> | <u>31,772,884</u> | <u>32,474,922</u> |
| Cash and cash equivalents - ending | <u>\$ 4,025,272</u> | <u>\$ 23,585,058</u> | <u>\$ 27,610,330</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 143,617 | \$ 4,311,892 | \$ 4,455,509 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Miscellaneous revenue (expense) | 12,807 | (242,815) | (230,008) |
| Bad debt expense | 93,767 | 162,169 | 255,936 |
| Depreciation | 1,041,817 | 5,287,801 | 6,329,618 |
| (Gain) loss on disposal of property, plant and equipment | (11,937) | 183,227 | 171,290 |
| Increase in accounts receivable, net | (9,877) | (286,261) | (296,138) |
| (Increase) decrease in due from other funds | 848,829 | (213,470) | 635,359 |
| Increase in accounts payable and accrued liabilities | 154,789 | 1,119,290 | 1,274,079 |
| Increase in payroll payable | 6,900 | 3,835 | 10,735 |
| Increase (decrease) in guaranty deposits | 4,885 | (12,004) | (7,119) |
| Increase in compensated absences | 20,942 | 70,899 | 91,841 |
| Net cash provided by operating activities | <u>\$ 2,306,539</u> | <u>\$ 10,384,563</u> | <u>\$ 12,691,102</u> |
| NONCASH ACTIVITIES: | | | |
| Donated water and sewer distribution systems | \$ - | \$ 3,934,974 | \$ 3,934,974 |
| Change in unrealized (gain) loss on investments | \$ (8,552) | \$ 64,662 | \$ 56,110 |

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS JUNE 30, 2010

| | Pension Trust Fund | Centennial Agency Fund |
|---------------------------------------|--------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ - | \$ 1,781 |
| Investments | | |
| Mutual funds | 43,806,886 | - |
| U.S. Agencies | - | 3,838 |
| Interest receivable | - | 14 |
| Due from other funds | - | 108 |
| Loans to 401(a) Plan participants | <u>3,645,510</u> | <u>-</u> |
| Total assets | <u>\$ 47,452,396</u> | <u>\$ 5,741</u> |
| LIABILITIES AND NET ASSETS | | |
| Funds held for others | \$ - | \$ 5,741 |
| Net assets: | | |
| Held in trust for pension benefits | 579,883 | - |
| Held in trust for retirement benefits | <u>46,872,513</u> | <u>-</u> |
| Total liabilities and net assets | <u>\$ 47,452,396</u> | <u>\$ 5,741</u> |

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

| | Pension Trust Fund |
|------------------------------------------------------------------------------------|-----------------------------------|
| ADDITIONS: | |
| Contributions: | |
| Employer | \$ 2,273,239 |
| Employee | <u>1,763,486</u> |
| Total contributions | 4,036,725 |
| Investment income (loss) | <u>5,221,737</u> |
| Total additions | <u>9,258,462</u> |
| DEDUCTIONS: | |
| Pension benefits paid | 2,032,031 |
| Administration costs | <u>21,192</u> |
| Total deductions | <u>2,053,223</u> |
| NET INCREASE | 7,205,239 |
| Net assets held in trust for pension and retirement benefits, Beginning of year | <u>40,247,157</u> |
| End of year | <u>\$ 47,452,396</u> |

See notes to financial statements.

THE CITY OF NORMAN, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Debt Service Fund - The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes and interest earned on investments of the Debt

Service Fund are used for the payment of principal, interest and commission to fiscal agents on the City's general obligation bonds and judgments.

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

The City reports the following fiduciary funds:

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

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

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

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

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

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

Assets, Liabilities, and Fund Equity

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

recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

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

- c. *Investments* – Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at June 30, 2009, to be the fair value of its investments.

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

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

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

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

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

assets, the majority of which generally consist of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

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

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

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

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

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

- j. *Liability for Incurred Claims* - The liability for incurred claims represents estimated claims (including future claim adjustment expenses) incurred but unpaid for workers compensation, group medical and dental, and unemployment claims as of the fiscal year end. The estimate includes claims reported as of June 30, 2009, as well as an estimated amount representing claims incurred but not reported. The City utilizes the services of an actuary in computation of the incurred but unpaid workers compensation portion of the liability.
- k. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. The General Fund pays all claims and judgments. A liability has been recorded within the government-wide, proprietary and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.
- l. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees’ years of service. Upon retirement, one-half of

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

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

- m. *Fund Equity* – In the government-wide financial statements, equity is classified as net assets and displayed in three components:
1. *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
 2. *Restricted net assets* – Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. The most significant restriction as of June 30, 2010 related to three ordinances benefiting the City’s wastewater system which provide funds that are being held to complete capital projects.
 3. *Unrestricted net assets* – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2010 in both the government-wide and fund financial statements.
- b. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.

- c. *Charges for Service* – Charges for services consist primarily of charges made by the General Fund for services such as self insurance, motor pool usage, printing, accounting, data processing, facilities usage and other benefits provided to the other funds of the City.
- d. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses and changes in fund net assets.
- e. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City’s funds based on the percentage of each fund’s average month-end pooled cash balance.

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

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets – The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$46,351,648 difference are as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------|----------------------|
| General obligation bonds payable | \$ 25,915,000 |
| Notes payable | 4,480,813 |
| Special assessment debt | 319,000 |
| Compensated absences | 6,404,002 |
| Net OPEB obligation | 3,750,851 |
| Accrued interest payable | 59,188 |
| Liability for incurred claims (long-term) | <u>5,422,794</u> |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities | <u>\$ 46,351,648</u> |

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities – The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$7,277,202 difference are as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital outlay | \$ 15,624,947 |
| Depreciation expense | <u>(8,347,745)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 7,277,202</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 \$2,511,443 difference are as follows:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | \$ 2,513,176 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold. | 42,265 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. | <u>(43,998)</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 2,511,443</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$788,583 difference are as follows:

| | |
|--------------------------------------------------|-------------------|
| Deferred revenue - special assessment receivable | \$ (49,614) |
| Storm reimbursement receivable | <u>838,197</u> |
| | <u>\$ 788,583</u> |

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.” The details of this \$1,458,668 difference are as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Amortization of bond issue costs | \$ (66,146) |
| Bond issue costs | 411,850 |
| Accrued interest payable | (59,188) |
| Change in net OPEB obligation | <u>(1,745,184)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (1,458,668)</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, 2010 amounted to \$6,029,389. Unencumbered appropriations lapse at year end while encumbered appropriations are carried over to the ensuing fiscal year until utilized or canceled.

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

4. DETAIL NOTES ON ALL FUNDS

Deposits and Investments

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2010, none of the City’s bank balance of \$16,717,415 was exposed to custodial credit risk. As of June 30, 2010, the City carrying balance of these deposits was \$14,794,518.

Interest Rate Risk – As of June 30, 2010, the City had the following investments subject to interest rate risk:

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|-------------------------------------|-----------------------|--------------------------------------------|
| U.S. Treasury Notes | \$ 30,731,689 | 0.98 |
| U.S. Treasury Strips | 124,774 | 3.88 |
| Federal Home Loan Bank | 20,971,947 | 1.08 |
| Federal Farm Credit Bank | 102,156 | 2.44 |
| Federal Home Loan Mortgage Company | 14,124,776 | 3.00 |
| Mutual bond funds | 19,781,529 | 2.17 |
| Money market funds | 34,720,185 | 0.06 |
| Total fair value | <u>\$ 120,557,056</u> | |
| Portfolio weighted average maturity | | 1.15 |

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

Credit Risk –The City’s investment policy does not cover credit risk. The City’s investments as of June 30, 2010 were rated by Moody’s Investor Service and Standard & Poor’s as follows:

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

Concentration of Credit Risk – The City’s investment policy places no limit on the amount the City may invest in any one issuer. More than 5% of the City’s investments are in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and United States Treasury Notes. These investments are 17%, 12% and 23%, respectively, of the City’s total investments.

Custodial Credit Risk –Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City’s policy to maintain investment securities that are insured or registered in the City’s name and held by the City or its agent in the City’s name whenever possible. As of June 30, 2010, the City’s investment were not exposed to custodial credit risk as all of the City’s investments were registered in the name of the City and held by a counterparty.

Amount Due From Federal Government - The amount shown in both the government-wide and fund financial statements as due from the Federal government represents \$375,179 of allowable expenditures under various direct and pass through grants for which the City has requested reimbursement.

Transfers - Transfers for the year ended June 30, 2010 consisted of the following:

| Transfers Out | Transfers In | | | | | Total Transfers Out |
|-----------------------------------|---------------------|-----------------------------------|-----------------------------|-------------------------|---------------------|---------------------------|
| | General Fund | Nonmajor Governmental Funds | Capital Projects Fund | Debt Service Fund | Enterprise Funds | |
| General Fund | \$ - | \$ 1,668,476 | \$ 394,607 | \$ - | \$ 318,581 | \$ 2,381,664 |
| Nonmajor Governmental Funds | - | - | 32,699 | - | 207,164 | 239,863 |
| Debt Service Fund | 1,345,323 | - | - | - | - | 1,345,323 |
| Capital Projects Fund | 2,767,595 | 1,700 | - | - | 75,138 | 2,844,433 |
| Enterprise Funds | 690,099 | - | - | - | - | 690,099 |
| Total Transfers In | <u>\$ 4,803,017</u> | <u>\$ 1,670,176</u> | <u>\$ 427,306</u> | <u>\$ -</u> | <u>\$ 600,883</u> | <u>\$ 7,501,382</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 General Fund transferred \$1,544,774 to the Emergency Communications Fund to cover operating costs.
- The Capital Projects Fund transferred \$2,438,372 to the General Fund to pay for the purchase of vehicles and equipment and fund street maintenance projects.
- The Debt Services Fund transferred \$1,345,323 to the General Fund to pay for judgements awarded against the City and funded via the property tax rolls over a three year period.

Capital Assets – Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|----------------------------------------------|------------------------------|----------------------|------------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 48,686,052 | \$ 603,938 | \$ - | \$ 49,289,990 |
| Construction in progress | 35,757,154 | 12,735,022 | (5,738,296) | 42,753,880 |
| Capital assets, being depreciated: | | | | |
| Buildings | 24,324,645 | 534,834 | - | 24,859,479 |
| Improvements other than buildings | 13,076,981 | 1,819,451 | - | 14,896,432 |
| Machinery and equipment | 18,648,652 | 788,424 | (75,949) | 19,361,127 |
| Vehicles | 12,247,662 | 1,873,171 | (705,664) | 13,415,169 |
| Infrastructure | <u>357,525,923</u> | <u>5,521,579</u> | <u>-</u> | <u>363,047,502</u> |
| Totals at historical cost | <u>510,267,069</u> | <u>23,876,419</u> | <u>(6,519,909)</u> | <u>527,623,579</u> |
| Less accumulated depreciation | | | | |
| Buildings | (8,895,309) | (636,185) | - | (9,531,494) |
| Improvements other than buildings | (9,310,468) | (236,132) | - | (9,546,600) |
| Machinery and equipment | (13,158,746) | (1,580,483) | 74,216 | (14,665,013) |
| Vehicles | (8,907,074) | (767,777) | 705,664 | (8,969,187) |
| Infrastructure | <u>(281,371,315)</u> | <u>(5,127,168)</u> | <u>-</u> | <u>(286,498,483)</u> |
| Total accumulated depreciation | <u>(321,642,912)</u> | <u>(8,347,745)</u> | <u>779,880</u> | <u>(329,210,777)</u> |
| Governmental activities capital assets, net | <u>\$ 188,624,157</u> | <u>\$ 15,528,674</u> | <u>\$ (5,740,029)</u> | <u>\$ 198,412,802</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,426,015 | \$ 75,785 | \$ - | \$ 8,501,800 |
| Construction in progress | 37,341,192 | 15,136,699 | (10,655,090) | 41,822,801 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 136,439,567 | 6,997,559 | (212,931) | 143,224,195 |
| Machinery and equipment | <u>73,725,139</u> | <u>10,361,753</u> | <u>(2,322,227)</u> | <u>81,764,665</u> |
| Totals at historical cost | <u>255,931,913</u> | <u>32,571,796</u> | <u>(13,190,248)</u> | <u>275,313,461</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | (74,287,619) | (2,871,522) | 203,247 | (76,955,894) |
| Machinery and equipment | <u>(30,257,966)</u> | <u>(3,458,099)</u> | <u>1,918,041</u> | <u>(31,798,024)</u> |
| Total accumulated depreciation | <u>(104,545,585)</u> | <u>(6,329,621)</u> | <u>2,121,288</u> | <u>(108,753,918)</u> |
| Business-type activities capital assets, net | <u>\$ 151,386,328</u> | <u>\$ 26,242,175</u> | <u>\$ (11,068,960)</u> | <u>\$ 166,559,543</u> |

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

Governmental activities:

| | |
|------------------------------------------------------|--------------------|
| General government | \$260,544 |
| Planning | 22,973 |
| City controller | 147,039 |
| Parks and recreation | 452,539 |
| Public works | 5,627,040 |
| Public service | 201 |
| Public safety | <u>1,837,409</u> |
| Total depreciation expense – governmental activities | <u>\$8,347,745</u> |

Business-type activities:

| | |
|-------------------------------------------------------|--------------------|
| Westwood park | \$143,323 |
| Utilities authority | 5,287,801 |
| Sanitation services | <u>898,494</u> |
| Total depreciation expense – business-type activities | <u>\$6,329,618</u> |

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

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

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

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

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

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

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

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

1. *Annuity Pool* - As of January 1, 2010, the date of the last actuarial study, the Annuity Pool participants included only 13 retirees and other beneficiaries who are entitled retirement benefits including a death benefit equal to a lump sum amount equal to the normal retirement as projected for a ten year period of time.

At January 1, 2010 the Actuarial Accrued Liability for the Annuity Pool was \$892,961 and the market value of assets in the Annuity Pool was \$660,973. The City’s actuary has suggested an annual contribution for a period of ten years commencing July 1, 2010. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) no projected salary increases, and (c) no cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City contributed \$55,899 to the plan in 2010. 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, 2010 was \$29,564,533, and total City payroll was \$46,679,049.

Substantially all full-time, non-uniformed employees of the City are required to participate in the 401(a) Plan. At June 30, 2010, there were 528 plan participants. Participants are required to contribute 6% of their compensation to the 401(a) Plan each pay period. This contribution is matched by the City at a rate of 7.5% of payroll. Administrative costs are financed through investment earnings. Participants become vested in the City’s contribution as follows:

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

Contributions to the 401(a) Plan for 2010 were \$3,980,826. The contributions expressed in dollars and percent of covered payroll were: City - \$2,217,340, 7.5%, participants -

\$1,695,609, 6.0%, and rollover contributions of \$67,877. 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 |
| 2008 | 1,979,951 | 100% |
| 2009 | 3,778,374 | 100% |
| 2010 | 3,980,826 | 100% |

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

**Statement of Net Assets
June 30, 2010**

| Assets | Annuity Pool Fund | 401(a) Plan Fund | Total |
|----------------------------------------------------|--------------------------|-------------------------|----------------------|
| Investments - mutual funds | \$ 579,883 | \$ 43,227,003 | \$ 43,806,886 |
| Loans to 401(a) Plan participants | - | 3,645,510 | 3,645,510 |
| Total assets | <u>\$ 579,883</u> | <u>\$ 46,872,513</u> | <u>\$ 47,452,396</u> |
| Liabilities and Net Assets | | | |
| Net assets - Held in trust for pension benefits | \$ 579,883 | \$ - | \$ 579,883 |
| Net assets - Held in trust for retirement benefits | - | 46,872,513 | 46,872,513 |
| Total liabilities and net assets | <u>\$ 579,883</u> | <u>\$ 46,872,513</u> | <u>\$ 47,452,396</u> |

**Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2010**

| | Annuity Pool Fund | 401(a) Plan Fund | Total |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|
| Additions | | | |
| Contributions - employer | \$ 55,899 | \$ 2,217,340 | \$ 2,273,239 |
| Contributions - employee | - | 1,763,486 | 1,763,486 |
| Investment income | <u>85,755</u> | <u>5,135,982</u> | <u>5,221,737</u> |
| Total additions | <u>141,654</u> | <u>9,116,808</u> | <u>9,258,462</u> |
| Deductions: | | | |
| Pension benefits paid | 124,121 | 1,907,910 | 2,032,031 |
| Administration costs | <u>2,160</u> | <u>19,032</u> | <u>21,192</u> |
| Total deductions | <u>126,281</u> | <u>1,926,942</u> | <u>2,053,223</u> |
| Net Increase (decrease) | 15,373 | 7,189,866 | 7,205,239 |
| Net assets held in trust for pension and retirement benefits: | | | |
| Beginning of year | <u>564,510</u> | <u>39,682,647</u> | <u>40,247,157</u> |
| End of year | <u>\$ 579,883</u> | <u>\$ 46,872,513</u> | <u>\$ 47,452,396</u> |

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

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

The City's covered payroll for the firefighters' retirement system was \$8,897,585 for the year ended June 30, 2010, while the City's total payroll for all employees was \$46,679,049 during the same time period.

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

Contributions Required and Made - Members of the firefighters' retirement system are required to pay 8% of their base pay to the pension plan until they reach 20 years of service, after which no contributions are required. The City is required to pay 13% of base salary. For the year ended June 30, 2010, the total contribution to the system amounted to \$1,863,313 of which \$1,156,686 was made by the City and \$706,627 was made by the employees. These contributions represent 13% (City) and 7.9% (member) of covered payroll. The difference between the required 8% mentioned above and the actual contribution of 7.9% relates to a deferred retirement option plan available to firefighters. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$2,300,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2010 financial statements.

Trend Information

| Oklahoma Firefighters' Pension and Retirement System | | |
|-------------------------------------------------------------|------------------------------|-------------------------------|
| Fiscal Year | Required Contribution | Percentage Contributed |
| 2008 | 1,639,272 | 100% |
| 2009 | 1,726,642 | 100% |
| 2010 | 1,863,313 | 100% |

Related Party Investments - During fiscal year 2010 and as of June 30, 2010, the State Firefighters' Retirement System held no securities issued by the City or other related parties.

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

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

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

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

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

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

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

The City's covered payroll for the police retirement system was \$9,116,862 for the year ended June 30, 2010, while the City's total payroll for all employees was \$46,679,049 during the same time period.

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

Contributions Required and Made - Members of the police retirement system are required to pay 8% of their base pay to the pension plan until they reach 20 years of service, after which no contributions are required. The City is required to pay 13% of base salary. For the year ended June 30, 2010, the total contribution to the system amounted to \$1,903,245, of which \$1,185,192 was made by the City and \$718,053 was made by the employees. These contributions represent 13% (City) and 7.9% (member) of covered payroll. The difference between the required 8% mentioned above and the actual contribution of 7.9% relates to a deferred retirement option plan available to police officers. The total amount contributed to the system by the State of Oklahoma on behalf of the City was approximately \$1,000,000. This amount has been recorded as both a revenue and an expenditure of the governmental activities and General Fund in the 2010 financial statements

Funding Status and Progress

Oklahoma Police Pension and Retirement System

| Fiscal Year | Required Contribution | Percentage Contributed |
|--------------------|------------------------------|-------------------------------|
| 2008 | 1,557,891 | 100% |
| 2009 | 1,682,217 | 100% |
| 2010 | 1,903,245 | 100% |

Related Party Investments - During fiscal year 2010 and as of June 30, 2010, the Oklahoma Police Pension and Retirement System held no securities issued by the City or other related parties.

Other Postemployment Benefits

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

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

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

Membership – At July 1, 2008, membership consisted of:

| | |
|----------------------------------------------------------------------|------------|
| Retirees and beneficiaries currently receiving benefits | 38 |
| Terminated employees entitled to benefits but not yet receiving them | 0 |
| Active employees | <u>711</u> |
| Total | <u>749</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, 2010, no irrevocable trust had been established for the funding of the Plan’s postretirement benefit obligation. The net claims and expenses paid by the City are funded on a pay-as-you-go basis.

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

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

The net OPEB obligation (NOO) as of June 30, 2010, was calculated as follows:

| | |
|--------------------------------------------|-------------------------|
| Annual required contribution | \$ 2,254,586 |
| Interest on net OPEB obligation | 80,227 |
| Adjustment to annual required contribution | (111,527) |
| Annual OPEB cost | 2,223,286 |
| Contributions made | 478,102 |
| Increase (decrease) in net OPEB obligation | 1,745,184 |
| Net OPEB obligation, beginning of year | <u>2,005,667</u> |
| Net OPEB obligation, end of year | <u>\$ 3,750,851</u> |

Funded Status and Funding Progress – The funded status of the plan as of July 1, 2009, was as follows:

| | |
|---------------------------------------------------|---------------|
| Actuarial accrued liability (AAL) | \$ 23,583,965 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | 23,583,965 |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | 46,679,049 |
| UAAL as a percentage of covered payroll | 51% |

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

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

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.0% discount rate, which is based on the expected long-term investment returns of the City's general fund assets, and an initial annual healthcare cost trend of 8.0% reduced by 0.5% each year to arrive at an ultimate healthcare cost trend rate of 5.0%. 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, 2010, the guaranty deposit accounts of the City included the following deposit liabilities:

Governmental activities:

| | |
|-------------------------------|--------------------|
| Oil and gas drilling escrow | \$219,000 |
| Site improvements | 3,347,156 |
| Contractor's escrow | 102,890 |
| Park improvement | 10,529 |
| Court fines and bond deposits | 53,707 |
| Others | <u>223,604</u> |
| Total governmental activities | <u>\$3,956,886</u> |

Business-type activities:

| | |
|------------------|--------------------|
| Utility deposits | <u>\$1,399,559</u> |
|------------------|--------------------|

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, 2010, the net assessed valuation approximated \$719,235,000. The City had no such bonds outstanding at June 30, 2010. There is no such limit on the issuance of other types of general obligation bonds.

General obligation bonds outstanding as of June 30, 2010 are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| \$4,340,000 1992 General Obligation bonds, due in annual installments of \$90,000 to \$250,000 beginning December 1, 1992 through December 1, 2012 at interest rates from 10% to 0.5% (for various street and alley improvements and new fire station) | \$ 750,000 |
| \$8,370,000 2005A Combined Purpose General Obligation bonds, due in annual installments of \$440,000 to \$450,000 beginning June 1, 2007 though June 1, 2025 at interest rates from 3.5% to 4.5% (for various street improvements and new fire station) | 6,610,000 |
| \$7,300,000 2007A Combined Purpose General Obligation bonds, due in annual installments of \$380,000 to \$460,000 beginning June 1, 2009 though June 1, 2027 at interest rates from 3.8% to 4.25% (for various street improvements) | 6,540,000 |
| \$2,650,000 2007B General Obligation bonds, due in annual installments of \$660,000 to \$670,000 beginning June 1, 2009 though June 1, 2012 at an interest rate of 4.0% (for citywide pavement reconstruction) | 1,330,000 |
| \$5,210,000 2008A Combined Purpose General Obligation bonds, due in annual installments of \$575,000 to \$610,000 beginning June 1, 2010 though December 1, 2018 at interest rates from 3.375% to 4.25% (for various street improvements) | 5,210,000 |
| \$5,475,000 2008B General Obligation bonds, due in annual installments of \$1,365,000 to \$1,380,000 beginning June 1, 201 though December 1, 2013 at interest rates from 3.25% to 3.625% (for citywide pavement reconstruction) | <u>5,475,000</u> |
| Total general obligation bonds | <u>\$ 25,915,000</u> |

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

| Fiscal Year | Principal | Interest | Total |
|--------------------|----------------------|---------------------|----------------------|
| 2011 | \$ 3,670,000 | \$ 955,707 | \$ 4,625,707 |
| 2012 | 3,680,000 | 833,010 | 4,513,010 |
| 2013 | 3,010,000 | 707,848 | 3,717,848 |
| 2014 | 2,775,000 | 603,573 | 3,378,573 |
| 2015 | 1,395,000 | 521,810 | 1,916,810 |
| 2016 – 2020 | 6,435,000 | 1,756,160 | 8,191,160 |
| 2021 – 2025 | 4,110,000 | 704,718 | 4,814,718 |
| 2026 – 2027 | <u>840,000</u> | <u>54,600</u> | <u>894,600</u> |
| Total | <u>\$ 25,915,000</u> | <u>\$ 6,137,426</u> | <u>\$ 32,052,426</u> |

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

The Special Assessment Debt with Governmental Commitment as of June 30, 2010 is as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| \$797,500 special assessment bond of 2004 due in annual installments of \$79,750 through June 1, 2014, at an interest rate of 4.25% (for utility and public works projects for Hall Park housing division) | <u>\$ 319,000</u> |
| Total special assessment debt with governmental commitment | <u>\$ 319,000</u> |

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

| Fiscal Year | Principal | Interest | Total |
|--------------------|-------------------|------------------|-------------------|
| 2011 | \$ 79,750 | \$ 13,558 | \$ 93,308 |
| 2012 | 79,750 | 10,168 | 89,918 |
| 2013 | 79,750 | 6,779 | 86,529 |
| 2014 | <u>79,750</u> | <u>3,389</u> | <u>83,139</u> |
| Total | <u>\$ 319,000</u> | <u>\$ 33,894</u> | <u>\$ 352,894</u> |

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

The revenue bonds outstanding as of June 30, 2010 are as follows:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| \$2,315,000 Norman Municipal Authority, Recreation Facilities Revenue Bonds, Series 2002, due in annual installments of \$75,000 to \$195,000 from June 1, 2004 through June 1, 2022 at interest rates from 3.5% to 6.125% | \$ 1,715,000 |
| \$7,740,000 Norman Utilities Authority, Utility Revenue Bonds, Refunding Series 2003, due in annual installments of \$150,000 to \$815,000 from November 1, 2004 to November 1, 2016, at interest rates from 2.25% to 4.00% | 4,785,000 |
| \$4,780,000 Norman Utilities Authority, Utility Revenue Bonds, Refunding Series 2005, due in annual installments of \$220,000 to \$400,000 from November 1, 2006 to November 1, 2019, at interest rates from 3.25% to 4.00% | 3,265,000 |
| \$20,700,000 Norman Utilities Authority, Utility Revenue Bonds Series 2006, due in annual installments of \$680,000 to \$1,485,000 from November 1, 2007 to June 30, 2027, at interest rates from 3.875% to 5.00% | <u>18,570,000</u> |
| Total revenue bonds | <u>\$ 28,335,000</u> |

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

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2011 | \$ 1,855,000 | \$ 1,122,240 | \$ 2,977,240 |
| 2012 | 1,910,000 | 1,053,291 | 2,963,291 |
| 2013 | 1,975,000 | 980,255 | 2,955,255 |
| 2014 | 2,040,000 | 903,053 | 2,943,053 |
| 2015 | 2,115,000 | 821,678 | 2,936,678 |
| 2016 – 2020 | 8,820,000 | 2,872,674 | 11,692,674 |
| 2021 – 2025 | 6,710,000 | 1,269,681 | 7,979,681 |
| 2026 – 2027 | <u>2,910,000</u> | <u>117,600</u> | <u>3,027,600</u> |
| Total | <u>\$ 28,335,000</u> | <u>\$ 9,140,472</u> | <u>\$ 37,475,472</u> |

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

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

d. *Notes Payable* - Notes payable as of June 30, 2010 are as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Contract payable with the Central Oklahoma Master Conservancy District (“District”), 1974 repayment contract for reimbursement costs of construction of water storage, distribution and pumping facilities to furnish a municipal water supply to cities and towns within the District, secured by a second lien on the net revenues of the authority’s water system. Annual principal and interest payments ranging from \$98,086 to \$194,605 with an annual interest rate of 2.74%. | \$ 1,220,988 |
| \$2,720,000 State Revolving Fund (“SRF”) loan payable to the Oklahoma Water Resources Board (“OWRB”) due in semi-annual installments ranging from \$24,820 to \$75,980 beginning December 15, 1995 through August 15, 2015. The loan has a 0% interest rate, plus an administrative fee of 0.5% per annum. | 760,785 |
| \$4,850,000 Clean Water SRF loan payable to the OWRB due in semi-annual installments ranging from \$124,677 to \$136,239 beginning September 15, 2000 through September 15, 2019. The loan has a 0% interest rate plus an administrative fee of 0.5% per annum. | 2,362,821 |
| \$3,590,000 sanitation system loan payable to various holders due in semi-annual installments ranging from \$95,000 to \$155,000 beginning October 1, 2010 through October 1, 2024. The loan has a 3.45% interest rate. | 3,590,000 |
| \$14,560,000 Norman Tax Increment Finance Authority Tax Increment Revenue Note, Taxable Series 2009, due in annual payments ranging from \$400,000 to \$2,820,000 beginning September 1, 2011 through September 1, 2028. The loan has a variable interest rate | 4,480,813 |
| \$6,112,000 Clean Water SRF loan payable to the OWRB due in annual installments of \$405,264 beginning when construction is complete and ending 20 years after. The loan has a 2.91% interest rate. | 739,822 |
| \$12,000,000 Drinking Water SRF loan payable to the OWRB due in annual installments of \$822,900 beginning when construction is complete and ending 20 years after. The loan has a 3.28% interest rate. | <u>2,142,192</u> |
| Total notes payable | <u>\$ 15,297,421</u> |

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

| Fiscal Year | Principal | Interest | Total |
|--------------------|----------------------|----------------------|----------------------|
| 2011 | \$ 1,398,909 | \$ 1,090,621 | \$ 2,489,530 |
| 2012 | 1,834,790 | 1,322,137 | 3,156,927 |
| 2013 | 1,896,231 | 1,269,951 | 3,166,182 |
| 2014 | 1,953,494 | 1,215,635 | 3,169,129 |
| 2015 | 1,991,604 | 1,259,149 | 3,250,753 |
| 2016 – 2020 | 9,694,668 | 6,400,931 | 16,095,599 |
| 2021 – 2025 | 10,077,248 | 4,432,328 | 14,509,576 |
| 2026 – 2030 | 11,759,651 | 1,770,270 | 13,529,921 |
| Less unfund note | <u>(25,309,174)</u> | <u>-</u> | <u>(25,309,174)</u> |
| Total | <u>\$ 15,297,421</u> | <u>\$ 18,761,022</u> | <u>\$ 34,058,443</u> |

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

Changes in Long-term Liabilities – Long-term liability activity for the year ended June 30, 2010, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-----------------------------------------------------------------------------|----------------------|----------------------|------------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 28,370,000 | \$ - | \$ (2,455,000) | \$ 25,915,000 | \$ 3,670,000 |
| Special assessment debt with government commitmen | <u>398,750</u> | <u>-</u> | <u>(79,750)</u> | <u>319,000</u> | <u>79,750</u> |
| Total bonds payable | 28,768,750 | - | (2,534,750) | 26,234,000 | 3,749,750 |
| Notes payable | 4,480,813 | - | - | 4,480,813 | - |
| Liability for incurred claims | 6,458,354 | 10,476,666 | (10,535,020) | 6,400,000 | 1,500,000 |
| Net OPEB obligation | 2,005,667 | 2,223,286 | (478,102) | 3,750,851 | 500,000 |
| Compensated absences | <u>5,789,161</u> | <u>4,764,930</u> | <u>(4,150,089)</u> | <u>6,404,002</u> | <u>458,405</u> |
| Government activity long-term liabilities | <u>\$ 47,502,745</u> | <u>\$ 17,464,882</u> | <u>\$ (17,697,961)</u> | <u>\$ 47,269,666</u> | <u>\$ 6,208,155</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | \$ 30,135,000 | \$ - | \$ (1,800,000) | \$ 28,335,000 | \$ 1,855,000 |
| Less deferred amounts: For issuance discounts and losses on refunding | <u>(506,757)</u> | <u>66,954</u> | <u>-</u> | <u>(439,803)</u> | <u>-</u> |
| Total bonds payable | 29,628,243 | 66,954 | (1,800,000) | 27,895,197 | 1,855,000 |
| Notes payable | 5,161,919 | 6,472,014 | (817,325) | 10,816,608 | 737,029 |
| Compensated absences | <u>1,021,065</u> | <u>907,758</u> | <u>(815,918)</u> | <u>1,112,905</u> | <u>61,623</u> |
| Business-type activity long-term liabilities | <u>\$ 35,811,227</u> | <u>\$ 7,446,726</u> | <u>\$ (3,433,243)</u> | <u>\$ 39,824,710</u> | <u>\$ 2,653,652</u> |

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

5. RISK MANAGEMENT

The City is self-insured against the following risks:

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

Employee health claims in excess of the \$175,000 limit are covered by insurance. The City's unpaid claims liability of \$5,835,489 reported at June 30, 2010 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. However, events could occur that would cause the estimate for unpaid claims liability to differ materially in the near term. The claims liability for health claims incurred but not reported is estimated by management using a three-month claims lag analysis. These amounts are recorded as a current liability within both the government-wide and governmental fund financial statements. The claims liability for workers compensation claims and judgments is estimated using legal counsel's opinion of probable outcome of litigation plus an estimate of claims experience for incurred but unreported claims. These amounts are recorded as long-term liabilities within the government-wide financial statements. No liability is recorded for such amount within the governmental fund financial statements as such amounts will not be paid with current financial resources. There are no allocated or unallocated claim adjustment expenditures/expenses included in the liability for unpaid claims.

At June 30, 2010, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years, the City has had no losses that exceeded commercial insurance coverage. Changes in the reported liability are as follows:

| | Balance at Beginning of Year | Current Year Claims and Changes in Estimates | Claim Payments | Balance at End of Year |
|------------------|---------------------------------------------|-----------------------------------------------------------------|---------------------------|---------------------------------------|
| Fiscal year 2009 | <u>\$ 5,984,438</u> | <u>\$ 10,142,284</u> | <u>\$ (9,668,368)</u> | <u>\$ 6,458,354</u> |
| Fiscal year 2010 | <u>\$ 6,458,354</u> | <u>\$ 10,476,666</u> | <u>\$ (10,535,020)</u> | <u>\$ 6,400,000</u> |

6. SEGMENT INFORMATION

The City operates various segments within its enterprise funds. Condensed financial statement information for these segments for the year ended June 30, 2010 were as follows:

| | Norman Municipal Authority | | |
|-------------------------------------------------|-----------------------------------|----------------------------|----------------------|
| | Westwood Park | Sanitation Services | Total |
| Current assets: | | | |
| Cash and cash equivalents | \$ 74,220 | \$ - | \$ 74,220 |
| Restricted cash and cash equivalents | 8,393 | 3,597,495 | 3,605,888 |
| Investments | - | 1,724,638 | 1,724,638 |
| Receivables: | | | |
| Accounts, net of allowance | - | 624,339 | 624,339 |
| Interest | 1,831 | 6,327 | 8,158 |
| Total current assets | <u>84,444</u> | <u>5,952,799</u> | <u>6,037,243</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | 26,321 | 318,843 | 345,164 |
| Investments | 220,343 | - | 220,343 |
| Unamortized bond issue costs | 30,579 | 47,919 | 78,498 |
| Capital assets, net | <u>7,797,969</u> | <u>7,486,173</u> | <u>15,284,142</u> |
| Total noncurrent assets | <u>8,075,212</u> | <u>7,852,935</u> | <u>15,928,147</u> |
| Total assets | <u>\$ 8,159,656</u> | <u>\$ 13,805,734</u> | <u>\$ 21,965,390</u> |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 31,741 | \$ 427,980 | \$ 459,721 |
| Payroll payable | 39,792 | 100,248 | 140,040 |
| Due to other funds | - | 844,733 | 844,733 |
| Accrued interest payable | 8,393 | 63,992 | 72,385 |
| Guaranty deposits | - | 297,891 | 297,891 |
| Revenue bonds payable | 105,000 | - | 105,000 |
| Notes payable | - | 190,000 | 190,000 |
| Compensated absences | <u>4,518</u> | <u>17,740</u> | <u>22,258</u> |
| Total current liabilities | 189,444 | 1,942,584 | 2,132,028 |
| Non-current liabilities: | | | |
| Long-term debt and other liabilities | <u>1,649,837</u> | <u>3,702,650</u> | <u>5,352,487</u> |
| Total liabilities | <u>1,839,281</u> | <u>5,645,234</u> | <u>7,484,515</u> |
| Invested in capital assets, net of related debt | 6,120,216 | 7,116,278 | 13,236,494 |
| Restricted for debt service | 243,664 | 334,855 | 578,519 |
| Unrestricted | <u>(43,505)</u> | <u>709,367</u> | <u>665,862</u> |
| Total net assets | <u>6,320,375</u> | <u>8,160,500</u> | <u>14,480,875</u> |

continued

Norman Municipal Authority

| | Westwood Park | Sanitation Services | Total |
|------------------------------------------|----------------------|----------------------------|---------------------|
| Charges for services and goods, net | 1,067,800 | 10,852,752 | 11,920,552 |
| Other | 15,784 | 289,269 | 305,053 |
| Total operating revenues | <u>1,083,584</u> | <u>11,142,021</u> | <u>12,225,605</u> |
| Operating expenses | 1,214,757 | 9,825,414 | 11,040,171 |
| Depreciation | 143,323 | 898,494 | 1,041,817 |
| Total operating expenses | <u>1,358,080</u> | <u>10,723,908</u> | <u>12,081,988</u> |
| Operating income (loss) | <u>(274,496)</u> | <u>418,113</u> | <u>143,617</u> |
| Investment earnings | 13,822 | 16,588 | 30,410 |
| Interest expense | (112,383) | (81,496) | (193,879) |
| Miscellaneous income (expense) | (23,100) | 35,907 | 12,807 |
| Net nonoperating revenues (expenses) | <u>(121,661)</u> | <u>(29,001)</u> | <u>(150,662)</u> |
| transfers | (396,157) | 389,112 | (7,045) |
| Transfers, net | <u>416,599</u> | <u>(58,348)</u> | <u>358,251</u> |
| Change in net assets | 20,442 | 330,764 | 351,206 |
| Total net assets - beginning | <u>6,299,933</u> | <u>7,829,736</u> | <u>14,129,669</u> |
| Total net assets - ending | <u>6,320,375</u> | <u>8,160,500</u> | <u>14,480,875</u> |
| Net cash provided (used) by: | | | |
| Operating activities | (157,933) | 2,464,472 | 2,306,539 |
| Noncapital financing activities | 416,599 | (58,348) | 358,251 |
| Capital and related financing activities | (279,172) | 464,165 | 184,993 |
| Investing activities | 6,873 | 466,578 | 473,451 |
| Beginning cash and cash equivalents | 122,567 | 579,471 | 702,038 |
| Ending cash and cash equivalents | <u>\$ 108,934</u> | <u>\$ 3,916,338</u> | <u>\$ 4,025,272</u> |

concluded

7. 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, 2010, the City maintained a litigation reserve of approximately \$52,000.

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

Lease Commitments - The City has entered into a number of operating leases, all of which contain cancellation provisions that are subject to annual appropriations by the City Council. For the year ended June 30, 2010, rent expenditures approximated \$346,000 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, 2010, the City paid the District \$771,578.

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, 2010 is as follows:

| | Total Construction In Progress | Total Project | Remaining To Complete |
|-----------------------------|-----------------------------------------------|--------------------------|----------------------------------|
| General Government | \$ 42,753,880 | \$ 92,944,183 | \$ 50,190,303 |
| Norman Municipal Authority: | | | |
| Sanitation | 1,121,687 | 1,766,389 | 644,702 |
| Norman Utilities Authority: | | | |
| Water Fund | 19,649,217 | 50,008,165 | 30,358,948 |
| Wastewater Fund | <u>21,051,897</u> | <u>35,454,912</u> | <u>14,403,015</u> |
| | <u>\$ 84,576,681</u> | <u>\$ 180,173,649</u> | <u>\$ 95,596,968</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.

8. SUBSEQUENT EVENTS

City of Norman General Obligation Bonds – Series 2010 – In September 2010, the City closed on the sale of \$6,250,000 City of Norman General Obligation Bonds, Series 2010. Interest rates for the bonds range from 1.00% to 1.5% and the bonds are due in varying amounts from year 2012 to year 2015. These proceeds will be used (i) to fund street construction projects, (ii) to fund an emergency outdoor warning project and (iii) to pay certain costs associated with the issuance of the 2010 bonds.

9. RECENTLY ISSUED ACCOUNTING STANDARDS

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

In 2010, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. GASB No. 58 provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Codes. This Statement requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

In 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. GASB No. 59 provides updates and improvements to existing standards regarding financial reporting and disclosure

requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged.

* * * * *



Required Supplementary Information

THE CITY OF NORMAN, OKLAHOMA

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

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | (1) Actuarial Value of Plan Assets | (2) Actuarial Accrued Liability (AAL) - Unit Credit | (3) Unfunded AAL (UAAL) (2)-(1) | (4) Funded Ratio (1)/(2) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll (3)/(5) |
|--------------------------------|---------------------------------------------|--------------------------------------------------------------------|---------------------------------------------|-----------------------------------|---------------------------|-----------------------------------------------------------------------|
| January 1, 2001 | \$ 1,886,708 | \$ 1,826,261 | \$ (60,447) | 103.3 % | N/A | N/A |
| January 1, 2002 | 1,547,003 | 1,674,085 | 127,082 | 92.4 % | N/A | N/A |
| January 1, 2003 | 1,210,693 | 1,583,061 | 372,368 | 76.5 % | N/A | N/A |
| January 1, 2004 | 1,234,975 | 1,477,564 | 242,589 | 83.6 % | N/A | N/A |
| January 1, 2005 | 1,166,844 | 1,384,940 | 218,096 | 84.3 % | N/A | N/A |
| January 1, 2006 | 1,053,011 | 1,261,249 | 208,238 | 83.5 % | N/A | N/A |
| January 1, 2007 | 1,048,354 | 1,208,515 | 160,161 | 86.7 % | N/A | N/A |
| January 1, 2008 | 973,147 | 1,173,050 | 199,903 | 83.0 % | N/A | N/A |
| January 1, 2009 | 601,476 | 985,173 | 383,697 | 61.1 % | N/A | N/A |
| January 1, 2010 | 660,973 | 892,961 | 231,988 | 74.0 % | N/A | N/A |

The only participants in the Annuity Pool in fiscal years 2001 through 2010 were retired participants receiving benefits. Therefore, expressing the unfunded AAL ("UAAL") as a percentage of covered payroll would not be meaningful.

THE CITY OF NORMAN, OKLAHOMA

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

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Actuarial Valuation Date | Annual Required Contribution | Percentage Contributed |
|-----------------------------------------|---------------------------------------------|-----------------------------------|
| January 1, 2001 | - | N/A |
| January 1, 2002 | 18,514 | N/A |
| January 1, 2003 | 54,249 | N/A |
| January 1, 2004 | 35,342 | N/A |
| January 1, 2005 | 31,774 | N/A |
| January 1, 2006 | 30,337 | N/A |
| January 1, 2007 | 23,333 | 151 % |
| January 1, 2008 | 29,123 | N/A |
| January 1, 2009 | 55,899 | 52 % |
| January 1, 2010 | 33,797 | 165 % |

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

THE CITY OF NORMAN, OKLAHOMA

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

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

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

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

| Actuarial Valuation Date | Employer Contributions | Annual Required Contribution | Percentage Contributed |
|-----------------------------------------|-----------------------------------|---------------------------------------------|-----------------------------------|
| June 30, 2009 | \$ 135,989 | \$ 2,141,656 | 6.3 % |
| June 30, 2010 | 478,102 | 2,254,586 | 21.2 % |

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

THE CITY OF NORMAN, OKLAHOMA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|---------------------------------------|--------------------|----------------|-------------------|--------------|-------------------|-------------------|-------------------------------------|
| Taxes: | | | | | | | |
| Sales taxes | \$ 36,513,869 | \$ - | \$ 36,513,869 | | | \$ 33,257,175 | \$ (3,256,694) |
| Sales taxes Sp Public Safety | 7,414,723 | - | 7,414,723 | | | 7,608,715 | 193,992 |
| Franchise taxes | 6,643,500 | - | 6,643,500 | | | 6,181,568 | (461,932) |
| State use taxes | 2,317,500 | - | 2,317,500 | | | 1,870,973 | (446,527) |
| State use taxes - Spl Public Safety | 358,989 | - | 358,989 | | | 311,810 | (47,179) |
| Total taxes | <u>53,248,581</u> | <u>-</u> | <u>53,248,581</u> | | | <u>49,230,241</u> | <u>(4,018,340)</u> |
| Licenses and permits: | | | | | | | |
| Licenses | 265,628 | - | 265,628 | | | 268,455 | 2,827 |
| Permits | 744,372 | - | 744,372 | | | 887,628 | 143,256 |
| Total licenses and permits | <u>1,010,000</u> | <u>-</u> | <u>1,010,000</u> | | | <u>1,156,083</u> | <u>146,083</u> |
| State Shared Revenues: | | | | | | | |
| State motor fuel | 232,840 | - | 232,840 | | | 202,206 | (30,634) |
| Alcoholic beverage | 198,212 | - | 198,212 | | | 232,637 | 34,425 |
| Cigarette | 667,017 | - | 667,017 | | | 736,140 | 69,123 |
| State motor vehicle registration | 742,630 | - | 742,630 | | | 690,640 | (51,990) |
| Total intergovern- mental revenues | <u>1,840,699</u> | <u>-</u> | <u>1,840,699</u> | | | <u>1,861,623</u> | <u>20,924</u> |
| Charges for services: | | | | | | | |
| Zoning & subdivision | 174,622 | - | 174,622 | | | 98,160 | (76,462) |
| Public safety | 170,105 | - | 170,105 | | | 215,195 | 45,090 |
| Health | 140,335 | - | 140,335 | | | 177,457 | 37,122 |
| Recreation fees | 366,798 | - | 366,798 | | | 437,353 | 70,555 |
| Total charges for services | <u>851,860</u> | <u>-</u> | <u>851,860</u> | | | <u>928,165</u> | <u>76,305</u> |
| Fines and forfeits: | | | | | | | |
| Police court fines | 2,393,389 | - | 2,393,389 | | | 2,226,027 | (167,362) |
| Miscellaneous forfeitures | - | - | - | | | (50,679) | (50,679) |
| Total fines and forfeits | <u>2,393,389</u> | <u>-</u> | <u>2,393,389</u> | | | <u>2,175,348</u> | <u>(218,041)</u> |
| Investment earnings | <u>250,000</u> | <u>-</u> | <u>250,000</u> | | | <u>135,312</u> | <u>(114,688)</u> |
| Other revenue: | | | | | | | |
| Contributions | 8,192 | 5,980 | 14,172 | | | 3,980 | (10,192) |
| Rents and royalties | 118,933 | - | 118,933 | | | 71,087 | (47,846) |
| Cost allocations | 11,164,112 | - | 11,164,112 | | | 10,599,022 | (565,090) |
| Sale of fixed assets | 40,000 | - | 40,000 | | | 11,114 | (28,886) |
| Miscellaneous sales | 337,875 | 224,500 | 562,375 | | | 1,108,061 | 545,686 |
| Total other revenue | <u>11,669,112</u> | <u>230,480</u> | <u>11,899,592</u> | | | <u>11,793,264</u> | <u>(106,328)</u> |
| Total revenues | <u>71,263,641</u> | <u>230,480</u> | <u>71,494,121</u> | | | <u>67,280,036</u> | <u>(4,214,085)</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|---------------------------------|--------------------|-----------------|-------------------|------------------|-------------------|------------------|-------------------------------------|
| General government: | | | | | | | |
| City council | \$ 2,616,675 | \$ (803,152) | \$ 1,813,523 | \$ 990,911 | \$ 47,308 | \$ 1,038,219 | \$ 775,304 |
| City manager's office | 379,953 | 1,340,646 | 1,720,599 | 383,416 | - | 383,416 | 1,337,183 |
| Community relations | 109,176 | (69,170) | 40,006 | 37,025 | - | 37,025 | 2,981 |
| City clerk's office | 501,418 | (9,585) | 491,833 | 483,511 | - | 483,511 | 8,322 |
| Municipal court | 1,013,264 | (25,232) | 988,032 | 901,324 | 4,782 | 906,106 | 81,926 |
| Legal administration | 1,210,659 | 120,201 | 1,330,860 | 1,304,789 | 3,013 | 1,307,802 | 23,058 |
| Human resource admin | 842,457 | (56,576) | 785,881 | 755,968 | 11,762 | 767,730 | 18,151 |
| Safety administration | 134,812 | (61,285) | 73,527 | 61,555 | 275 | 61,830 | 11,697 |
| Building services admin | 119,691 | (385) | 119,306 | 116,940 | - | 116,940 | 2,366 |
| Custodial services | 211,482 | - | 211,482 | 209,955 | 296 | 210,251 | 1,231 |
| Building repair services | 434,935 | (24,308) | 410,627 | 392,215 | 2,571 | 394,786 | 15,841 |
| Judgements and claims | 827,233 | 26,663 | 853,896 | 853,891 | - | 853,891 | 5 |
| Cable commission | 994 | (994) | - | - | - | - | - |
| Human rights commission | 315 | (315) | - | - | - | - | - |
| Children's rights commission | 281 | (281) | - | - | - | - | - |
| Social & voluntary services | 125,000 | 27,649 | 152,649 | 126,500 | - | 126,500 | 26,149 |
| Norman public library | 274,037 | (1,000) | 273,037 | 246,599 | - | 246,599 | 26,438 |
| Firehouse art center | 71,580 | 5,096 | 76,676 | 75,487 | - | 75,487 | 1,189 |
| Historical museum | 38,893 | 2,375 | 41,268 | 41,018 | - | 41,018 | 250 |
| Sooner theatre | 84,561 | 1,165 | 85,726 | 84,050 | - | 84,050 | 1,676 |
| Employee training | 35,750 | (23,095) | 12,655 | 12,436 | - | 12,436 | 219 |
| Employee assistance program | 25,699 | (410) | 25,289 | 24,948 | - | 24,948 | 341 |
| Special studies & contributions | 9,108 | 21,382 | 30,490 | - | - | - | 30,490 |
| Municipal elections | 64,000 | (27,950) | 36,050 | 36,043 | - | 36,043 | 7 |
| Sister cities program | 5,619 | (5,571) | 48 | 48 | - | 48 | - |
| Holiday decorations | 38,975 | (16,097) | 22,878 | 19,649 | - | 19,649 | 3,229 |
| Total general government | 9,176,567 | 419,771 | 9,596,338 | 7,158,278 | 70,007 | 7,228,285 | 2,368,053 |
| Planning: | | | | | | | |
| Planning commission | 1,362 | (277) | 1,085 | 965 | - | 965 | 120 |
| Historic district commission | 2,739 | - | 2,739 | 1,667 | 700 | 2,367 | 372 |
| Board of adjustment | 187 | 127 | 314 | 314 | - | 314 | - |
| Greenbelt commission | 515 | (250) | 265 | - | - | - | 265 |
| Planning administration | 514,002 | 10,704 | 524,706 | 455,036 | 3,307 | 458,343 | 66,363 |
| Geographic information | 473,400 | (5,188) | 468,212 | 458,166 | - | 458,166 | 10,046 |
| Development services | 1,576,361 | (9,066) | 1,567,295 | 1,493,579 | 12,600 | 1,506,179 | 61,116 |
| Revitalization | 891,504 | (10,709) | 880,795 | 823,352 | 8,411 | 831,763 | 49,032 |
| Current planning | 147,066 | (1,390) | 145,676 | 144,023 | - | 144,023 | 1,653 |
| Total planning | 3,607,136 | (16,049) | 3,591,087 | 3,377,102 | 25,018 | 3,402,120 | 188,967 |

(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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|----------------------------------------|--------------------|------------|-------------------|---------------|-------------------|------------|-------------------------------------|
| City controller: | | | | | | | |
| Finance administration | \$ 295,631 | \$ (4,000) | \$ 291,631 | \$ 290,224 | \$ 194 | \$ 290,418 | \$ 1,213 |
| Workers compensation | 1,184,500 | 206,164 | 1,390,664 | 1,355,349 | 646 | 1,355,995 | 34,669 |
| Unemployment compensat | 19,180 | 19,044 | 38,224 | 36,923 | - | 36,923 | 1,301 |
| Accounting services | 809,527 | 2,997 | 812,524 | 742,482 | 17,420 | 759,902 | 52,622 |
| Information services | 1,761,514 | 422,880 | 2,184,394 | 1,276,246 | 480,212 | 1,756,458 | 427,936 |
| Printing services | 227,625 | 4,426 | 232,051 | 227,535 | - | 227,535 | 4,516 |
| Budget services | 101,814 | 107 | 101,921 | 100,051 | - | 100,051 | 1,870 |
| Treasury services | 465,708 | 181,622 | 647,330 | 638,523 | 4,744 | 643,267 | 4,063 |
| Utility services | 1,080,981 | (45,061) | 1,035,920 | 1,022,985 | 780 | 1,023,765 | 12,155 |
| Total city controller | 5,946,480 | 788,179 | 6,734,659 | 5,690,318 | 503,996 | 6,194,314 | 540,345 |
| Parks and recreation: | | | | | | | |
| Parks board | 808 | (204) | 604 | 267 | - | 267 | 337 |
| Mosquito control program | 10,707 | 2,000 | 12,707 | 5,458 | - | 5,458 | 7,249 |
| Santa Fe Depot | 7,530 | - | 7,530 | 6,441 | - | 6,441 | 1,089 |
| Administration | 585,163 | 174 | 585,337 | 567,750 | 83 | 567,833 | 17,504 |
| Park maintenance | 2,459,991 | (46,955) | 2,413,036 | 2,249,927 | 2,839 | 2,252,766 | 160,270 |
| Forestry | 115,429 | (44,591) | 70,838 | 42,178 | 2,776 | 44,954 | 25,884 |
| Recreation little league | 72,387 | (9,175) | 63,212 | 41,197 | - | 41,197 | 22,015 |
| Recreation programs | 1,540,941 | 26,610 | 1,567,551 | 1,416,382 | 13,264 | 1,429,646 | 137,905 |
| Senior citizens center | 132,843 | (5,191) | 127,652 | 118,243 | - | 118,243 | 9,409 |
| Total parks & recreation | 4,925,799 | (77,332) | 4,848,467 | 4,447,843 | 18,962 | 4,466,805 | 381,662 |
| Public works: | | | | | | | |
| Public works administratic | 309,306 | (21,147) | 288,159 | 272,367 | 506 | 272,873 | 15,286 |
| Engineering department | 1,424,670 | (61,831) | 1,362,839 | 1,313,415 | 736 | 1,314,151 | 48,688 |
| Street maintenance | 3,888,381 | 1,753,504 | 5,641,885 | 3,147,382 | 732,103 | 3,879,485 | 1,762,400 |
| Stormwater Drainage | 2,364,260 | (211,178) | 2,153,082 | 2,091,346 | 20,154 | 2,111,500 | 41,582 |
| Traffic control | 2,905,559 | 103,336 | 3,008,895 | 2,595,372 | 92,598 | 2,687,970 | 320,925 |
| Fleet maintenance admin | 268,046 | 27,442 | 295,488 | 249,947 | 404 | 250,351 | 45,137 |
| Fleet repair services | 1,402,129 | (10,542) | 1,391,587 | 1,383,021 | 4,135 | 1,387,156 | 4,431 |
| Fleet fuel and parts | 3,021,066 | (399,911) | 2,621,155 | 2,351,811 | 18,761 | 2,370,572 | 250,583 |
| Total public works | 15,583,417 | 1,179,673 | 16,763,090 | 13,404,661 | 869,397 | 14,274,058 | 2,489,032 |
| Public safety: | | | | | | | |
| Police department admin | 698,883 | (4,905) | 693,978 | 687,017 | 99 | 687,116 | 6,862 |
| Staff services | 1,702,681 | 28,976 | 1,731,657 | 1,694,936 | 1,951 | 1,696,887 | 34,770 |
| Investigations | 2,700,734 | (93,653) | 2,607,081 | 2,395,826 | 3,272 | 2,399,098 | 207,983 |
| Patrol | 10,377,456 | 59,113 | 10,436,569 | 10,060,511 | 9,288 | 10,069,799 | 366,770 |
| Narcotics | 1,152,116 | 22,809 | 1,174,925 | 1,160,134 | 279 | 1,160,413 | 14,512 |
| Animal control | 832,288 | (36,588) | 795,700 | 764,207 | 6,684 | 770,891 | 24,809 |
| Police PSST | 2,212,551 | 68,489 | 2,281,040 | 1,839,850 | 66,411 | 1,906,261 | 374,779 |
| Fire department admin | 525,656 | (1,472) | 524,184 | 504,684 | 109 | 504,793 | 19,391 |
| Training - fire department | 252,489 | 29,456 | 281,945 | 246,826 | - | 246,826 | 35,119 |
| Fire prevention | 750,039 | 55,621 | 805,660 | 778,458 | 28 | 778,486 | 27,174 |
| Fire suppression | 12,302,473 | (40,843) | 12,261,630 | 11,850,730 | 7,018 | 11,857,748 | 403,882 |
| Diaster preparedness servi | 113,416 | (1,594) | 111,822 | 106,456 | - | 106,456 | 5,366 |
| Fire PSST | 1,501,876 | (14,539) | 1,487,337 | 689,161 | 156,188 | 845,349 | 641,988 |
| Total public safety | 35,122,658 | 70,870 | 35,193,528 | 32,778,796 | 251,327 | 33,030,123 | 2,163,405 |
| Total expenditures and encumbrances | 74,362,057 | 2,365,112 | 76,727,169 | \$ 66,856,998 | \$ 1,738,764 | 68,595,762 | 8,131,407 |

(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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|-----------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|---------------------|--------------|-------------------|----------------------|-------------------------------------|
| Excess (deficiency) of revenues over expendi- tures and encumbrances | <u>(3,098,416)</u> | <u>(2,134,632)</u> | <u>(5,233,048)</u> | | | <u>(1,315,726)</u> | <u>3,917,322</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in: | | | | | | | |
| Norman Utilities | | | | | | | |
| Authority | 681,014 | - | 681,014 | | | 631,751 | (49,263) |
| Sanitation Fund | 52,444 | - | 52,444 | | | 58,348 | 5,904 |
| Capital Projects Fund | 3,186,256 | 60,352 | 3,246,608 | | | 2,767,595 | (479,013) |
| Debt Service Fund | <u>500,000</u> | <u>-</u> | <u>500,000</u> | | | <u>1,345,323</u> | <u>845,323</u> |
| Total transfers in | <u>4,419,714</u> | <u>60,352</u> | <u>4,480,066</u> | | | <u>4,803,017</u> | <u>322,951</u> |
| Transfers out: | | | | | | | |
| Emergency | | | | | | | |
| Communications | (1,489,607) | (94,670) | (1,584,277) | | | (1,668,476) | 84,199 |
| Westwood Fund | (2,413) | - | (2,413) | | | (134,297) | 131,884 |
| Wastewater Excise Tax Fund | (184,280) | (6) | (184,286) | | | (184,284) | (2) |
| Capital Projects Fund | <u>-</u> | <u>(394,607)</u> | <u>(394,607)</u> | | | <u>(394,607)</u> | <u>-</u> |
| Total transfers out | <u>(1,676,300)</u> | <u>(489,283)</u> | <u>(2,165,583)</u> | | | <u>(2,381,664)</u> | <u>216,081</u> |
| Net other financing sources (uses) | <u>2,743,414</u> | <u>(428,931)</u> | <u>2,314,483</u> | | | <u>2,421,353</u> | <u>106,870</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances, and other uses | <u>(355,002)</u> | <u>(2,563,563)</u> | <u>(2,918,565)</u> | | | <u>1,105,627</u> | <u>4,024,192</u> |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>10,573,074</u> | <u>-</u> | <u>10,573,074</u> | | | <u>10,573,074</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 10,218,072</u> | <u>\$ (2,563,563)</u> | <u>\$ 7,654,509</u> | | | <u>\$ 11,678,701</u> | <u>\$ 4,024,192</u> |

(Concluded)

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

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

| | General Fund |
|----------------------------------------------------------|-------------------------|
| Fund balances - budgetary basis, June 30, 2010 | \$ 11,678,701 |
| Current year encumbrances included in expenditures | 1,738,764 |
| Prior year encumbrances outstanding | 95,501 |
| Current year revenue accrual | 8,566,143 |
| Current year expenditure accrual | <u>(1,560,463)</u> |
| Fund balances - fund financial statements, June 30, 2010 | <u>\$ 20,518,646</u> |
| | |
| Revenues - budgetary basis | \$ 67,280,036 |
| Current year revenue accrual | 8,566,143 |
| Prior year revenue accrual | (8,248,526) |
| On-behalf payments | <u>3,300,000</u> |
| Revenues - fund financial statements | <u>\$ 70,897,653</u> |
| | |
| Expenditures - budgetary basis | \$ 68,595,762 |
| Current year encumbrances included in expenditures | (1,738,764) |
| Prior year encumbrances paid | 1,731,220 |
| Current year expenditure accrual | 1,560,463 |
| Prior year expenditure accrual | (1,356,482) |
| On-behalf payments | <u>3,300,000</u> |
| Expenditures - fund financial statements | <u>\$ 72,092,199</u> |



Other Supplementary Information

THE CITY OF NORMAN, OKLAHOMA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

| | Norman Room Tax Fund | Community Development Fund | Special Grants Fund | Park Land Fund | Emergency Communications Fund | Seizures and Restitutions Fund | Cleet Fund | Tax | | Art in Public Places Fund | Total |
|------------------------------------------------|----------------------------|----------------------------------|---------------------------|----------------------|-------------------------------------|--------------------------------------|------------------|-------------------------------|-----------------------------------|------------------------------------|-------|
| | | | | | | | | Increment District Fund | Nonmajor Governmental Total | | |
| Cash and cash equivalents | \$ 15,500 | \$ 347,396 | \$ 199,648 | \$ 247,325 | \$ 162,677 | \$ 351,124 | \$ 10,012 | \$ 5,970 | \$ 5,074 | \$ 1,344,726 | |
| Investments | 141,671 | 72,127 | 210,371 | 1,064,680 | - | 345,537 | 13,262 | 125,090 | - | 1,972,738 | |
| Receivables: | | | | | | | | | | | |
| Taxes | 124,534 | - | - | - | - | - | - | - | - | 124,534 | |
| Accounts | - | - | - | - | 4,162 | - | - | - | 541 | 4,703 | |
| Interest | 518 | 264 | 769 | 3,888 | - | 1,262 | 48 | 456 | - | 7,205 | |
| Due from Federal Government | - | 176,583 | 137,871 | - | - | - | - | - | - | 314,454 | |
| Due from other funds | 964 | - | 6,090 | 15,124 | - | 7,940 | 606 | 387 | 306 | 31,417 | |
| Total assets | \$ 283,187 | \$ 596,370 | \$ 554,749 | \$ 1,331,017 | \$ 166,839 | \$ 705,863 | \$ 23,928 | \$ 131,903 | \$ 5,921 | \$ 3,799,777 | |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable and other accrued liabilities | \$ - | \$ 40,286 | \$ 13,652 | \$ - | \$ 4,990 | \$ 186,803 | \$ - | \$ - | \$ - | \$ 245,731 | |
| Payroll payable | - | 11,415 | - | - | 43,135 | - | - | - | - | 54,550 | |
| Due to other funds | - | 245,107 | - | - | 39,425 | - | - | - | - | 284,532 | |
| Total liabilities | - | 296,808 | 13,652 | - | 87,550 | 186,803 | - | - | - | 584,813 | |
| Fund balance: | | | | | | | | | | | |
| Reserved for encumbrances | - | 496,813 | 8,530 | - | 41,939 | 11,748 | 175 | 7,972 | - | 567,177 | |
| Unreserved | 283,187 | (197,251) | 532,567 | 1,331,017 | 37,350 | 507,312 | 23,753 | 123,931 | 5,921 | 2,647,787 | |
| Total fund balance | 283,187 | 299,562 | 541,097 | 1,331,017 | 79,289 | 519,060 | 23,928 | 131,903 | 5,921 | 3,214,964 | |
| Total liabilities and fund balance | \$ 283,187 | \$ 596,370 | \$ 554,749 | \$ 1,331,017 | \$ 166,839 | \$ 705,863 | \$ 23,928 | \$ 131,903 | \$ 5,921 | \$ 3,799,777 | |

THE CITY OF NORMAN, OKLAHOMA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

| | Norman Room Tax Fund | Community Development Fund | Special Grants Fund | Park Land Fund | Emergency Communications Fund | Seizures and Restitutions Fund | Cleet Fund | Tax Increment District Fund | Art in Public Places Fund | Total Nonmajor Governmental Total |
|-----------------------------------------------------------------|----------------------------|----------------------------------|---------------------------|----------------------|-------------------------------------|--------------------------------------|------------------|--------------------------------------|------------------------------------|--------------------------------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 1,033,060 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,033,060 |
| Intergovernmental revenues | - | 2,063,321 | 543,887 | - | - | - | 29,349 | - | - | 2,636,557 |
| Charges for services | - | - | - | 149,258 | 159,969 | - | - | - | - | 309,227 |
| Investment earnings | 1,712 | (204) | 2,574 | 13,551 | - | 5,660 | 132 | 683 | - | 24,108 |
| Other | - | - | - | - | 63,824 | 162,468 | 340 | - | 11,872 | 238,504 |
| Total revenues | <u>1,034,772</u> | <u>2,063,117</u> | <u>546,461</u> | <u>162,809</u> | <u>223,793</u> | <u>168,128</u> | <u>29,821</u> | <u>683</u> | <u>11,872</u> | <u>4,241,456</u> |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Parks and recreation | - | - | - | 8,146 | - | - | - | - | 10,799 | 18,945 |
| Public service | 917,016 | 2,022,667 | 21,382 | - | - | - | - | - | - | 2,961,065 |
| Public safety | - | - | 372,428 | - | 1,812,980 | 64,220 | 30,355 | - | - | 2,279,983 |
| Capital outlay | - | 289,871 | 51,333 | 18,076 | - | 8,869 | - | 106,298 | - | 474,447 |
| Total expenditures | <u>917,016</u> | <u>2,312,538</u> | <u>445,143</u> | <u>26,222</u> | <u>1,812,980</u> | <u>73,089</u> | <u>30,355</u> | <u>106,298</u> | <u>10,799</u> | <u>5,734,440</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>117,756</u> | <u>(249,421)</u> | <u>101,318</u> | <u>136,587</u> | <u>(1,589,187)</u> | <u>95,039</u> | <u>(534)</u> | <u>(105,615)</u> | <u>1,073</u> | <u>(1,492,984)</u> |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | - | - | 1,700 | - | 1,668,476 | - | - | - | - | 1,670,176 |
| Transfers out | (207,164) | - | - | (32,699) | - | - | - | - | - | (239,863) |
| Net other financing sources (uses) | <u>(207,164)</u> | <u>-</u> | <u>1,700</u> | <u>(32,699)</u> | <u>1,668,476</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,430,313</u> |
| Net change in fund balances | <u>(89,408)</u> | <u>(249,421)</u> | <u>103,018</u> | <u>103,888</u> | <u>79,289</u> | <u>95,039</u> | <u>(534)</u> | <u>(105,615)</u> | <u>1,073</u> | <u>(62,671)</u> |
| Fund balance - beginning | <u>372,595</u> | <u>548,983</u> | <u>438,079</u> | <u>1,227,129</u> | <u>-</u> | <u>424,021</u> | <u>24,462</u> | <u>237,518</u> | <u>4,848</u> | <u>3,277,635</u> |
| Fund balance - ending | <u>\$ 283,187</u> | <u>\$ 299,562</u> | <u>\$ 541,097</u> | <u>\$ 1,331,017</u> | <u>\$ 79,289</u> | <u>\$ 519,060</u> | <u>\$ 23,928</u> | <u>\$ 131,903</u> | <u>\$ 5,921</u> | <u>\$ 3,214,964</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|----------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Hotel/motel tax | \$ 978,500 | \$ - | \$ 978,500 | | | \$ 1,006,107 | \$ 27,607 |
| Investment earnings | 3,000 | - | 3,000 | | | 1,562 | (1,438) |
| Total revenues | <u>981,500</u> | <u>-</u> | <u>981,500</u> | | | <u>1,007,669</u> | <u>26,169</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Public service: | | | | | | | |
| Room tax | <u>743,487</u> | <u>173,529</u> | <u>917,016</u> | \$ 917,016 | \$ - | 917,016 | - |
| Total expenditures and encumbrances | <u>743,487</u> | <u>173,529</u> | <u>917,016</u> | <u>\$ 917,016</u> | <u>\$ -</u> | <u>917,016</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | <u>238,013</u> | <u>(173,529)</u> | <u>64,484</u> | | | <u>90,653</u> | <u>26,169</u> |
| OTHER FINANCING USES: | | | | | | | |
| Transfers out: | | | | | | | |
| Westwood | <u>(205,914)</u> | <u>(6)</u> | <u>(205,920)</u> | | | <u>(207,164)</u> | <u>(1,244)</u> |
| Net other financing sources (uses) | <u>(205,914)</u> | <u>(6)</u> | <u>(205,920)</u> | | | <u>(207,164)</u> | <u>(1,244)</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses | 32,099 | (173,535) | (141,436) | | | (116,511) | 24,925 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>274,338</u> | | <u>274,338</u> | | | <u>274,338</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 306,437</u> | <u>\$ (173,535)</u> | <u>\$ 132,902</u> | | | <u>\$ 157,827</u> | <u>\$ 24,925</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|-------------------------------------------------------------------------------|--------------------|-----------------------|-----------------------|---------------------|-------------------|---------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Intergovernmental: | | | | | | | |
| Community development block grant ("CDBG") | \$ 860,676 | \$ 10,254 | \$ 870,930 | | | \$ 861,521 | \$ (9,409) |
| CDBG - R grant | 229,233 | - | 229,233 | | | 229,233 | - |
| Emergency shelter grant | - | 100,000 | 100,000 | | | 124,786 | 24,786 |
| Home grant | 602,004 | 30,839 | 632,843 | | | 943,876 | 311,033 |
| Neighborhood stab grant | 326,856 | - | 326,856 | | | - | (326,856) |
| SHPRP ARRA grant | - | 498,249 | 498,249 | | | - | (498,249) |
| Investment earnings | - | - | - | | | 795 | 795 |
| Total revenues | <u>2,018,769</u> | <u>639,342</u> | <u>2,658,111</u> | | | <u>2,160,211</u> | <u>(497,900)</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Public service: | | | | | | | |
| Community development | 449,898 | 386,251 | 836,149 | \$ 404,229 | \$ 11,143 | 415,372 | 420,777 |
| CDBG housing | 410,778 | 138,202 | 548,980 | 318,892 | - | 318,892 | 230,088 |
| Home grants | 602,004 | 727,768 | 1,329,772 | 905,308 | - | 905,308 | 424,464 |
| Emergency shelter grants | - | 100,000 | 100,000 | 97,500 | 2,500 | 100,000 | - |
| CDBG - R grant | 229,233 | - | 229,233 | 229,233 | - | 229,233 | - |
| Neighborhood stab grant | 326,856 | - | 326,856 | - | - | - | 326,856 |
| SHPRP ARRA grant | - | 498,249 | 498,249 | 56,430 | 441,819 | 498,249 | - |
| Kingsgate | <u>52,174</u> | <u>111,755</u> | <u>163,929</u> | <u>40,997</u> | <u>-</u> | <u>40,997</u> | <u>122,932</u> |
| Total expenditures and encumbrances | <u>2,070,943</u> | <u>1,962,225</u> | <u>4,033,168</u> | <u>\$ 2,052,589</u> | <u>\$ 455,462</u> | <u>2,508,051</u> | <u>1,525,117</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | (52,174) | (1,322,883) | (1,375,057) | | | (347,840) | 1,027,217 |
| Fund balance (deficit), July 1, 2009 (Non-GAAP budgetary basis) | <u>-</u> | <u>-</u> | <u>-</u> | | | <u>-</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ (52,174)</u> | <u>\$ (1,322,883)</u> | <u>\$ (1,375,057)</u> | | | <u>\$ (347,840)</u> | <u>\$ 1,027,217</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|----------------------------------------|--------------------|-----------|-------------------|--------------|-------------------|-----------|-------------------------------------|
| REVENUES: | | | | | | | |
| Intergovernmental: | | | | | | | |
| County Court DUI | \$ 63,982 | \$ - | \$ 63,982 | | | \$ 58,634 | \$ (5,348) |
| Public safety grants | - | 519,104 | 519,104 | | | 417,798 | (101,306) |
| Public service grants | - | 13,000 | 13,000 | | | 12,942 | (58) |
| Recreation grants | - | 24,500 | 24,500 | | | 16,537 | (7,963) |
| Public works grants | - | - | - | | | 7,840 | 7,840 |
| Total intergovernmental | 63,982 | 556,604 | 620,586 | | | 513,751 | (106,835) |
| Investment earnings | - | - | - | | | 2,311 | 2,311 |
| Total revenues | 63,982 | 556,604 | 620,586 | | | 516,062 | (104,524) |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Juvenile grants | - | - | - | \$ - | \$ - | - | - |
| DUI enforcement | 63,982 | 8,199 | 72,181 | 33,078 | - | 33,078 | 39,103 |
| Traffic & alcohol enforcement | - | 96,620 | 96,620 | 80,133 | - | 80,133 | 16,487 |
| Bullet proof vest grant | - | 4,567 | 4,567 | 4,567 | - | 4,567 | - |
| Homeland security grant | - | 139,778 | 139,778 | 58,220 | - | 58,220 | 81,558 |
| JAG grant | - | 45,629 | 45,629 | 34,792 | - | 34,792 | 10,837 |
| JAG ARRA grant | - | 204,920 | 204,920 | 125,298 | - | 125,298 | 79,622 |
| Emergency management | - | 10,689 | 10,689 | 3,821 | - | 3,821 | 6,868 |
| SHPO / CLG grant | - | 20,623 | 20,623 | 12,854 | 6,800 | 19,654 | 969 |
| Misc police grants | - | 23,400 | 23,400 | (3,000) | - | (3,000) | 26,400 |
| Legacy Park trail grant | - | 280,361 | 280,361 | - | - | - | 280,361 |
| Drug evaluation/recognition | - | 83,089 | 83,089 | 23,199 | 1,502 | 24,701 | 58,388 |
| 911 grant | - | 150,000 | 150,000 | - | - | - | 150,000 |
| Traffic grant | - | 13,000 | 13,000 | 8,717 | - | 8,717 | 4,283 |
| CNG fueling station grant | - | 200,000 | 200,000 | - | - | - | 200,000 |
| City beautification | - | 25,732 | 25,732 | 954 | - | 954 | 24,778 |
| Total expenditures and encumbrances | 63,982 | 1,306,607 | 1,370,589 | \$ 382,633 | \$ 8,302 | 390,935 | 979,654 |

(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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|----------------------------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------|--------------|-------------------|-------------------|-------------------------------------|
| Excess (deficiency) of revenues over expenditures and encumbrances | <u>-</u> | <u>(750,003)</u> | <u>(750,003)</u> | | | <u>125,127</u> | <u>875,130</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | | | | | | | |
| Capital Project Fund | <u>-</u> | <u>1,700</u> | <u>1,700</u> | | | <u>1,700</u> | <u>-</u> |
| Net other financing sources (uses) | <u>-</u> | <u>1,700</u> | <u>1,700</u> | | | <u>1,700</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other uses | <u>-</u> | <u>(748,303)</u> | <u>(748,303)</u> | | | <u>126,827</u> | <u>875,130</u> |
| Fund balance (deficit), July 1, 2009 (Non-GAAP budgetary basis) | <u>266,643</u> | <u>-</u> | <u>266,643</u> | | | <u>266,643</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 266,643</u> | <u>\$ (748,303)</u> | <u>\$ (481,660)</u> | | | <u>\$ 393,470</u> | <u>\$ 875,130</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|--------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------------|------------------|-------------------|---------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Investment earnings | \$ 85,000 | \$ - | \$ 85,000 | | | \$ 149,258 | \$ 64,258 |
| Charges for services | <u>26,530</u> | <u>-</u> | <u>26,530</u> | | | <u>11,741</u> | <u>(14,789)</u> |
| Total revenues | <u>111,530</u> | <u>-</u> | <u>111,530</u> | | | <u>160,999</u> | <u>49,469</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Parks and recreation | <u>45,000</u> | <u>11,635</u> | <u>56,635</u> | <u>\$ 26,222</u> | <u>\$ -</u> | <u>26,222</u> | <u>30,413</u> |
| Total expenditures and encumbrances | <u>45,000</u> | <u>11,635</u> | <u>56,635</u> | <u>\$ 26,222</u> | <u>\$ -</u> | <u>26,222</u> | <u>30,413</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | 66,530 | (11,635) | 54,895 | | | 134,777 | 79,882 |
| Other financing sources (uses): | | | | | | | |
| Transfers out | | | | | | | |
| Capital Project Fund | <u>-</u> | <u>(32,699)</u> | <u>(32,699)</u> | | | <u>(32,699)</u> | <u>-</u> |
| Net other financing sources (uses) | <u>-</u> | <u>(32,699)</u> | <u>(32,699)</u> | | | <u>(32,699)</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances and other sources (uses) | 66,530 | (44,334) | 22,196 | | | 102,078 | 79,882 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>1,222,727</u> | <u>-</u> | <u>1,222,727</u> | | | <u>1,222,727</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 1,289,257</u> | <u>\$ (44,334)</u> | <u>\$ 1,244,923</u> | | | <u>\$ 1,324,805</u> | <u>\$ 79,882</u> |

THE CITY OF NORMAN, OKLAHOMA

EMERGENCY COMMUNICATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|-----------------------------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------|---------------------|-------------------|--------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Charges for services: | | | | | | | |
| 911 emergency revenue | \$ 160,800 | \$ - | \$ 160,800 | | | \$ 186,848 | \$ 26,048 |
| Miscellaneous revenue | <u>80,387</u> | <u>-</u> | <u>80,387</u> | | | <u>63,824</u> | <u>(16,563)</u> |
| Total revenues | \$ <u>241,187</u> | \$ <u>-</u> | \$ <u>241,187</u> | | | \$ <u>250,672</u> | \$ <u>9,485</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Public Safety | <u>1,730,794</u> | <u>335,898</u> | <u>2,066,692</u> | \$ <u>1,809,705</u> | \$ <u>41,939</u> | <u>1,851,644</u> | <u>215,048</u> |
| Total expenditures and encumbrances | <u>1,730,794</u> | <u>335,898</u> | <u>2,066,692</u> | \$ <u>1,809,705</u> | \$ <u>41,939</u> | <u>1,851,644</u> | <u>215,048</u> |
| Excess (deficiency) of revenues over expenditures and encumbrances | <u>(1,489,607)</u> | <u>(335,898)</u> | <u>(1,825,505)</u> | | | <u>(1,600,972)</u> | <u>224,533</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in: | | | | | | | |
| General Fund | <u>1,489,607</u> | <u>94,670</u> | <u>1,584,277</u> | | | <u>1,668,476</u> | <u>84,199</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances, and other uses | - | (241,228) | (241,228) | | | 67,504 | 308,732 |
| Fund balance (deficit), July 1, 2009 (Non-GAAP budgetary basis) | <u>8,820</u> | <u>-</u> | <u>8,820</u> | | | <u>8,820</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2010 June 30, 2005 (Non-GAAP budgetary basis) | \$ <u>8,820</u> | \$ <u>(241,228)</u> | \$ <u>(232,408)</u> | | | \$ <u>76,324</u> | \$ <u>308,732</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|-------------------------------------------------------------------------------|--------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Intergovernmental: | | | | | | | |
| State Seizure/Restitution | \$ 9,000 | \$ - | \$ 9,000 | | | \$ 159,563 | \$ 150,563 |
| Federal Seizure/Restitution | 6,000 | - | 6,000 | | | 905 | (5,095) |
| Investment earnings | 500 | - | 500 | | | 4,229 | 3,729 |
| Miscellaneous income | - | - | - | | | 2,000 | 2,000 |
| | <u>15,500</u> | <u>-</u> | <u>15,500</u> | | | <u>166,697</u> | <u>151,197</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Public Safety: | | | | | | | |
| State seizures | 2,600 | 87,291 | 89,891 | \$ 68,094 | \$ 6,275 | 74,369 | 15,522 |
| Federal seizures | - | 4,074 | 4,074 | (1,377) | 4,073 | 2,696 | 1,378 |
| | <u>2,600</u> | <u>91,365</u> | <u>93,965</u> | <u>\$ 66,717</u> | <u>\$ 10,348</u> | <u>77,065</u> | <u>16,900</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | 12,900 | (91,365) | (78,465) | | | 89,632 | 168,097 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>415,664</u> | <u>-</u> | <u>415,664</u> | | | <u>415,664</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 428,564</u> | <u>\$ (91,365)</u> | <u>\$ 337,199</u> | | | <u>\$ 505,296</u> | <u>\$ 168,097</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|----------------------------------------------------------------------------|--------------------|-----------------|-------------------|------------------|-------------------|------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Fines and forfeitures: | | | | | | | |
| Cleet training revenue | \$ 32,300 | \$ - | \$ 32,300 | | | \$ 29,349 | \$ (2,951) |
| Investment earnings | - | - | - | | | 146 | 146 |
| Miscellaneous revenue | - | - | - | | | 340 | 340 |
| | <u>32,300</u> | <u>-</u> | <u>32,300</u> | | | <u>29,835</u> | <u>(2,465)</u> |
| Total revenues | | | | | | | |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Public Safety: | | | | | | | |
| Court Cleet Training | 4,000 | - | 4,000 | \$ 2,231 | \$ - | 2,231 | 1,769 |
| Police Cleet Training | <u>29,005</u> | <u>570</u> | <u>29,575</u> | <u>27,554</u> | <u>175</u> | <u>27,729</u> | <u>1,846</u> |
| | | | | | | | |
| Total expenditures and encumbrances | <u>33,005</u> | <u>570</u> | <u>33,575</u> | <u>\$ 29,785</u> | <u>\$ 175</u> | <u>29,960</u> | <u>3,615</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | (705) | (570) | (1,275) | | | (125) | 1,150 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>23,801</u> | <u>-</u> | <u>23,801</u> | | | <u>23,801</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 23,096</u> | <u>\$ (570)</u> | <u>\$ 22,526</u> | | | <u>\$ 23,676</u> | <u>\$ 1,150</u> |

THE CITY OF NORMAN, OKLAHOMA

**TAX INCREMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010**

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|-------------------------------------------------------------------------------|--------------------|---------------------|--------------------|------------------|-------------------|-------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Sales taxes | \$ - | \$ - | \$ - | | | \$ - | \$ - |
| Property taxes | - | - | - | | | - | - |
| Investment earnings | - | - | - | | | 1,379 | 1,379 |
| Total revenues | - | - | - | | | 1,379 | 1,379 |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| General government: | | | | | | | |
| Capital projects | <u>83,189</u> | <u>145,460</u> | <u>228,649</u> | <u>\$ 10,306</u> | <u>\$ -</u> | <u>10,306</u> | <u>218,343</u> |
| Total expenditures and encumbrances | <u>83,189</u> | <u>145,460</u> | <u>228,649</u> | <u>\$ 10,306</u> | <u>\$ -</u> | <u>10,306</u> | <u>218,343</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | (83,189) | (145,460) | (228,649) | | | (8,927) | 219,722 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>132,129</u> | <u>-</u> | <u>132,129</u> | | | <u>132,129</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 48,940</u> | <u>\$ (145,460)</u> | <u>\$ (96,520)</u> | | | <u>\$ 123,202</u> | <u>\$ 219,722</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, 2010**

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|-------------------------------------------------------------------------------|--------------------|--------------------|-------------------|------------------|-------------------|-----------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Other revenue | \$ 5,000 | \$ - | \$ 5,000 | | | \$ 11,872 | \$ 6,872 |
| Total revenues | <u>5,000</u> | <u>-</u> | <u>5,000</u> | | | <u>11,872</u> | <u>6,872</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Parks & recreation | | | | | | | |
| Donation | <u>-</u> | <u>10,800</u> | <u>10,800</u> | \$ 10,799 | \$ - | 10,799 | 1 |
| Total expenditures and encumbrances | <u>-</u> | <u>10,800</u> | <u>10,800</u> | <u>\$ 10,799</u> | <u>\$ -</u> | <u>10,799</u> | <u>1</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | 5,000 | (10,800) | (5,800) | | | 1,073 | 6,873 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>4,848</u> | <u>-</u> | <u>4,848</u> | | | <u>4,848</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 9,848</u> | <u>\$ (10,800)</u> | <u>\$ (952)</u> | | | <u>\$ 5,921</u> | <u>\$ 6,873</u> |

THE CITY OF NORMAN, OKLAHOMA

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|--------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|-------------------|---------------------|-------------------|---------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Property tax | \$ 3,050,000 | \$ - | \$ 3,050,000 | | | \$ 5,420,828 | \$ 2,370,828 |
| Sales tax | <u>257,563</u> | <u>-</u> | <u>257,563</u> | | | <u>265,349</u> | <u>7,786</u> |
| Total taxes | 3,307,563 | - | 3,307,563 | | | 5,686,177 | 2,378,614 |
| Investment earnings | 42,000 | - | 42,000 | | | 17,702 | (24,298) |
| Other revenue: | | | | | | | |
| Special assessments | <u>40,400</u> | <u>-</u> | <u>40,400</u> | | | <u>78,047</u> | <u>37,647</u> |
| Total revenues | <u>3,389,963</u> | <u>-</u> | <u>3,389,963</u> | | | <u>5,781,926</u> | <u>2,391,963</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Debt service: | | | | | | | |
| Principal | 2,455,000 | - | 2,455,000 | \$ 2,455,000 | \$ - | 2,455,000 | - |
| Interest and fiscal charges | 1,271,758 | 156 | 1,271,914 | 1,272,050 | - | 1,272,050 | (136) |
| Special assessments | <u>96,697</u> | <u>95</u> | <u>96,792</u> | <u>96,791</u> | <u>-</u> | <u>96,791</u> | <u>1</u> |
| Total expenditures and encumbrances | <u>3,823,455</u> | <u>251</u> | <u>3,823,706</u> | <u>\$ 3,823,841</u> | <u>\$ -</u> | <u>3,823,841</u> | <u>(135)</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | (433,492) | (251) | (433,743) | | | 1,958,085 | 2,391,828 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers out: | | | | | | | |
| General fund | (500,000) | (4) | (500,004) | | | (1,345,323) | (845,319) |
| Net other financing sources (uses) | <u>(500,000)</u> | <u>(4)</u> | <u>(500,004)</u> | | | <u>(1,345,323)</u> | <u>(845,319)</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures, encumbrances and other sources (uses) | (933,492) | (255) | (933,747) | | | 612,762 | 1,546,509 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>1,786,860</u> | <u>-</u> | <u>1,786,860</u> | | | <u>1,786,860</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 853,368</u> | <u>\$ (255)</u> | <u>\$ 853,113</u> | | | <u>\$ 2,399,622</u> | <u>\$ 1,546,509</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, 2010

| | Original Budget | Revisions | Revised Budget | Expenditures | Encum- brances | Actual | Variance- Positive (Negative) |
|---------------------------------------------------------------------------------------------|----------------------|------------------------|------------------------|----------------------|---------------------|----------------------|-------------------------------------|
| REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Sales tax | \$ 11,159,701 | \$ - | \$ 11,159,701 | | | \$ 9,856,381 | \$ (1,303,320) |
| Sales tax - UNP TIF | 1,210,894 | - | 1,210,894 | | | 2,276,046 | 1,065,152 |
| Property tax - UNP TIF | 635,000 | - | 635,000 | | | 690,587 | 55,587 |
| Investment earnings | 355,000 | - | 355,000 | | | 211,791 | (143,209) |
| Intergovernmental | 274,600 | - | 274,600 | | | 94,446 | (180,154) |
| Miscellaneous | 123,000 | 25,600 | 148,600 | | | 25,700 | (122,900) |
| Total revenues | <u>13,758,195</u> | <u>25,600</u> | <u>13,783,795</u> | | | <u>13,154,951</u> | <u>(628,844)</u> |
| EXPENDITURES AND ENCUMBRANCES: | | | | | | | |
| Personnel costs | 493,503 | 59,785 | 553,288 | \$ 573,483 | \$ - | 573,483 | (20,195) |
| Capital projects | 15,513,859 | 20,416,835 | 35,930,694 | 11,685,159 | 5,750,207 | 17,435,366 | 18,495,328 |
| Capital projects - UNP TIF | 4,471,500 | 13,159,453 | 17,630,953 | 1,385,906 | 7,909 | 1,393,815 | 16,237,138 |
| Capital projects - HP | - | - | - | - | - | - | - |
| Debt service - UNP TIF | 943,650 | - | 943,650 | 112,487 | - | 112,487 | 831,163 |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures and encumbrances | <u>21,422,512</u> | <u>33,636,073</u> | <u>55,058,585</u> | <u>\$ 13,757,035</u> | <u>\$ 5,758,116</u> | <u>19,515,151</u> | <u>35,543,434</u> |
| Excess (deficiency) of revenues over (under) expenditures and encumbrances | (7,664,317) | (33,610,473) | (41,274,790) | | | (6,360,200) | 34,914,590 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers Out: | | | | | | | |
| General fund | (81,402) | (3,165,206) | (3,246,608) | | | (2,767,595) | 479,013 |
| Special grants fund | - | (1,700) | (1,700) | | | (1,700) | - |
| Westwood fund | (3,186,256) | 3,104,852 | (81,404) | | | (75,138) | 6,266 |
| Transfers In: | | | | | | | |
| General fund | - | 394,607 | 394,607 | | | 427,306 | 32,699 |
| Net other financing sources (uses) | <u>(3,267,658)</u> | <u>332,553</u> | <u>(2,935,105)</u> | | | <u>(2,417,127)</u> | <u>517,978</u> |
| Excess (deficiency) of revenues over expenditures and encumbrances and other sources (uses) | (10,931,975) | (33,277,920) | (44,209,895) | | | (8,777,327) | 35,432,568 |
| Fund balance, July 1, 2009 (Non-GAAP budgetary basis) | <u>27,642,184</u> | <u>-</u> | <u>27,642,184</u> | | | <u>27,642,184</u> | <u>-</u> |
| Fund balance, June 30, 2010 (Non-GAAP budgetary basis) | <u>\$ 16,710,209</u> | <u>\$ (33,277,920)</u> | <u>\$ (16,567,711)</u> | | | <u>\$ 18,864,857</u> | <u>\$ 35,432,568</u> |

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

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

| | Special Revenue Funds | Debt Service Fund | Capital Projects Fund |
|---------------------------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| Fund balances, June 30, 2010 (Non-GAAP budgetary basis) | \$ 2,262,681 | \$ 2,399,622 | \$ 18,864,857 |
| Current year encumbrances included in expenditures | 516,225 | - | 5,758,116 |
| Prior year encumbrances outstanding | 35,950 | - | 1,595,047 |
| Current year revenue accrual | 454,658 | 112,962 | 2,216,086 |
| Current year expenditure accrual | <u>(54,550)</u> | <u>0</u> | <u>(8,001)</u> |
| GAAP basis fund balances, June 30, 2010 | <u>\$ 3,214,964</u> | <u>\$ 2,512,584</u> | <u>\$ 28,426,105</u> |
| | | | |
| Budgetary basis revenues | \$ 4,305,396 | \$ 5,781,926 | \$ 13,154,951 |
| Current year revenue accrual | 454,658 | 112,962 | 2,216,086 |
| Prior year revenue accrual | <u>(518,598)</u> | <u>(88,670)</u> | <u>(2,096,243)</u> |
| GAAP basis revenues | <u>\$ 4,241,456</u> | <u>\$ 5,806,218</u> | <u>\$ 13,274,794</u> |
| | | | |
| Budgetary basis expenditures | \$ 5,821,998 | \$ 3,823,841 | \$ 19,515,151 |
| Current year encumbrances included in expenditures | (516,225) | - | (5,758,116) |
| Prior year encumbrances paid | 426,430 | - | 3,977,635 |
| Current year expenditure accrual | 54,550 | 0 | 8,001 |
| Prior year expenditure accrual | <u>(52,313)</u> | <u>(284,825)</u> | <u>(7,515)</u> |
| GAAP basis expenditures | <u>\$ 5,734,440</u> | <u>\$ 3,539,016</u> | <u>\$ 17,735,156</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF NET ASSETS

ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY

JUNE 30, 2010

| ASSETS | Westwood Park | Sanitation Services | Total |
|-----------------------------------------------------------------|---------------------|------------------------|----------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 74,220 | \$ - | \$ 74,220 |
| Restricted cash and cash equivalents | 8,393 | 3,597,495 | 3,605,888 |
| Investments | - | 1,724,638 | 1,724,638 |
| Receivables: | | | |
| Accounts, net of allowance for estimated uncollectible accounts | - | 624,339 | 624,339 |
| Interest | <u>1,831</u> | <u>6,327</u> | <u>8,158</u> |
| Total current assets | <u>84,444</u> | <u>5,952,799</u> | <u>6,037,243</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 26,321 | 318,843 | 345,164 |
| Restricted investments | 220,343 | - | 220,343 |
| Unamortized bond issue costs | 30,579 | 47,919 | 78,498 |
| Capital assets, net | <u>7,797,969</u> | <u>7,486,173</u> | <u>15,284,142</u> |
| Total noncurrent assets | <u>8,075,212</u> | <u>7,852,935</u> | <u>15,928,147</u> |
| Total assets | <u>8,159,656</u> | <u>13,805,734</u> | <u>21,965,390</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 31,741 | 427,980 | 459,721 |
| Payroll payable | 39,792 | 100,248 | 140,040 |
| Due to other funds | - | 844,733 | 844,733 |
| Accrued interest payable | 8,393 | 63,992 | 72,385 |
| Guaranty deposits | - | 297,891 | 297,891 |
| Revenue bonds payable | 105,000 | - | 105,000 |
| Notes payable | - | 190,000 | 190,000 |
| Compensated absences | <u>4,518</u> | <u>17,740</u> | <u>22,258</u> |
| Total current liabilities | <u>189,444</u> | <u>1,942,584</u> | <u>2,132,028</u> |
| Noncurrent liabilities: | | | |
| Notes payable | - | 3,400,000 | 3,400,000 |
| Compensated absences | 77,084 | 302,650 | 379,734 |
| Revenue bonds payable, net | <u>1,572,753</u> | <u>-</u> | <u>1,572,753</u> |
| Total noncurrent liabilities | <u>1,649,837</u> | <u>3,702,650</u> | <u>5,352,487</u> |
| Total liabilities | <u>1,839,281</u> | <u>5,645,234</u> | <u>7,484,515</u> |
| NET ASSETS | | | |
| Invested in capital assets, net | 6,120,216 | 7,116,278 | 13,236,494 |
| Restricted for debt service | 243,664 | 334,855 | 578,519 |
| Unrestricted | <u>(43,505)</u> | <u>709,367</u> | <u>665,862</u> |
| Total net assets | <u>\$ 6,320,375</u> | <u>\$ 8,160,500</u> | <u>\$ 14,480,875</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2010

| | Westwood Park | Sanitation Services | Total |
|--------------------------------------|---------------------|------------------------|----------------------|
| Operating revenues: | | | |
| Golf and pool fees | \$ 1,067,800 | \$ - | \$ 1,067,800 |
| Sanitation services, net | - | 10,852,752 | 10,852,752 |
| Other | 15,784 | 289,269 | 305,053 |
| | <u>1,083,584</u> | <u>11,142,021</u> | <u>12,225,605</u> |
| Total operating revenues | | | |
| Operating expenses: | | | |
| Salaries and benefits | 792,306 | 3,764,360 | 4,556,666 |
| Supplies and materials | 110,816 | 1,017,719 | 1,128,535 |
| Services and maintenance | 311,635 | 5,043,335 | 5,354,970 |
| Depreciation and amortization | 143,323 | 898,494 | 1,041,817 |
| | <u>1,358,080</u> | <u>10,723,908</u> | <u>12,081,988</u> |
| Total operating expenses | | | |
| Operating income (loss) | <u>(274,496)</u> | <u>418,113</u> | <u>143,617</u> |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | 13,822 | 16,588 | 30,410 |
| Interest and fiscal changes | (112,383) | (81,496) | (193,879) |
| Miscellaneous income (expense) | (23,100) | 35,907 | 12,807 |
| | <u>(121,661)</u> | <u>(29,001)</u> | <u>(150,662)</u> |
| Net nonoperating revenues (expenses) | | | |
| Income (loss) before transfers | <u>(396,157)</u> | <u>389,112</u> | <u>(7,045)</u> |
| Transfers in (out): | | | |
| Transfers in | 416,599 | - | 416,599 |
| Transfers out | - | (58,348) | (58,348) |
| | <u>416,599</u> | <u>(58,348)</u> | <u>358,251</u> |
| Net transfers | | | |
| Net income (loss) | 20,442 | 330,764 | 351,206 |
| Net assets - beginning | <u>6,299,933</u> | <u>7,829,736</u> | <u>14,129,669</u> |
| Net assets - ending | <u>\$ 6,320,375</u> | <u>\$ 8,160,500</u> | <u>\$ 14,480,875</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF CASH FLOWS

ENTERPRISE FUND - NORMAN MUNICIPAL AUTHORITY FOR THE YEAR ENDED JUNE 30, 2010

| | Westwood Park | Sanitation Services | Total |
|-----------------------------------------------------------------------------------------|---------------------|------------------------|---------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 1,083,584 | \$ 11,230,796 | \$ 12,314,380 |
| Cash paid to employees for services | (785,422) | (3,743,402) | (4,528,824) |
| Cash paid to suppliers | (417,936) | (5,910,780) | (6,328,716) |
| Other receipts (payments) | (38,159) | 887,858 | 849,699 |
| Net cash provided by (used for) operating activities | <u>(157,933)</u> | <u>2,464,472</u> | <u>2,306,539</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | 416,599 | - | 416,599 |
| Transfers out | - | (58,348) | (58,348) |
| Net cash provided by (used for) noncapital financing activities | <u>416,599</u> | <u>(58,348)</u> | <u>358,251</u> |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from disposal of capital assets | 23,100 | 196,065 | 219,165 |
| Payments for the acquisition of capital assets | (95,108) | (2,978,277) | (3,073,385) |
| Principal payments on revenue bonds payable | (100,000) | - | (100,000) |
| Proceeds from notes payable | - | 3,590,000 | 3,590,000 |
| Principal payments on notes payable | - | (275,000) | (275,000) |
| Interest and fiscal charges paid | (107,164) | (68,623) | (175,787) |
| Net cash provided by (used for) capital and related financing activities | <u>(279,172)</u> | <u>464,165</u> | <u>184,993</u> |
| Cash flows from investing activities: | | | |
| Proceeds from maturity of investments | - | 2,292,714 | 2,292,714 |
| Payments for purchases of investments | - | (1,857,587) | (1,857,587) |
| Investment earnings received | 6,873 | 31,451 | 38,324 |
| Net cash provided by investing activities | <u>6,873</u> | <u>466,578</u> | <u>473,451</u> |
| Net change in cash and cash equivalents | (13,633) | 3,336,867 | 3,323,234 |
| Cash and cash equivalents - beginning | <u>122,567</u> | <u>579,471</u> | <u>702,038</u> |
| Cash and cash equivalents - ending | <u>\$ 108,934</u> | <u>\$ 3,916,338</u> | <u>\$ 4,025,272</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (274,496) | \$ 418,113 | \$ 143,617 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Miscellaneous income (expense) | (23,100) | 35,907 | 12,807 |
| Bad debt expense | - | 93,767 | 93,767 |
| Depreciation | 143,323 | 898,494 | 1,041,817 |
| (Gain) loss on disposal of property, plant and equipment | (15,059) | 3,122 | (11,937) |
| Increase in accounts receivable, net | - | (9,877) | (9,877) |
| Decrease in due from other funds | - | 848,829 | 848,829 |
| Increase in accounts payable and accrued liabilities | 4,515 | 150,274 | 154,789 |
| Increase in payroll payable | (25,236) | (61,224) | (86,460) |
| Increase in guaranty deposits | - | 4,885 | 4,885 |
| Increase in compensated absences | 5,592 | 15,350 | 20,942 |
| Net cash provided by (used for) operating activities | <u>\$ (184,461)</u> | <u>\$ 2,397,640</u> | <u>\$ 2,213,179</u> |
| NONCASH ACTIVITIES: | | | |
| Change in unrealized (gain) loss on investments | <u>\$ (6,948)</u> | <u>\$ (1,604)</u> | <u>\$ (8,552)</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF NET ASSETS

ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY

JUNE 30, 2010

| ASSETS | Water | Wastewater | Total |
|-----------------------------------------------------------------|----------------------|-----------------------|-----------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 607,752 | \$ - | \$ 607,752 |
| Restricted cash and cash equivalents | 16,859,332 | 6,117,974 | 22,977,306 |
| Investments | 7,628,483 | 8,255,739 | 15,884,222 |
| Receivables: | | | |
| Accounts, net of allowance for estimated uncollectible accounts | 1,168,571 | 605,273 | 1,773,844 |
| Interest | 27,962 | 89,891 | 117,853 |
| Due from other funds | 7,245 | 316,829 | 324,074 |
| Due from Federal Government | - | 76,703 | 76,703 |
| Total current assets | 26,299,345 | 15,462,409 | 41,761,754 |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | - | - | - |
| Restricted investments | - | 16,360,781 | 16,360,781 |
| Unamortized bond issue costs | 359,219 | 208,509 | 567,728 |
| Capital assets, net | 56,562,793 | 94,712,608 | 151,275,401 |
| Total noncurrent assets | 56,922,012 | 111,281,898 | 168,203,910 |
| Total assets | 83,221,357 | 126,744,307 | 209,965,664 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 1,159,704 | 809,944 | 1,969,648 |
| Payroll payable | 107,704 | 82,051 | 189,755 |
| Accrued interest payable | 154,521 | 53,578 | 208,099 |
| Guaranty deposits | 814,114 | 287,554 | 1,101,668 |
| Revenue bonds payable | 770,000 | 980,000 | 1,750,000 |
| Notes payable | 159,987 | 387,042 | 547,029 |
| Compensated absences | 23,701 | 15,664 | 39,365 |
| Total current liabilities | 3,189,731 | 2,615,833 | 5,805,564 |
| Noncurrent liabilities: | | | |
| Notes payable | 3,203,193 | 3,476,387 | 6,679,580 |
| Compensated absences | 404,328 | 267,220 | 671,548 |
| Revenue bonds payable, net | 17,905,493 | 6,561,950 | 24,467,443 |
| Total noncurrent liabilities | 21,513,014 | 10,305,557 | 31,818,571 |
| Total liabilities | 24,702,745 | 12,921,390 | 37,624,135 |
| NET ASSETS | | | |
| Invested in capital assets, net | 49,928,427 | 83,307,229 | 133,235,656 |
| Restricted for debt service | 486,390 | 3,138,137 | 3,624,527 |
| Restricted for capital improvements | - | 18,999,486 | 18,999,486 |
| Unrestricted | 8,103,795 | 8,378,065 | 16,481,860 |
| Total net assets | \$ 58,518,612 | \$ 113,822,917 | \$ 172,341,529 |

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY FOR THE YEAR ENDED JUNE 30, 2010

| | Water | Wastewater | Total |
|----------------------------------------------------------------------|----------------------|-----------------------|-----------------------|
| Operating revenues: | | | |
| Water service, net | \$ 14,348,572 | \$ - | \$ 14,348,572 |
| Wastewater service, net | - | 11,012,593 | 11,012,593 |
| Other | <u>159,451</u> | <u>64,043</u> | <u>223,494</u> |
| Total operating revenues | <u>14,508,023</u> | <u>11,076,636</u> | <u>25,584,659</u> |
| Operating expenses: | | | |
| Salaries and benefits | 3,645,439 | 3,031,049 | 6,676,488 |
| Supplies and materials | 1,247,289 | 344,122 | 1,591,411 |
| Services and maintenance | 4,209,036 | 3,508,031 | 7,717,067 |
| Depreciation and amortization | <u>1,793,440</u> | <u>3,494,361</u> | <u>5,287,801</u> |
| Total operating expenses | <u>10,895,204</u> | <u>10,377,563</u> | <u>21,272,767</u> |
| Operating income | <u>3,612,819</u> | <u>699,073</u> | <u>4,311,892</u> |
| Nonoperating revenues (expenses): | | | |
| Tax revenue | - | 1,562,722 | 1,562,722 |
| Investment earnings | 98,848 | 310,860 | 409,708 |
| Interest and fiscal charges | (824,780) | (426,013) | (1,250,793) |
| Miscellaneous income (expense) | <u>(175,833)</u> | <u>(66,982)</u> | <u>(242,815)</u> |
| Net nonoperating revenues | <u>(901,765)</u> | <u>1,380,587</u> | <u>478,822</u> |
| Income before capital contributions and operating transfers | <u>2,711,054</u> | <u>2,079,660</u> | <u>4,790,714</u> |
| Capital contributions - donated water and sewer distribution systems | 2,312,471 | 1,622,503 | 3,934,974 |
| Capital contributions - capital grants | 2,000,000 | 1,280,746 | 3,280,746 |
| Transfers in | - | 184,284 | 184,284 |
| Transfers out | <u>(398,933)</u> | <u>(232,818)</u> | <u>(631,751)</u> |
| Net capital contributions and transfers | <u>3,913,538</u> | <u>2,854,715</u> | <u>6,768,253</u> |
| Net income | 6,624,592 | 4,934,375 | 11,558,967 |
| Net assets - beginning | <u>51,894,020</u> | <u>108,888,542</u> | <u>160,782,562</u> |
| Net assets - ending | <u>\$ 58,518,612</u> | <u>\$ 113,822,917</u> | <u>\$ 172,341,529</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING SCHEDULE OF CASH FLOWS

ENTERPRISE FUND - NORMAN UTILITIES AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2010

| | Water | Wastewater | Total |
|-----------------------------------------------------------------------------------------|----------------------|---------------------|----------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 14,262,449 | \$ 11,186,114 | \$ 25,448,563 |
| Cash paid to employees for services | (3,604,438) | (2,997,316) | (6,601,754) |
| Cash paid to suppliers | (4,752,381) | (3,436,807) | (8,189,188) |
| Other receipts (payments) | <u>13,037</u> | <u>(286,095)</u> | <u>(273,058)</u> |
| Net cash provided by operating activities | <u>5,918,667</u> | <u>4,465,896</u> | <u>10,384,563</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | - | 184,284 | 184,284 |
| Transfers out | <u>(398,933)</u> | <u>(232,818)</u> | <u>(631,751)</u> |
| Net cash used for noncapital financing activities | <u>(398,933)</u> | <u>(48,534)</u> | <u>(447,467)</u> |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from disposal of capital assets | (3,873) | (300) | (4,173) |
| Payments for the acquisition of capital assets | (10,247,329) | (4,633,427) | (14,880,756) |
| Proceeds from capital contributions | 2,000,000 | 1,278,737 | 3,278,737 |
| Proceeds from taxes | - | 1,562,722 | 1,562,722 |
| Principal payments on revenue bonds | (740,000) | (960,000) | (1,700,000) |
| Proceeds from notes payable | 2,142,192 | 739,821 | 2,882,013 |
| Principal payments on notes payable | (155,282) | (387,042) | (542,324) |
| Interest and fiscal charges paid | <u>(818,311)</u> | <u>(333,831)</u> | <u>(1,152,142)</u> |
| Net cash used for capital and related financing activities | <u>(7,822,603)</u> | <u>(2,733,320)</u> | <u>(10,555,923)</u> |
| Cash flows from investing activities: | | | |
| Proceeds from maturity of investments | 6,530,031 | 20,185,342 | 26,715,373 |
| Payments for purchases of investments | (8,216,548) | (26,514,159) | (34,730,707) |
| Investment earnings received | <u>110,697</u> | <u>335,638</u> | <u>446,335</u> |
| Net cash used for investing activities | <u>(1,575,820)</u> | <u>(5,993,179)</u> | <u>(7,568,999)</u> |
| Net change in cash and cash equivalents | (3,878,689) | (4,309,137) | (8,187,826) |
| Cash and cash equivalents - beginning | <u>21,345,773</u> | <u>10,427,111</u> | <u>31,772,884</u> |
| Cash and cash equivalents - ending | <u>\$ 17,467,084</u> | <u>\$ 6,117,974</u> | <u>\$ 23,585,058</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 3,612,819 | \$ 699,073 | \$ 4,311,892 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Miscellaneous expense | (175,833) | (66,982) | (242,815) |
| Bad debt expense | 89,704 | 72,465 | 162,169 |
| Depreciation | 1,793,440 | 3,494,361 | 5,287,801 |
| Loss on disposal of property, plant and equipment | 174,442 | 8,785 | 183,227 |
| (Increase) decrease in accounts receivable, net | (313,871) | 27,610 | (286,261) |
| (Increase) decrease in due from other funds | 14,428 | (227,898) | (213,470) |
| Increase in accounts payable and accrued liabilities | 703,944 | 415,346 | 1,119,290 |
| Increase (decrease) in payroll payable | (595) | 4,430 | 3,835 |
| Increase (decrease) in guaranty deposits | (21,407) | 9,403 | (12,004) |
| Increase in compensated absences | <u>41,596</u> | <u>29,303</u> | <u>70,899</u> |
| Net cash provided by operating activities | <u>\$ 5,918,667</u> | <u>\$ 4,465,896</u> | <u>\$ 10,384,563</u> |
| NONCASH ACTIVITIES: | | | |
| Donated water and sewer distribution systems | <u>\$ 2,312,471</u> | <u>\$ 1,622,503</u> | <u>\$ 3,934,974</u> |
| Change in unrealized (gain) loss on investments | <u>\$ (14,067)</u> | <u>\$ (50,595)</u> | <u>\$ (64,662)</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2010

| | Annuity Pool Fund | 401(a) Plan Fund | Total |
|---------------------------------------|----------------------------------|---------------------------------|----------------------|
| ASSETS | | | |
| Investments - mutual funds | \$ 579,883 | \$ 43,227,003 | \$ 43,806,886 |
| Loans to 401(a) Plan participants | <u>-</u> | <u>3,645,510</u> | <u>3,645,510</u> |
| Total assets | <u>\$ 579,883</u> | <u>\$ 46,872,513</u> | <u>\$ 47,452,396</u> |
| LIABILITIES AND NET ASSETS | | | |
| Net assets: | | | |
| Held in trust for pension benefits | \$ 579,883 | \$ - | \$ 579,883 |
| Held in trust for retirement benefits | <u>-</u> | <u>46,872,513</u> | <u>46,872,513</u> |
| Total liabilities and net assets | <u>\$ 579,883</u> | <u>\$ 46,872,513</u> | <u>\$ 47,452,396</u> |

THE CITY OF NORMAN, OKLAHOMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED JUNE 30, 2010

| | Annuity Pool Fund | 401(a) Fund | Total |
|---------------------------------------------------------------|----------------------|---------------------|---------------------|
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer | \$ 55,899 | \$ 2,217,340 | \$ 2,273,239 |
| Employee | <u>-</u> | <u>1,763,486</u> | <u>1,763,486</u> |
| Total contributions | 55,899 | 3,980,826 | 4,036,725 |
| Investment income (loss) | <u>85,755</u> | <u>5,135,982</u> | <u>5,221,737</u> |
| Total additions | <u>141,654</u> | <u>9,116,808</u> | <u>9,258,462</u> |
| DEDUCTIONS: | | | |
| Pension benefits paid | 124,121 | 1,907,910 | 2,032,031 |
| Administration costs | <u>2,160</u> | <u>19,032</u> | <u>21,192</u> |
| Total deductions | <u>126,281</u> | <u>1,926,942</u> | <u>2,053,223</u> |
| NET INCREASE | 15,373 | 7,189,866 | 7,205,239 |
| Net assets held in trust for pension and retirement benefits, | | | |
| Beginning of year | <u>564,510</u> | <u>39,682,647</u> | <u>40,247,157</u> |
| End of year | <u>\$ 579,883</u> | <u>\$46,872,513</u> | <u>\$47,452,396</u> |

THE CITY OF NORMAN, OKLAHOMA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|--------------------------------|-------------------------|-----------------|---------------|--------------------------|
| CENTENNIAL AGENCY FUND: | | | | |
| ASSETS | | | | |
| Cash | \$ 1,471 | \$ 310 | \$ - | \$ 1,781 |
| Investments | 2,182 | 1,656 | - | 3,838 |
| Interest receivable | 20 | - | (6) | 14 |
| Due from other funds | <u>13</u> | <u>95</u> | <u>-</u> | <u>108</u> |
| Total assets | <u>\$ 3,686</u> | <u>\$ 2,061</u> | <u>\$ (6)</u> | <u>\$ 5,741</u> |
| LIABILITIES | | | | |
| Funds held for others | <u>\$ 3,686</u> | <u>\$ 2,061</u> | <u>\$ (6)</u> | <u>\$ 5,741</u> |



Statistical Section

STATISTICAL SECTION

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

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

THE CITY OF NORMAN, OKLAHOMA

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

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

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

THE CITY OF NORMAN, OKLAHOMA

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

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

(Continued)

THE CITY OF NORMAN, OKLAHOMA

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

| | Fiscal Year | | | | | | | |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| PROGRAM REVENUES | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| General government | \$ 244,495 | \$ 253,409 | \$ 775,038 | \$ 223,889 | \$ 321,790 | \$ 212,778 | \$ 201,011 | \$ 182,938 |
| Planning | 1,080,835 | 893,633 | 1,140,867 | 1,253,092 | 1,024,964 | 1,106,865 | 857,780 | 717,912 |
| Parks and recreation | 586,611 | 426,476 | 398,639 | 376,318 | 495,742 | 536,999 | 517,353 | 460,818 |
| Public safety | 2,815,951 | 2,877,921 | 3,112,702 | 3,219,228 | 3,052,862 | 2,717,420 | 2,688,111 | 2,740,784 |
| Operating grants and contributions | 8,143,742 | 6,427,085 | 10,611,762 | 5,808,782 | 6,023,313 | 6,481,206 | 2,621,504 | 5,252,528 |
| Capital grants and contributions | 2,513,839 | 8,102,826 | 8,507,544 | 8,913,773 | 9,867,700 | 8,963,036 | 6,251,683 | 4,538,761 |
| Total governmental activities program revenues | <u>15,385,473</u> | <u>18,981,350</u> | <u>24,546,552</u> | <u>19,795,082</u> | <u>20,786,371</u> | <u>20,018,304</u> | <u>13,137,442</u> | <u>13,893,741</u> |
| Business-type activities: | | | | | | | | |
| Charges for services | | | | | | | | |
| Westwood Park | 1,067,800 | 1,089,329 | 1,103,631 | 917,367 | 970,765 | 918,127 | 813,963 | 366,456 |
| Water | 13,267,513 | 12,881,381 | 12,500,439 | 13,270,582 | 9,692,489 | 7,512,752 | 7,901,537 | 7,378,064 |
| Wastewater | 11,012,593 | 11,000,250 | 10,818,981 | 11,184,361 | 10,875,535 | 11,392,295 | 11,140,980 | 10,530,769 |
| Sanitation | 11,028,021 | 11,035,050 | 10,144,328 | 9,514,899 | 9,321,590 | 9,185,805 | 7,165,896 | 6,941,751 |
| Capital grants and contributions | 7,215,720 | 2,055,411 | 4,631,310 | 4,538,829 | 6,590,459 | 4,454,070 | 3,722,153 | 2,276,522 |
| Total business-type activities program revenues | <u>43,591,647</u> | <u>38,061,421</u> | <u>39,198,689</u> | <u>39,426,038</u> | <u>37,450,838</u> | <u>33,463,049</u> | <u>30,744,529</u> | <u>27,493,562</u> |
| Total primary government revenues | <u>\$ 58,977,120</u> | <u>\$ 57,042,771</u> | <u>\$ 63,745,241</u> | <u>\$ 59,221,120</u> | <u>\$ 58,237,209</u> | <u>\$ 53,481,353</u> | <u>\$ 43,881,971</u> | <u>\$ 41,387,303</u> |

NET (EXPENSE)/REVENUE

| | | | | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities | \$ (66,742,510) | \$ (58,198,423) | \$ (49,376,636) | \$ (46,009,949) | \$ (40,204,656) | \$ (39,651,376) | \$ (50,064,971) | \$ (48,972,020) |
| Business-type activities | 10,201,690 | 3,982,494 | 7,089,871 | 11,375,285 | 11,012,674 | 7,032,033 | 4,061,619 | 2,706,792 |
| Total primary government net expense | <u>\$ (56,540,820)</u> | <u>\$ (54,215,929)</u> | <u>\$ (42,286,765)</u> | <u>\$ (34,634,664)</u> | <u>\$ (29,191,982)</u> | <u>\$ (32,619,343)</u> | <u>\$ (46,003,352)</u> | <u>\$ (46,265,228)</u> |

(Continued)

THE CITY OF NORMAN, OKLAHOMA

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

| | Fiscal Year | | | | | | | |
|------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Sales taxes | \$ 53,601,698 | \$ 52,261,757 | \$ 45,565,002 | \$ 42,254,425 | \$ 40,475,824 | \$ 38,468,473 | \$ 36,718,650 | \$ 34,269,487 |
| Franchise taxes | 6,262,225 | 6,215,692 | 5,797,844 | 5,646,417 | 5,670,247 | 4,752,757 | 4,701,024 | 4,273,363 |
| Property taxes | 6,111,415 | 3,373,306 | 3,485,026 | 2,219,753 | 1,989,565 | 529,570 | 1,290,799 | 847,504 |
| State use taxes | 2,179,503 | 2,401,933 | 2,025,502 | 1,793,426 | 1,382,344 | 1,354,892 | 1,120,771 | 951,941 |
| Hotel/Motel taxes | 1,033,060 | 991,435 | 905,341 | 766,801 | 669,023 | 633,319 | 618,176 | 556,028 |
| Alcoholic beverage taxes | 232,016 | 231,077 | 222,079 | 205,822 | 196,415 | 188,975 | 179,792 | 170,123 |
| Cigarette taxes | 744,416 | 705,377 | 641,678 | 646,688 | 700,998 | 298,191 | - | - |
| Investment earnings | 490,604 | 1,074,489 | 1,718,553 | 1,959,682 | 1,203,712 | 544,085 | 148,828 | 416,016 |
| Miscellaneous | 838,558 | 1,003,269 | 1,632,050 | 674,084 | 1,087,155 | 2,766,996 | 811,591 | 511,763 |
| Transfers | 89,216 | 690,763 | 764,657 | 835,000 | 2,635,547 | 544,858 | 166,394 | 1,026,361 |
| Total governmental activities | <u>71,582,711</u> | <u>68,949,098</u> | <u>62,757,732</u> | <u>57,002,098</u> | <u>56,010,830</u> | <u>50,082,116</u> | <u>45,756,025</u> | <u>43,022,586</u> |
| Business-type activities: | | | | | | | | |
| Sales taxes | - | - | - | 1,737,585 | 6,860,051 | 6,526,840 | 6,246,464 | 5,681,683 |
| Excise taxes | 1,562,722 | 1,251,242 | 1,608,254 | 1,802,750 | 2,433,537 | 1,938,152 | 1,216,873 | 1,048,297 |
| State use taxes | - | - | - | 77,528 | 363,329 | 160,186 | 127,293 | 179,868 |
| Investment earnings | 440,118 | 1,109,011 | 2,561,016 | 3,416,220 | 1,633,778 | 893,835 | 311,878 | 610,149 |
| Miscellaneous | (205,141) | 53,097 | 77,605 | (245,823) | 229,660 | (216,619) | 393,182 | (39,011) |
| Transfers | (89,216) | (690,763) | (764,657) | (835,000) | (2,635,547) | (544,858) | (166,394) | (1,026,361) |
| Total business-type activities | <u>1,708,483</u> | <u>1,722,587</u> | <u>3,482,218</u> | <u>5,953,260</u> | <u>8,884,808</u> | <u>8,757,536</u> | <u>8,129,296</u> | <u>6,454,625</u> |
| Total primary government | <u>\$ 73,291,194</u> | <u>\$ 70,671,685</u> | <u>\$ 66,239,950</u> | <u>\$ 62,955,358</u> | <u>\$ 64,895,638</u> | <u>\$ 58,839,652</u> | <u>\$ 53,885,321</u> | <u>\$ 49,477,211</u> |
| CHANGE IN NET ASSETS | | | | | | | | |
| Governmental activities | \$ 5,948,739 | \$ 10,750,675 | \$ 13,381,096 | \$ 10,992,149 | \$ 15,806,174 | \$ 10,430,740 | \$ (4,308,946) | \$ (5,949,434) |
| Business-type activities | 12,103,509 | 5,705,081 | 10,572,089 | 17,328,545 | 19,897,182 | 15,789,569 | 12,190,915 | 9,161,417 |
| Total primary government | <u>\$ 18,052,248</u> | <u>\$ 16,455,756</u> | <u>\$ 23,953,185</u> | <u>\$ 28,320,694</u> | <u>\$ 35,703,356</u> | <u>\$ 26,220,309</u> | <u>\$ 7,881,969</u> | <u>\$ 3,211,983</u> |
| | | | | | | | | (Concluded) |

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

THE CITY OF NORMAN, OKLAHOMA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST SEVEN FISCAL YEARS

(modified accrual basis of accounting)

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

THE CITY OF NORMAN, OKLAHOMA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(Dollars in Thousands)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---------------------------------------------------------|----------------|----------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|---------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$ 69,188 | \$ 65,244 | \$ 57,779 | \$ 52,681 | \$ 50,187 | \$ 45,739 | \$ 44,449 | \$ 40,898 | \$ 39,860 | \$ 38,796 |
| Licenses & permits | 1,156 | 968 | 1,165 | 1,126 | 933 | 1,018 | 927 | 785 | 751 | 617 |
| Intergovernmental revenues | 8,354 | 7,456 | 12,946 | 7,174 | 7,106 | 7,059 | 5,143 | 5,631 | 6,040 | 4,919 |
| Charges for services | 11,836 | 10,874 | 10,070 | 9,326 | 8,988 | 8,448 | 8,218 | 7,534 | 7,554 | 3,324 |
| Fines and forfeits | 2,176 | 2,204 | 2,477 | 2,548 | 2,465 | 2,243 | 2,206 | 2,306 | 2,801 | 3,095 |
| Investment earnings | 491 | 1,075 | 1,718 | 1,959 | 1,204 | 544 | 149 | 416 | 793 | 1,914 |
| Special assessment revenue | 50 | 57 | 60 | 74 | 155 | 196 | 924 | 27 | 23 | 36 |
| Other | 969 | 1,196 | 1,399 | 846 | 1,392 | 2,939 | 870 | 681 | 800 | 1,011 |
| Total revenues | <u>94,220</u> | <u>89,074</u> | <u>87,614</u> | <u>75,734</u> | <u>72,430</u> | <u>68,186</u> | <u>62,886</u> | <u>58,278</u> | <u>58,622</u> | <u>53,712</u> |
| EXPENDITURES | | | | | | | | | | |
| General government | 8,960 | 6,399 | 6,136 | 6,862 | 6,262 | 5,843 | 6,851 | 6,703 | 5,564 | 5,024 |
| Planning | 3,394 | 3,237 | 2,962 | 2,763 | 2,666 | 2,508 | 2,561 | 2,367 | 2,145 | 1,949 |
| City controller | 5,645 | 5,360 | 4,962 | 3,582 | 3,416 | 3,369 | 3,570 | 3,291 | 3,092 | 2,595 |
| Parks & recreation | 5,372 | 5,034 | 4,449 | 4,237 | 4,189 | 3,936 | 3,961 | 3,685 | 3,734 | 2,987 |
| Public works | 16,151 | 16,519 | 19,923 | 13,666 | 13,353 | 12,332 | 15,349 | 12,531 | 13,982 | 9,346 |
| Public service | 2,961 | 3,749 | 2,535 | 1,839 | 1,873 | 2,450 | 1,861 | 1,767 | 2,172 | 2,105 |
| Public safety | 37,312 | 34,643 | 32,593 | 30,808 | 29,688 | 27,818 | 24,431 | 25,128 | 23,943 | 21,723 |
| Capital Outlay | 15,654 | 18,043 | 11,212 | 10,293 | 9,688 | 4,940 | 5,765 | 5,966 | 4,165 | 6,839 |
| Debt Service: | | | | | | | | | | |
| Principal | 2,647 | 2,510 | 1,470 | 1,470 | 2,414 | 1,317 | 1,210 | 1,166 | 1,130 | 1,344 |
| Interest | 1,004 | 1,022 | 844 | 554 | 568 | 274 | 290 | 365 | 448 | 524 |
| Total expenditures | <u>99,100</u> | <u>96,516</u> | <u>87,086</u> | <u>76,074</u> | <u>74,117</u> | <u>64,787</u> | <u>65,849</u> | <u>62,969</u> | <u>60,375</u> | <u>54,436</u> |
| Excess of revenues over (under) expenditures | <u>(4,880)</u> | <u>(7,442)</u> | <u>528</u> | <u>(340)</u> | <u>(1,687)</u> | <u>3,399</u> | <u>(2,963)</u> | <u>(4,691)</u> | <u>(1,753)</u> | <u>(724)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Bonds issued | - | 15,166 | - | 9,950 | - | 11,195 | 798 | - | - | - |
| Transfers in | 6,900 | 8,867 | 5,639 | 5,612 | 7,904 | 4,613 | 5,023 | 5,057 | 4,694 | 4,122 |
| Transfers out | (6,811) | (8,177) | (4,875) | (4,777) | (5,269) | (4,068) | (4,857) | (4,031) | (3,659) | (3,911) |
| Total other financing sources (uses) | <u>89</u> | <u>15,856</u> | <u>764</u> | <u>10,785</u> | <u>2,635</u> | <u>11,740</u> | <u>964</u> | <u>1,026</u> | <u>1,035</u> | <u>211</u> |
| Net change in fund balances | \$ (4,791) | \$ 8,414 | \$ 1,292 | \$ 10,445 | \$ 948 | \$ 15,139 | \$ (1,999) | \$ (3,665) | \$ (718) | \$ (513) |
| Debt service as a percentage of noncapital expenditures | 4.38% | 4.50% | 3.05% | 3.08% | 4.63% | 2.66% | 2.50% | 2.69% | 2.81% | 3.92% |

THE CITY OF NORMAN, OKLAHOMA

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

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Apparel and accessory stores | \$ 2,765 | \$ 2,613 | \$ 2,297 | \$ 2,162 | \$ 2,306 | \$ 2,279 | \$ 2,191 | \$ 2,081 | \$ 1,900 | \$ 1,767 |
| General merchandise | 14,138 | 13,656 | 11,759 | 11,323 | 12,055 | 10,783 | 10,242 | 10,033 | 8,890 | 7,334 |
| Food stores | 2,933 | 2,756 | 2,428 | 2,493 | 2,820 | 3,159 | 3,227 | 3,203 | 3,420 | 3,296 |
| Eating and drinking establishments | 8,498 | 8,015 | 7,134 | 6,714 | 6,917 | 6,475 | 6,186 | 5,641 | 5,036 | 4,325 |
| Home furnishings and appliances | 3,045 | 3,306 | 2,897 | 3,038 | 2,983 | 2,850 | 2,209 | 1,741 | 1,726 | 1,453 |
| Building materials and farm tools | 3,535 | 3,630 | 3,216 | 3,278 | 3,737 | 3,577 | 3,462 | 3,050 | 2,662 | 1,926 |
| Auto dealers and service stations | 1,294 | 1,253 | 1,098 | 1,094 | 1,165 | 1,173 | 1,181 | 1,162 | 1,125 | 1,011 |
| Miscellaneous retail | 5,017 | 4,444 | 3,926 | 3,982 | 3,933 | 3,972 | 3,806 | 3,516 | 3,244 | 2,813 |
| All other outlets | 12,586 | 12,436 | 10,897 | 10,862 | 11,607 | 10,992 | 10,586 | 9,900 | 9,214 | 8,235 |
| Total | \$ 53,811 | \$ 52,109 | \$ 45,652 | \$ 44,946 | \$ 47,523 | \$ 45,260 | \$ 43,090 | \$ 40,327 | \$ 37,217 | \$ 32,160 |

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

Sources: Oklahoma Tax Commission

THE CITY OF NORMAN, OKLAHOMA

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

| Fiscal Year | City Direct Rate | State of Oklahoma | Cleveland County |
|-------------|------------------|-------------------|------------------|
| 2010 | 3.5 % | 4.5 % | 0.25 % |
| 2009 | 3.5 % | 4.5 % | 0.25 % |
| 2008 | 3.0 % | 4.5 % | 0.00 % |
| 2007 | 3.0 % | 4.5 % | 0.00 % |
| 2006 | 3.5 % | 4.5 % | 0.00 % |
| 2005 | 3.5 % | 4.5 % | 0.00 % |
| 2004 | 3.5 % | 4.5 % | 0.00 % |
| 2003 | 3.5 % | 4.5 % | 0.00 % |
| 2002 | 3.5 % | 4.5 % | 0.00 % |
| 2001 | 3.0 % | 4.5 % | 0.00 % |

Source: Oklahoma Tax Commission

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

THE CITY OF NORMAN, OKLAHOMA

SALES TAX REVENUE PAYERS BY INDUSTRY

FISCAL YEARS 2010 AND 2009

(Dollars in Thousands)

| | Fiscal Year 2010 | | | Fiscal Year 2009 | | | |
|------------------------------------|------------------|---------------------|-----------------|------------------|---------------------|-----------------|---------------------|
| | Number of Filers | Percentage of Total | Tax Liability | Number of Filers | Percentage of Total | Tax Liability | Percentage of Total |
| Retail trade | 1,358 | 48.9 % | \$41,225 | 1,327 | 47.8 % | \$39,673 | 73.7 % |
| Transportation and utilities | 150 | 5.4 % | 5,977 | 141 | 5.1 % | 5,593 | 10.4 % |
| Services | 453 | 16.3 % | 3,419 | 445 | 16.0 % | 3,322 | 6.2 % |
| Wholesale trade | 456 | 16.4 % | 1,795 | 455 | 16.4 % | 1,889 | 3.5 % |
| Manufacturing | 171 | 6.2 % | 1,008 | 173 | 6.2 % | 1,252 | 2.3 % |
| Agricultural | 13 | 0.5 % | 85 | 14 | 0.5 % | 80 | 0.1 % |
| Construction | 13 | 0.5 % | 17 | 17 | 0.6 % | 15 | 0.0 % |
| Mining | 6 | 0.2 % | 4 | 5 | 0.2 % | 7 | 0.0 % |
| Finance, insurance and real estate | 14 | 0.5 % | 9 | 10 | 0.4 % | 9 | 0.0 % |
| Government | - | 0.0 % | 94 | 1 | 0.0 % | 89 | 0.2 % |
| Nonclassifiable | 145 | 5.2 % | 178 | 147 | 5.3 % | 180 | 0.3 % |
| Total | 2,779 | 100.0 % | \$53,811 | 2,735 | 98.4 % | \$52,109 | 96.8 % |

Sources: Oklahoma Tax Commission

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

THE CITY OF NORMAN, OKLAHOMA

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

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|--------------------------|-------------------------|------------|--------------------|--------------------------|----------------|---------------|------------|--------------------------|--------------------------------------------|-------------------------|
| | General Obligation Bonds | Special Assessment Debt | Term Loans | Term Revenue Bonds | Term Loans | Capital Leases | Revenue Bonds | Term Loans | | | |
| 2001 | \$ 8,610 | \$ 217 | \$ - | \$ 16,015 | \$12,024 | \$ - | \$ - | \$ 36,866 | 0.7 % | 385.25 | |
| 2002 | 7,530 | 166 | - | 17,530 | 11,037 | - | - | 36,263 | 0.7 % | 369.33 | |
| 2003 | 6,420 | 110 | - | 16,550 | 10,096 | - | - | 33,176 | 0.6 % | 327.44 | |
| 2004 | 5,270 | 847 | - | 15,205 | 9,131 | 103 | - | 30,556 | 0.5 % | 293.28 | |
| 2005 | 15,275 | 721 | - | 14,055 | 8,141 | 75 | - | 38,267 | 0.6 % | 358.86 | |
| 2006 | 12,945 | 638 | - | 13,905 | 7,122 | 41 | - | 34,651 | 0.5 % | 318.64 | |
| 2007 | 21,505 | 558 | - | 33,595 | 6,478 | 8 | - | 62,144 | 0.9 % | 565.78 | |
| 2008 | 20,115 | 479 | - | 31,885 | 5,825 | - | - | 58,304 | 0.7 % | 526.20 | |
| 2009 | 28,370 | 399 | 4,481 | 30,135 | 5,162 | - | - | 68,547 | 0.8 % | 622.72 | |
| 2010 | 25,915 | 319 | 4,481 | 28,335 | 10,816 | - | - | 69,866 | 0.8 % | 614.30 | |

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

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

THE CITY OF NORMAN, OKLAHOMA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value ¹ of Property | | Per Capita ² |
|----------------|--------------------------------|----------------------------------------------------|---------|-----------------------------------------------------------------------------------|--------|----------------------------|
| | | | | | | |
| 2001 | \$ 8,610 | \$ 2,048 | \$6,562 | 1.59% | 68.57 | |
| 2002 | 7,530 | 1,819 | 5,711 | 1.30% | 58.16 | |
| 2003 | 6,420 | 1,414 | 5,006 | 1.09% | 49.41 | |
| 2004 | 5,270 | 1,529 | 3,741 | 0.76% | 35.91 | |
| 2005 | 15,275 | 790 | 14,485 | 2.77% | 135.84 | |
| 2006 | 12,945 | 1,614 | 11,331 | 1.99% | 104.20 | |
| 2007 | 21,505 | 1,359 | 20,146 | 3.27% | 183.42 | |
| 2008 | 20,115 | 2,219 | 17,896 | 2.69% | 161.51 | |
| 2009 | 28,370 | 1,591 | 26,779 | 3.74% | 239.49 | |
| 2010 | 25,915 | 2,513 | 23,402 | 3.26% | 206.29 | |

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

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

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

THE CITY OF NORMAN, OKLAHOMA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2010

(dollars in thousands)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable ¹ | Estimated Share of Overlapping Debt |
|------------------------------------------------------------|------------------|----------------------------------------------|-------------------------------------|
| Debt repaid with property taxes: County | \$ - | 46.15% | \$ - |
| Debt repaid with property taxes: Norman Public Schools | 63,370 | 97.01% | 61,475 |
| Debt repaid with property taxes: McLoud Public Schools | 870 | 0.01% | 0 |
| Debt repaid with property taxes: Robin Hill Public Schools | 133 | 0.11% | 0 |
| Debt repaid with property taxes: Noble Public Schools | 1,443 | 0.72% | 10 |
| Debt repaid with property taxes: Mid Del Public Schools | 36,840 | 0.02% | 7 |
| Debt repaid with property taxes: Little Axe Public Schools | 1,575 | 0.19% | 3 |
| Debt repaid with property taxes: Moore Public Schools | 93,450 | 1.91% | 1,785 |
| Subtotal, overlapping debt | 197,681 | | 63,281 |
| City of Norman direct debt | | | 25,915 |
| Total direct and overlapping debt | | | <u>\$ 89,196</u> |

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

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

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

THE CITY OF NORMAN, OKLAHOMA

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------------------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Assessed value of property | \$ 719,235 | \$ 715,777 | \$ 665,056 | \$ 616,042 | \$ 568,867 | \$ 523,590 | \$ 495,332 | \$ 459,766 | \$ 438,754 | \$ 413,885 |
| Debt limit ¹ , 10% of assessed value | 71,924 | 71,578 | 66,506 | 61,604 | 56,887 | 52,359 | 49,533 | 45,977 | 43,875 | 41,389 |
| 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 | \$ 71,924 | \$ 71,578 | \$ 66,506 | \$ 61,604 | \$ 56,887 | \$ 52,359 | \$ 49,533 | \$ 45,977 | \$ 43,875 | \$ 41,389 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Debt limit ² , 30% of assessed value | \$ 215,771 | \$ 214,733 | \$ 199,517 | \$ 184,813 | \$ 170,660 | \$ 157,077 | \$ 148,600 | \$ 137,930 | \$ 131,626 | \$ 124,166 |
| Amount of debt applicable to limit: | | | | | | | | | | |
| General Obligation Bonds | 25,915 | 28,370 | 20,115 | 21,505 | 12,945 | 15,275 | 5,270 | 6,420 | 7,530 | 8,610 |
| Less: Resources restricted to paying principal | (2,513) | (1,591) | (2,219) | (1,359) | (1,614) | (790) | (1,529) | (1,350) | (1,819) | (2,048) |
| Total net debt applicable to limit | 23,402 | 26,779 | 17,896 | 20,146 | 11,331 | 14,485 | 3,741 | 5,070 | 5,711 | 6,562 |
| Legal debt margin | \$ 192,369 | \$ 187,954 | \$ 181,621 | \$ 164,667 | \$ 159,329 | \$ 142,592 | \$ 144,859 | \$ 132,860 | \$ 125,915 | \$ 117,604 |
| Total net debt applicable to the limit as a percentage of debt limit | 10.85% | 12.47% | 8.97% | 10.90% | 6.64% | 9.22% | 2.52% | 3.68% | 4.34% | 5.28% |

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

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

THE CITY OF NORMAN, OKLAHOMA

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

| Fiscal Year | NJA Revenue Bonds & Term Loans | | | | NMA Revenue Bonds and Term Loans | | | | Special Assessment Term Loans | | | | |
|-------------|--------------------------------|---------------------------------|-----------------------|---------------------------------|----------------------------------|----------------------------|---------------------------------|-----------------------|---------------------------------|----------|--------------------------------|---------------------------------|----------|
| | Gross Revenue ¹ | Operating Expenses ² | Net Available Revenue | Debt Service Principal Interest | Coverage | Gross Revenue ¹ | Operating Expenses ² | Net Available Revenue | Debt Service Principal Interest | Coverage | Special Assessment Collections | Debt Service Principal Interest | Coverage |
| 2001 | \$ 14,548 | \$ 9,849 | \$ 4,699 | \$ 897 | 2.50 | \$ 7,724 | \$ 8,362 | \$ (638) | \$ - | 86 | \$ 119 | \$ 49 | 1.75 |
| 2002 | 17,495 | 12,145 | 5,350 | 1,307 | 2.37 | 7,827 | 7,022 | 805 | 480 | 149 | 38 | 50 | 0.57 |
| 2003 | 18,870 | 12,306 | 6,564 | 1,491 | 2.73 | 7,673 | 6,994 | 679 | 430 | 257 | 84 | 56 | 1.24 |
| 2004 | 19,550 | 13,337 | 6,213 | 2,614 | 1.81 | 8,512 | 7,724 | 788 | 525 | 242 | 947 | 60 | 13.93 |
| 2005 | 24,282 | 10,130 | 14,152 | 1,595 | 6.19 | 10,409 | 7,803 | 2,606 | 545 | 214 | 215 | 127 | 1.30 |
| 2006 | 28,405 | 9,828 | 18,577 | 1,300 | 11.16 | 10,568 | 8,341 | 2,227 | 575 | 169 | 169 | 83 | 1.48 |
| 2007 | 33,524 | 5,663 | 27,861 | 1,454 | 11.07 | 10,872 | 8,681 | 2,191 | 200 | 160 | 74 | 80 | 0.69 |
| 2008 | 31,428 | 7,888 | 23,540 | 2,153 | 6.62 | 11,715 | 9,931 | 1,784 | 210 | 147 | 60 | 80 | 0.58 |
| 2009 | 27,662 | 13,513 | 14,149 | 2,193 | 3.98 | 12,384 | 10,630 | 1,754 | 220 | 136 | 57 | 80 | 0.57 |
| 2010 | 33,559 | 10,873 | 22,686 | 2,242 | 6.49 | 12,659 | 10,947 | 1,712 | 375 | 194 | 50 | 80 | 0.52 |

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

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

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

THE CITY OF NORMAN, OKLAHOMA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

| Fiscal year | Population ¹ | Personal Income (billions of dollars) ⁵ | Per Capita Income ² | Median Age ² | School Enrollment ³ | Unemployment Rate ⁴ |
|-------------|-------------------------|----------------------------------------------------|--------------------------------|-------------------------|--------------------------------|--------------------------------|
| 2001 | 95,694 | \$5.10 | 21,148 | 29.3 | 12,596 | 2.20% |
| 2002 | 98,187 | 5.4 | 23,874 | 29.3 | 12,402 | 3.50% |
| 2003 | 101,318 | 5.8 | 23,874 | 29.3 | 12,433 | 4.20% |
| 2004 | 104,188 | 6.1 | 23,874 | 29.3 | 12,672 | 3.50% |
| 2005 | 106,636 | 6.5 | 26,240 | 32.9 | 12,767 | 4.70% |
| 2006 | 108,748 | 6.9 | 27,440 | 33.3 | 12,736 | 4.10% |
| 2007 | 109,837 | 7 | 23,089 | 30 | 13,296 | 4.70% |
| 2008 | 110,803 | 7.9 | 24,532 | 29.6 | 13,563 | 3.70% |
| 2009 | 111,817 | 8.1 | 26,371 | 29.4 | 14,025 | 4.80% |
| 2010 | 113,733 | 8.7 | 26,371 | 29.4 | 14,644 | 5.30% |

Data Sources

¹ Years 2002-10 estimated by the City of Norman Planning Department. Year 2001 obtained from census data

² Norman Chamber of Commerce, NEDC, Oklahoma Department of Commerce 2002-2005 estimated, U.S. Census Bureau, American Community Survey 2006-2010 estimated

³ Norman Public Schools

⁴ U.S. Department of Labor

⁵ Personal income estimated except for 2000 Census data

THE CITY OF NORMAN, OKLAHOMA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

| Employer | 2010 | | | 2001 | | |
|-----------------------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| The University of Oklahoma | 12,203 | 1 | 23.41% | 8,872 | 1 | 17.26% |
| Norman Regional Hospital | 2,848 | 2 | 5.46% | 1,871 | 2 | 3.64% |
| Norman Public Schools | 1,862 | 3 | 3.57% | 1,534 | 3 | 2.98% |
| York International/Johnson Controls | 882 | 4 | 1.69% | 1,100 | 4 | 2.14% |
| City of Norman | 808 | 5 | 1.55% | 755 | 5 | 1.47% |
| Department of Mental Health & Substance Abuse | 657 | 6 | 1.26% | - | - | - |
| USPS National Center for Employee Development | 563 | 7 | 1.08% | 500 | 7 | 0.97% |
| NOAA National Severe Storm Laboratory | 400 | 8 | 0.77% | - | - | - |
| Moore-Norman Technology Center | - | - | - | - | - | - |
| ClientLogic / Sitel | 385 | 9 | 0.74% | - | - | - |
| Oklahoma Veteran's Center - Norman | 361 | 10 | 0.69% | 360 | 9 | 0.70% |
| United Design Corporation | - | - | - | 600 | 6 | 1.17% |
| Griffin Memorial Hospital | - | - | - | 490 | 8 | 0.95% |
| Harold's Corporate Headquarters | - | - | - | 276 | 10 | 0.54% |
| Total | 20,969 | | 40.22% | 16,358 | | 31.82% |

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 | | | | | | | | | |
|--------------------|----------------------------------------------|------|------|------|------|------|------|------|------|------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| General government | 49 | 48 | 44 | 45 | 45 | 45 | 50 | 54 | 52 | 50 |
| Planning | 39 | 39 | 39 | 38 | 39 | 38 | 38 | 38 | 39 | 38 |
| City controller | 38 | 38 | 38 | 37 | 38 | 36 | 40 | 43 | 42 | 41 |
| Parks & recreation | 60 | 63 | 85 | 80 | 83 | 76 | 77 | 90 | 85 | 81 |
| Public works | 107 | 107 | 102 | 92 | 95 | 95 | 97 | 100 | 103 | 101 |
| Public safety | | | | | | | | | | |
| Police | 216 | 192 | 186 | 177 | 184 | 161 | 181 | 179 | 185 | 180 |
| Fire | 134 | 133 | 131 | 127 | 124 | 125 | 128 | 122 | 125 | 122 |
| Westwood | 18 | 20 | 35 | 33 | 35 | 33 | 31 | 34 | 29 | 29 |
| Water | 47 | 50 | 50 | 51 | 47 | 47 | 50 | 50 | 44 | 44 |
| Wastewater | 42 | 42 | 42 | 40 | 42 | 40 | 41 | 42 | 44 | 45 |
| Sanitation | 52 | 53 | 52 | 52 | 49 | 48 | 48 | 48 | 45 | 53 |
| Total | 802 | 785 | 804 | 772 | 781 | 744 | 781 | 800 | 793 | 784 |

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 | | | | | | | | | |
|-------------------------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Planning | | | | | | | | | | |
| Building permits issued | 1,243 | 1,252 | 1,271 | 1,249 | 1,557 | 1,401 | 1,580 | 1,363 | 1,138 | 91 |
| Building inspections conducted | 24,489 | 25,925 | 26,061 | 28,194 | 32,681 | 31,236 | 32,604 | 29,961 | 23,515 | 21,212 |
| Police | | | | | | | | | | |
| Physical arrests | 8,596 | 8,227 | 5,628 | 5,938 | 4,570 | 5,983 | 4,374 | 2,194 | 5,365 | 6,511 |
| Parking violations | 6,791 | 14,332 | 13,883 | 14,917 | 21,075 | 18,164 | 19,928 | 20,525 | 22,642 | 22,411 |
| Traffic violations | 19,215 | 17,349 | 21,868 | 22,298 | 22,111 | 34,221 | 20,334 | 35,381 | 28,501 | 28,211 |
| Non-traffic violations | 4,531 | 4,745 | 4,881 | 5,281 | 6,089 | 5,699 | 5,184 | 5,251 | 4,672 | 5,111 |
| Fire | | | | | | | | | | |
| Calls answered | 10,530 | 10,376 | 11,050 | 9,601 | 9,137 | 8,224 | 7,571 | 7,116 | 7,059 | 6,611 |
| Inspections | 3,050 | 2,815 | 3,083 | 3,879 | 3,589 | 3,947 | 4,367 | 3,329 | 4,026 | 2,611 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons per day) | 289 | 276 | 228 | 252 | 252 | 249 | 248 | 256 | 249 | 212 |
| Recyclables collected (tons per day) | 13 | 12 | 9 | 7 | 6 | 6 | 6 | 6 | 7 | 7 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | 9 | 11 | 6 | 10 | 18 | 17 | 21 | 15 | 28 | 11 |
| Street patching (tons of asphalt used) | 2,621 | 3,521 | 2,451 | 4,092 | 5,018 | 3,358 | 3,652 | 1,804 | 1,250 | 711 |
| Parks and recreation | | | | | | | | | | |
| Athletic field permits issued | 168,648 | 154,757 | 169,933 | 166,167 | 168,182 | 154,405 | 159,397 | 131,242 | 168,946 | 164,011 |
| Community center admissions | 155,380 | 152,071 | 149,581 | 125,983 | 124,586 | 151,220 | 139,405 | 136,679 | 163,986 | 164,411 |
| Water | | | | | | | | | | |
| New connections | 632 | 562 | 537 | 604 | 794 | 882 | 1,380 | 633 | 528 | 311 |
| Water main breaks | 163 | 143 | 112 | 206 | 216 | 130 | 202 | 181 | 102 | 111 |
| Average daily consumption (thousands of gallons) | 15,800 | 12,420 | 12,320 | 13,270 | 14,430 | 12,370 | 12,140 | 11,820 | 15,740 | 12,211 |
| Peak daily consumption (thousands of gallons) | 22,240 | 23,380 | 22,330 | 24,260 | 22,520 | 21,320 | 23,700 | 22,110 | 22,740 | 22,511 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 10,800 | 10,800 | 10,300 | 10,700 | 9,800 | 10,200 | 9,770 | 9,940 | 9,370 | 10,111 |

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 | | | | | | | | | |
|------------------------------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 105 | 100 | 85 | 85 | 85 | 85 | 85 | 85 | 91 | 93 |
| Fire stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 |
| Sanitation | | | | | | | | | | |
| Collection trucks | 42 | 42 | 39 | 39 | 36 | 36 | 36 | 36 | 36 | 36 |
| Highways and streets | | | | | | | | | | |
| Streets (miles) | 740 | 738 | 735 | 835 | 804 | 793 | 787 | 778 | 770 | 591 |
| Streetlights | 5,577 | 5,497 | 5,381 | 5,323 | 5,221 | 5,090 | 4,835 | 4,607 | 4,549 | 4,485 |
| Traffic signals | 170 | 170 | 165 | 159 | 155 | 155 | 148 | 145 | 142 | 142 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 1,142 | 1,133 | 1,131 | 1,125 | 1,004 | 1,004 | 999 | 939 | 939 | 939 |
| Playgrounds | 50 | 50 | 50 | 50 | 50 | 50 | 48 | 47 | 46 | 46 |
| Swimming pools | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 |
| Tennis courts | 22 | 22 | 22 | 22 | 22 | 22 | 26 | 26 | 26 | 24 |
| Community centers | 5 | 5 | 5 | 5 | 5 | 5 | 10 | 10 | 10 | 6 |
| Golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water mains (miles) | 536 | 531 | 520 | 510 | 498 | 490 | 481 | 459 | 461 | 448 |
| Fire hydrants | 5,158 | 5,038 | 4,904 | 4,779 | 4,566 | 4,401 | 4,170 | 4,030 | 3,920 | 3,802 |
| Water towers | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Maximum daily capacity (thousands of gallons) | 20,300 | 19,577 | 20,100 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 466 | 462 | 455 | 451 | 438 | 431 | 423 | 400 | 400 | 394 |
| Manholes | 10,885 | 10,665 | 10,585 | 10,490 | 10,176 | 9,960 | 9,707 | 9,261 | 9,165 | 8,429 |
| Maximum daily treatment capacity (thousands of gallons) | 24,000 | 24,000 | 24,000 | 24,000 | 30,000 | 30,000 | 24,000 | 24,000 | 24,000 | 30,000 |

Sources: Various city departments.

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



One of 5 E-3 Sentry Airborne Warning and Control Systems (AWACS) aircraft based at Tinker Air Force Base in Oklahoma City, Oklahoma returning from supporting operations Enduring and Iraqi Freedom. (US Air Force photo by Airman K.L. Kimbrell)



An E-3 Sentry Airborne Warning and Control Systems (AWACS) aircraft based at Tinker Air Force Base in Oklahoma City, Oklahoma, flies a mission. (U.S. Air Force photo by Tech. Sgt. John K. McDowell)

ABOVE - Many Norman residents are civilian employees or serve in the U.S. Air Force, U.S. Navy or other units at Tinker Air Force Base, the largest employer in the State of Oklahoma. TAFB is home to the largest Air Logistics Center in the U.S. Air Force Materiel Command, the Oklahoma City Air Logistics Center. The private-sector ALC is joined by the U.S. Air Force's 76th Maintenance Wing in providing maintenance, modification and program command for some of the most sophisticated military aircraft in the U.S. arsenal, including the E-3 Sentry Airborne Warning and Control Systems (AWACS) aircraft, which are based at TAFB.

Photos from Tinker Air Force Base web page

BACK COVER and DIVIDER PAGES – Vietnam Veterans Memorial - On July 4, 2010 the annual Norman Day Celebration in Reeves Park served as the centerpiece of the Oklahoma statewide Vietnam Veterans Memorial Celebration. Thousands of citizens, performers, armed forces personnel and other dignitaries were present at the events on July 4 and on November 6, 2010. A highlight of the event was the display of the Dignity Memorial Vietnam Veteran's Wall, a traveling replica of the Vietnam Memorial Wall in Washington D.C. For its support of the Vietnam Veteran's Celebration, the City of Norman was awarded the first Oklahoma Medal of Freedom by the Adjutant General of the Oklahoma National Guard.

Photos: Capt. Geogg Legler, Oklahoma National Guard Office of Public Affairs



