

City of Shawnee, Oklahoma

Comprehensive Annual Financial Report

For the year ended, June 30, 2019

CITY OF SHAWNEE, OKLAHOMA

**Comprehensive Annual Financial Report
And Accompanying Independent Auditor's Report**

**For the Fiscal Year Ended
June 30, 2019**

Prepared by:
Department of Finance

Chance Allison
Finance Director

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INTRODUCTION SECTION



Office of the City Manager

December 23, 2019

To the Honorable Mayor and Members of the Shawnee City Commission:

In accordance with State Statutes and the Charter of the City of Shawnee, Oklahoma (the, “City”), we are pleased to present the 2018-2019 Comprehensive Annual Financial Report (CAFR) to the City Commission and the citizens of the City to report on the status of the City’s financial position and results of operations for the past fiscal year ended June 30, 2019. The report has been prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). We believe the data, as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the financial activity of the City’s various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City’s financial affairs have been included.

Management assumed full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed both to protect the City’s assets from loss, theft, or misuse, and to compile sufficiently reliable information for the preparation of the City’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reliable assurance that the financials will be free from material misstatement. To the best of our knowledge and beliefs, this financial report is complete and accurate in all material respects.

The City’s financial statements have been audited by Arledge & Associates, P.C., certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements are free from material misstatement. The independent auditor has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2019. The independent auditors report is presented as the first component of the financial section of the CAFR.

Management’s Discussion and Analysis required by GASB includes summarized financial information about the City, an analysis of the past year’s operations of general government and major enterprise activities and an overview of the City’s current and future economic picture as well as its major initiatives and financial accomplishments for the year.

The Financial Section includes the City’s independent auditor’s report expressing an opinion as to the accuracy and fairness of the financial statements, and the accompanying footnotes to the financial statements. The combined and individual fund financial statements present financial data of each separate fund of the City. The footnotes provide certain other information summarized in the financial statements. The notes are an integral part of the financial statements and provide additional information which is essential to an accurate understanding of the government’s financial condition.

PROFILE OF THE CITY

The City of Shawnee is in Pottawatomie County approximately 35 miles east of Oklahoma City, Oklahoma. The City was incorporated in 1894 and encumbers 56 square miles. The City is a full-service municipality and operates under a Council-Manager form of government consisting of 6 wards. Each ward is represented by a City Commissioner who is elected at-large in addition to an independently elected Mayor.

The City provides many municipal services for the health and well-being of its citizens, including public safety, emergency management for both the City and county, water, sewer and sanitation services, street construction and maintenance, street lighting, parks, lake and recreational facilities, planning, community development, code enforcement, and general administration.

The City Commission is required by State Statutes to adopt a budget no later than seven days prior to the first day of the fiscal year (July 1). The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund by department. The City Manager may authorize transfers between departments without City Commission approval. Supplemental appropriations require City Commission approval and must be filed with the Office of the State Auditor and Inspector. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. For financial reporting purposes, all funds, agencies, boards, commission, and authorities which the City Commission has financial accountability are included in this report. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits, and separate legal entities. After careful evaluation of these factors, the City has included in this financial report the Shawnee Municipal Authority, Shawnee Airport Authority, all funds of the City, and the Shawnee Civic and Cultural Development Authority which is a discretely presented component unit of the City.

GOVERNMENTAL STRUCTURE

The City of Shawnee operates as a Council-Manager form of government as defined by Oklahoma State Statutes. The governing body of the City consists of a mayor, who shall be elected from the City at large; and six (6) commissioners from prescribed wards. The City Commission also serves as trustees of the Shawnee Municipal Authority and Shawnee Airport Authority. The Mayor and Commissioners appoint the City Manager, who is the chief executive officer of the City, the City Treasurer, who is the chief financial officer of the City, the Municipal Court Judge, and the City Attorney.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City Commission has a policy to maintain a minimum liquid fund balance reserve of 10% of the General Fund, Shawnee Municipal Authority, and Shawnee Airport Authority annual expenditures, excluding capital outlay. The fund balance reserves as of June 30, 2019 for the General Fund, Shawnee Municipal Authority, and Shawnee Airport Authority were 5.14%, 18.27%, and 21.95% respectively. Fund balance reserves fell below policy minimums due to increasing operating costs, predominately relating to personnel costs, and lower than anticipated estimated revenues received during fiscal years 2018 and 2019. In order to restore fund balance reserves to minimum levels, management began taking initiatives during FY-2019 to reduce operating costs by incentivizing a retirement for certain eligible staff, examining the absolute need and requirement for each expenditure, and reviewing each department for efficiencies to eliminate costs.

Construction on the Fire Department Station 2 was completed during FY-2019.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES, CONTINUED

During FY-2019, the City continued work on the construction of strategically construct sidewalks throughout the City with grant support from the Avedis Foundation. Additionally, the City constructed a new parking lot on the historic Santa Fe Depot to further the improvements to the historic downtown area.

In June 2018 the citizens voted to enact a half-cent sales tax for capital improvements related to parks and recreation, streets, and public safety to enhance the City's core services and quality of life. The tax will be

collected from October 2018 through September 2028 and is expected to generate approximately \$30 million for the projects. Using these funds, the City has purchased a new police department headquarters and is working on replenishing the police fleet with modern vehicles. Further, a firm has been engaged to start the redesign of Woodland and Kids Space Park as guided by the Master Park Plan passed by the City in 2017. Finally, the City has begun the process of expanding Kickapoo from North to South Kickapoo with expected completion in FY-2021.

The Shawnee Municipal Authority has a Capital Improvement Plan (CIP) for the water and wastewater treatment plants, including water delivery and collection systems. During FY-2019, the majority of the engineering was completed for the water and wastewater treatment plants for required capital improvements. The final engineering is expected to be completed during FY 2020. Project financing for the wastewater and water treatment improvements are expected to be secured during FY-2020.

In FY-2020, the Shawnee Municipal Authority began the implementation of Advanced Metering Infrastructure (AMI) for the water utility city-wide. The benefits of installing AMI meters has the opportunity to provide operational, customer and financial benefits such as the ability to perform remote meter readings from City Hall, increased meter reading accuracy, faster leak detection, real-time consumption data, reduced equipment and maintenance costs, and remote meter activation. Projected date of completion is April 2020.

ECONOMIC CONDITION AND OUTLOOK

The City's top priority is to provide the highest level of public services possible. Like other Oklahoma municipalities, long-term municipal finance is a concern as the principal revenue source is sales taxes which can fluctuate based on the state of the economy and consumer spending. A broad analysis of the current and future expenditure needs of the City must be considered when appropriating revenues to maintain and build fund balances in the event of economic fluctuations that could impact sales tax.

Overall economic conditions have remained stable over the past year, and economic development has continued to progress throughout the City during FY-2019. Additionally, with the passage of the internet-based sales tax legislation, the City has seen a strong increase in use taxes during FY-2019 with this expected to continue in FY-2020. Overall macroeconomic trends in the State of Oklahoma continued to improve during FY-2019 and are expected to be stable into FY-2020. Additionally, as of June 2019, the Oklahoma unemployment rate remains at historic lows of 3.2%.

The City depends significantly on sales and use tax to fund all general government operations. Approximately 60% of the General Fund revenues are provided by sales and use tax; which slightly increased during FY 2019. Sales and use taxes collected through November 2019 are increasing compared with FY-2019 results. Intergovernmental revenues comprised \$2,524,421 of the General Fund revenues which consists of revenues from grants and other governmental agencies. Intergovernmental revenues remained relatively consistent and stable during FY 2018 due to maintaining similar grant programs and no changes in on-behalf state agency receipts.

The City's FY-2020 budget estimates for General Fund revenues are approximately \$22 million. Additionally, the Shawnee Municipal Authority utility revenues are projected at approximately \$22 million, an increase over prior years resulting from the AMI project and needed capital expenditures. The City Commission approves annually appropriated budgets for the combined General Fund accounts, special revenue funds, proprietary funds, and debt service fund. The budgets are approved for each fund by department and expenditure category. For additional information, please see the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. In order to be awarded the Certificate of

Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine eligibility for the current report. The preparation of the Comprehensive Annual Financial Report was made possible by the staff dedication of the Accounting Division. Management applauds the Mayor, Commission Members, and the department directors for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Chance Allison
City Manager



Ashley Noel
City Treasurer

City of Shawnee, Oklahoma

List of Principal Officials

June 30, 2019

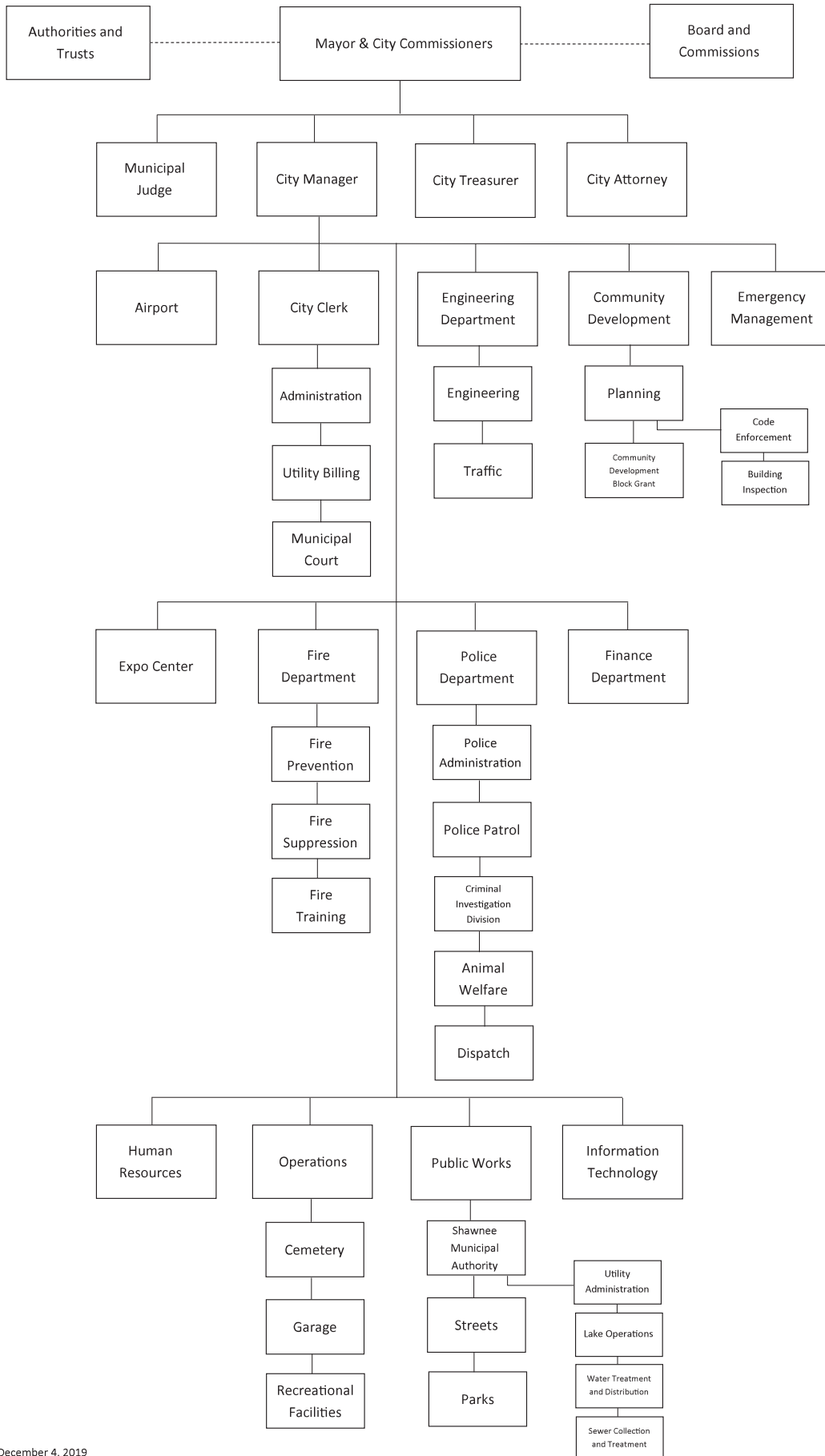
Mayor and City Commission

Richard Finley	Mayor
James Harrod	Commissioner
Ed Bolt	Commissioner
Mike Sehorn	Commissioner
Ron Gillham	Commissioner
Darren Rutherford	Commissioner
Ben Salter	Commissioner

Administration

Eric Benson	Interim City Manager
Chance Allison	Assistant City Manager/Treasurer
Lisa Sasyone	City Clerk
Mason Wilson	Police Chief
Rodney Foster	Fire Chief
Tamera Johnson	Human Resource Director
Rebecca Blaine	Community Development Director/ Planning Director
Michael Ludi	Director of Engineering
James Bryce	Director of Operations
Brad Schmidt	Public Works Director
Chris Dunlap	Expo Center Director

City of Shawnee Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Shawnee
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of the
City of Shawnee, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Shawnee Civic and Cultural Development Authority ("SCCDA"), the City's discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for SCCDA, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund

information of the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



December 23, 2019

As Management of the City of Shawnee, we offer readers this narrative overview and analysis of the financial activities of the City of Shawnee for the fiscal year ended June 30, 2019. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$5,686,854 or 7.6% from the prior year and the assets and deferred outflows of the City continued to exceed its liabilities and deferred inflows at June 30, 2019, by \$80.5 million (net position).
- Of the \$80.5 million in net position, \$91.1 million is the net investment in capital assets. Another \$11.4 million is restricted for capital projects, debt service, economic development, and public safety. The remaining unrestricted net position for governmental activities is a deficit of approximately \$21.0 million and unrestricted net position of the business-type activities is a deficit of \$1.0 million. The deficits in a large part are caused by GASB Statements 68 and 71 related to employer pension accounting and GASB Statement 75 related to other post-employment benefits.
- At June 30, 2019, the City's governmental funds reported total combined ending fund balances of \$17.1 million. Of this amount, \$17.6 million is restricted by outside sources and enabling legislation, leaving a deficit of \$0.6 million as unassigned fund balance.
- At June 30, 2019, enterprise funds reported \$42.2 million of total net position. \$40.9 million is the net investment in capital assets, and \$2.3 million is restricted for debt service, leaving a deficit of \$1.0 million in an unrestricted net position deficit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Shawnee (City), the Shawnee Municipal Authority (SMA), Shawnee Airport Authority (SAA), the Shawnee Urban Renewal Authority (accounted for in the CDBG fund) and one discretely presented component unit. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type, along with the discretely presented component unit, the Shawnee Civic and Cultural Authority (SCCDA or Expo).

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Government-wide financial statements also report the City's operations in more detail than the fund level statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure), along with deferred outflows, as well as all liabilities (including long-term debt), along with deferred inflows.

Reporting the City as a Whole - Statement of Net Position and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of Shawnee's basic financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer financial questions. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The Statement of Net Position and the Statement of Activities are divided into three types of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the public safety, street improvements, community planning and development, civic and cultural activities, and economic development. Sales and use taxes, franchise fees, fines, and state and federal grants finance most of these activities. The Shawnee Urban Renewal Authority is included within the financial statements as a part of Other Governmental Funds within a grouping of Special Revenue Funds titled CDBG & Home Grant Funds. All of the activity of the Shawnee Urban Renewal Authority is in the CDBG & Home Grant Funds and the Shawnee Urban Renewal Authority (a blended component unit) does not have any of its own assets or liabilities.
- **Business-type activities** - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, sanitation, and airport services are reported here. The Shawnee Municipal Authority and the Shawnee Airport Authority are enterprise funds and are blended component units of the City.
- **Discretely presented component unit** - This component unit, the Shawnee Civic and Cultural Development Authority, accounts for activities of the City's reporting entity that do not meet the criteria for blending.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of Shawnee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Shawnee can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources

available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following the Governmental Fund financial statements.

Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds.

- *Enterprise funds* are one type of proprietary funds and are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has two enterprise funds -- the Shawnee Municipal Authority and the Shawnee Airport Authority -- to account for its water, sewer, sanitation, and airport operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Internal service funds* are another type of proprietary fund used to account for services provided to other departments on a cost reimbursement basis. The City has one internal service fund – the Self-Insured Workers’ Compensation Fund -- to account for its workers’ compensation costs. The revenues and expenditures reported in this internal service fund are included with governmental activities at the government-wide level of reporting.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City has included other information (OI), on pages 1-4, the letter of transmittal and the 10-year statistical tables beginning on page 107. The Required Supplementary Information (RSI) section, starting on page 75, reports the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – and the related Notes to the Required Supplementary Information on Budgetary Accounting and Control for the fiscal year ended June 30, 2019. Also reported here is actuarial information related to the City’s defined benefit pension plan, the City’s Other Postemployment Benefits (OPEB) and the city’s cost sharing pension plans schedules.

Other Supplementary Information (SI) is provided on pages 86-103. Other Supplementary Information contains combining schedules on the general fund and combining statements and schedules of other governmental funds.

THE CITY AS A WHOLE

For the year ended June 30, 2019, net position for the governmental activities and business-type activities increased \$5,686,854. The results indicate the City’s financial condition improved over the prior year.

**MANAGEMENT'S DISCUSSION & ANALYSIS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2019**

Following is a summary of net position for the City of Shawnee as of June 30, 2019 and June 30, 2018:

**TABLE 1
NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Current assets	\$ 20,152	\$ 9,428	114%	\$ 5,118	\$ 4,080	25%	\$ 25,270	\$ 13,508	87%
Capital assets, net	53,474	53,744	-1%	51,525	53,689	-4%	104,999	107,433	-2%
Total assets	73,626	63,172	17%	56,643	57,769	-2%	130,269	120,941	8%
Deferred outflows	5,694	5,223	9%	489	654	-25%	6,183	5,877	5%
Current liabilities	7,427	4,631	60%	3,584	3,655	-2%	11,011	8,286	33%
Non-current liabilities	31,179	28,959	8%	11,033	12,824	-14%	42,212	41,783	1%
Total liabilities	38,606	33,590	15%	14,617	16,479	-11%	53,223	50,069	6%
Deferred inflows	2,432	1,669	46%	266	237	12%	2,698	1,906	42%
Net position									
Net investment capital assets	50,231	46,205	9%	40,904	41,648	-2%	91,135	87,853	4%
Restricted	9,082	6,569	38%	2,343	2,563	-9%	11,425	9,132	25%
Unrestricted (deficit)	(21,031)	(19,638)	7%	(999)	(2,504)	60%	(22,030)	(22,142)	-1%
Total net position	\$ 38,282	\$ 33,136	16%	\$ 42,248	\$ 41,707	1%	\$ 80,530	\$ 74,843	8%

As shown in Table 1 above, the largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to \$91.1 million. 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.

Another portion of the City's net position, \$11.4 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors. The total remaining unrestricted net position is a deficit amount, with the governmental unrestricted net position having a deficit balance of \$21.0 million, or a 7% increase in the size of the deficit of the prior year, primarily due to a increase in the net investment in capital assets and an increase in restricted net position. The business-type activities has a deficit unrestricted net position of \$1.0 million, or a 60.1% decrease in the size of the deficit of the prior year, primarily due to a decrease in total liabilities and a decrease in the net investment in capital assets.

Changes in Net Position:

Table 2 summarizes the City's changes in net position for fiscal year 2019 compared to fiscal year 2018.

**MANAGEMENT'S DISCUSSION & ANALYSIS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2019**

**TABLE 2
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues									
Charges for service	\$ 1,342	\$ 1,172	14%	\$ 13,628	\$ 13,423	2%	\$ 14,970	\$ 14,595	3%
Operating grants and contributions	3,132	2,802	12%	-	4	-100%	3,132	2,806	12%
Capital grants and contributions	143	1,110	-87%	551	75	635%	694	1,185	-41%
Taxes	24,940	22,064	13%	-	-	-	24,940	22,064	13%
Intergovernmental revenue	336	339	-1%	-	-	-	336	339	-1%
Investment income	74	64	16%	74	73	1%	148	137	8%
Miscellaneous	298	16	1763%	970	44	2105%	1,268	60	2013%
Total revenues	30,265	27,567	10%	15,223	13,619	12%	45,488	41,186	10%
Expenses									
General government	4,331	3,912	11%	-	-	-	4,331	3,912	11%
Public safety	15,758	18,347	-14%	-	-	-	15,758	18,347	-14%
Streets	3,814	4,596	-17%	-	-	-	3,814	4,596	-17%
Culture and recreation	1,965	2,346	-16%	-	-	-	1,965	2,346	-16%
Community development	560	850	-34%	-	-	-	560	850	-34%
Economic development	1,305	1,546	-16%	-	-	-	1,305	1,546	-16%
Interest	416	128	225%	-	-	-	416	128	225%
Water	-	-	-	4,469	5,592	-20%	4,469	5,592	-20%
Wastewater	-	-	-	3,555	4,014	-11%	3,555	4,014	-11%
Sanitation	-	-	-	1,565	1,717	-9%	1,565	1,717	-9%
Administration	-	-	-	666	835	-20%	666	835	-20%
Airport	-	-	-	1,261	1,416	-11%	1,261	1,416	-11%
Lake	-	-	-	136	192	-29%	136	192	-29%
Total expenses	28,149	31,725	-11%	11,652	13,766	-15%	39,801	45,491	-13%
Excess (deficiency) before transfers	2,116	(4,158)	-151%	3,571	(147)	-2529%	5,687	(4,305)	-232%
Transfers	3,030	(273)	-1210%	(3,030)	273	1210%	-	-	
Change in net position	5,146	(4,431)	216%	541	126	329%	5,687	(4,305)	-232%
Beginning net position	33,136	37,567	-12%	41,707	41,581	0%	74,843	79,148	-5%
Ending net position	\$ 38,282	\$ 33,136	16%	\$ 42,248	\$ 41,707	1%	\$ 80,530	\$ 74,843	8%

Governmental Activities

The City's governmental activities (as shown in Table 2 above) increased net position by \$5.1 million, representing a 216% increase in changes in net position. The increase is due to an increase in transfers from other funds, a decrease in capital grants and contributions, and a decrease in expenditures.

Fiscal year 2018-2019 tax revenues totaled \$24.9 million compared to \$22.14 million in fiscal year 2017-2018 as the local economy slightly improved and the city began levying a new .50 percent sales tax in October 2018.

Capital grants and contributions decreased 87% from the prior year, as the City had a decrease in capital grants and donated infrastructure.

Expenditures decreased in most functions as the city began taking cost saving measures to recover from several years of economic downturn.

Business-type Activities

Operations of the business-type activities remained relatively consistent with the prior year.

Tables 3 and 4 summarize the total cost of providing services from governmental activities and business-type activities for fiscal years 2019 and 2018.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2019	2018		2019	2018	
	General government	\$ 4,331		\$ 3,912	11%	
Public safety	15,758	18,347	-14%	(12,630)	(15,466)	-18%
Streets	3,814	4,596	-17%	(3,479)	(4,274)	-19%
Culture, parks and recreation	1,965	2,346	-16%	(1,613)	(1,463)	10%
Community development	560	850	-34%	(166)	(247)	-33%
Economic development	1,305	1,546	-16%	(1,268)	(1,511)	-16%
Interest on long-term debt	416	128	225%	(416)	(128)	225%
Total	\$ 28,149	\$ 31,725	-11%	\$ (23,535)	\$ (26,639)	-12%

Total costs of services provided by governmental activities totaled \$28.1 and \$31.7 million for fiscal years 2019 and 2018, respectively.

Total costs of services provided by business-type activities totaled \$11.7 million for fiscal year 2019 and \$13.8 million for fiscal year 2018.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2019	2018		2019	2018	
	Water	\$ 4,469		\$ 5,592	-20%	
Wastewater	3,555	4,014	-11%	165	(242)	-168%
Sanitation	1,565	1,717	-9%	723	548	32%
Administration	666	835	-20%	(666)	(835)	-20%
Airport	1,261	1,416	-11%	(139)	(834)	-83%
Lake	136	192	-29%	(109)	(95)	15%
Total	\$ 11,652	\$13,766	-15%	\$ 2,526	\$ (266)	-1050%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$17.1 million. The enterprise funds reported combined net position of \$42.7 million. The fund balance constraints and net position restrictions are listed below:

Governmental Funds:

Fund Balance:

Nonspendable	\$154,869
Restricted	<u>17,604,861</u>
Total governmental fund balance constraints	<u>\$17,759,730</u>

Proprietary Funds:

Net Position Restrictions:

Debt service \$2,343,067

Other Fund Highlights Include:

- For the year ended June 30, 2019, the General Fund's total fund balance increased by \$1,072,430 or 92%. This increase is the result of a reduction in expenditures and an increase in transfers from other funds.
- General fund fire department total expenditures include \$1,243,189, while police department total expenditures include \$470,094, for pension payments made on behalf of the City by the State. The total amount of \$1,713,283 has been included as both revenue and expenditures of the City for the year ended June 30, 2019.
- The Street Improvement Fund's total fund balance increased by \$1.9 million due a reduction in current projects.
- The Capital Improvement Fund's total fund balance decreased by \$1.8 million related to increases in capital funding.
- The City created the 2018 Capital Improvement Fund to account for the proceeds of a \$10 million Sales Tax Revenue Note. The fund ended the year with \$9.2 million in fund balance and most of the proceeds had not been spent.
- The Shawnee Municipal Authority reported net income of \$3,710,388 before contributed capital, transfers in, and transfers out.

General Fund Budgetary Highlights

Fiscal year 2019 General Fund revenues of \$18.3 million were \$0.4 million above budgeted revenues.

Fiscal year 2019 General Fund expenditures were 1.65% below budgeted expenditures.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had \$105 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges, net of accumulated depreciation. This represents a net decrease of \$2.4 million from last year.

Below are details regarding the change in the City's capital assets for the year ending June 30, 2019.¹

¹ For more detailed information on capital asset activity please refer to page 44 Note III.D. Capital Assets

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,946	\$ 2,262	\$ 1,482	\$ 1,482	3,428	\$ 3,744
Buildings	7,139	5,948	4,682	5,426	11,821	11,374
Machinery, furniture and equipment	11,134	10,163	2,532	2,618	13,666	12,781
Infrastructure	31,681	28,947	27,427	29,987	59,108	58,934
Water rights	-	-	12,968	12,968	12,968	12,968
Construction in progress	1,574	6,424	2,435	1,208	4,009	7,632
Totals	\$ 53,474	\$ 53,744	\$ 51,526	\$ 53,689	\$ 105,000	\$ 107,433

This year's more significant capital asset additions include various water, wastewater and street improvement projects as well as upgrades to various city buildings, and the airport. The most significant additions are related replacement of fire department vehicles, street improvements, and sidewalk upgrades.

Debt Administration

At year-end, the City had \$28.3 million in long-term debt outstanding, which represents a \$6.1 million increase from the prior year. The increase is due to the issuance of a \$10 million Sales Tax Revenue Note for capital improvements. These debts are further detailed below as follows: ²

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accrued absences	\$ 2,293	\$ 2,452	\$ 244	\$ 307	\$ 2,537	\$ 2,759
Notes payable	11,710	3,990	10,416	11,776	22,126	15,766
Claims and judgments payable	3,011	3,011	-	-	3,011	3,011
Capital leases	615	910	-	-	615	910
Totals	\$ 17,629	\$ 10,363	\$ 10,660	\$ 12,083	\$ 28,289	\$ 22,446

² For more detailed information on long-term debt activity please refer to page 46, Note III.E. Long-Term Debt

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions have remained stable over the past year. Economic development within the City has continued at a steady pace throughout FY-2019, and we believe will continue into FY-2020. Sales taxes, the primary revenue source of the general government, remained steady with a slight increase of approximately 2.8% during FY-2019. With the passage of the internet sales tax legislation, we are confident use taxes will increase into FY-2020. Unemployment continues to be low with a June figure of 3.2% statewide.

Additional positions the City would like to see in the future are:

Assistant City Manager

Chief Information Officer

Miscellaneous other positions to improve customer and internal service

Total FY 2019-2020 General Fund revenues are estimated at \$22 million, including \$4.4 million in transfers from other funds. As noted above, sales tax and use tax collections, representing approximately 60% percent of the total General Fund revenues, are continuing the trend of running above budgeted projections as of November 2019. Total FY 2019-2020 Shawnee Municipal Authority utility revenues are projected at \$22 million with approximately \$7.4 million budgeted for wastewater treatment plant upgrades and related engineering services. We are projecting all engineering will be completed during FY-2020 with project financing and initial construction occurring during FY-2020 or early FY-2021. Several measures have been introduced to stabilize and provide transparency around the budget including adjusting water and sewer rates based on CPI, annually analyzing expenditures, budgeting based on historical trends, and providing monthly budget updates to the public.

In March of 2014, the City signed a sales tax rebate agreement with Hunt Properties of Dallas, TX to attract a 400,000 square foot retail center. Phase 1 of the development is completed and operating. Phase 1 has \$20 million in new buildings and public improvements such as water and sewer extensions, landscaping and lighting, parking and associated drives which will generate excise tax revenue based on the point of delivery. Phase I is generating approximately \$1.1 million in new sales tax per year. Under the terms of the agreement the developer is rebated back a portion of the new sales tax generated for a certain period of years. We will have additional growth this year with a new development at Harrison and 45th Street including a large service station, four restaurants, and two new hotels off the I-40 corridor.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 16 W 9th, Shawnee, Oklahoma or phone at (405) 878-1601.

BASIC FINANCIAL STATEMENTS

City of Shawnee, Oklahoma
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Unit Civic & Cultural Development Authority
ASSETS				
Cash and cash equivalents	\$ 13,271,229	\$ 2,079,389	\$ 15,350,618	\$ 127,782
Investments	496,395	2,470,308	2,966,703	-
Interest receivable	3,080	-	3,080	-
Accounts receivable, net of allowance	614,547	1,870,989	2,485,536	28,957
Notes receivable, net of allowance	381,470	-	381,470	-
Internal balances	1,423,676	(1,423,676)	-	-
Due from other governmental agencies	3,240,688	49,824	3,290,512	-
Inventories	-	43,662	43,662	-
Prepaid items	154,869	27,194	182,063	-
Net pension asset	566,064	-	566,064	-
Capital assets:				
Land, construction in progress, and water rights	3,520,401	16,884,684	20,405,085	-
Other capital assets, net of depreciation	49,953,367	34,640,366	84,593,733	4,342,979
Total Assets	<u>73,625,786</u>	<u>56,642,740</u>	<u>130,268,526</u>	<u>4,499,718</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts on refunding	-	232,232	232,232	-
Deferred amounts related to pensions	5,617,530	239,021	5,856,551	-
Deferred amounts related to OPEB	76,102	17,967	94,069	-
Total deferred outflow of resources	<u>5,693,632</u>	<u>489,220</u>	<u>6,182,852</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	1,623,319	531,679	2,154,998	20,823
Accrued interest payable	46,289	109,908	156,197	-
Due to depositors	-	1,341,750	1,341,750	12,683
Due to bondholders	7,685	-	7,685	-
Unearned revenue	381,470	-	381,470	-
Long-term liabilities				
Due within one year	5,367,784	1,600,739	6,968,523	10,741
Due in more than one year	31,179,410	11,033,451	42,212,861	33,624
Total liabilities	<u>38,605,957</u>	<u>14,617,527</u>	<u>53,223,484</u>	<u>77,871</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	2,124,088	193,580	2,317,668	-
Deferred amounts related to OPEB	307,412	72,578	379,990	-
Total deferred inflow of resources	<u>2,431,500</u>	<u>266,158</u>	<u>2,697,658</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	50,230,949	40,904,699	91,135,648	4,298,614
Restricted for:				
Debt service	415,847	2,343,067	2,758,914	-
Public safety	227,327	-	227,327	-
Capital projects	7,625,200	-	7,625,200	-
Economic development	546,262	-	546,262	-
Other	267,069	-	267,069	-
Unrestricted (deficit)	(21,030,693)	(999,491)	(22,030,184)	123,233
Total net position	<u>\$ 38,281,961</u>	<u>\$ 42,248,275</u>	<u>\$ 80,530,236</u>	<u>\$ 4,421,847</u>

The accompanying notes are an integral part of these financial statements.

**City of Shawnee, Oklahoma
Statement of Activities
Year Ended June 30, 2019**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for	Operating	Capital Grants	Governmental	Business-type	Total	Civic & Cultural
		Services	Grants and	and				Development
		Contributions	Contributions	Contributions	Activities	Activities		Authority
Primary government								
Governmental Activities								
General government	\$ 4,330,793	\$ 308,368	\$ 59,850	\$ -	\$ (3,962,575)	\$ -	\$ (3,962,575)	\$ -
Public safety	15,758,461	602,059	2,416,369	110,364	(12,629,669)	-	(12,629,669)	-
Streets	3,814,430	26,848	277,712	30,694	(3,479,176)	-	(3,479,176)	-
Culture and recreation	1,965,351	351,033	3	1,500	(1,612,815)	-	(1,612,815)	-
Community development	560,022	16,245	378,409	-	(165,368)	-	(165,368)	-
Economic development	1,304,607	37,067	-	-	(1,267,540)	-	(1,267,540)	-
Interest on long-term debt	415,794	-	-	-	(415,794)	-	(415,794)	-
Total governmental activities	<u>28,149,458</u>	<u>1,341,620</u>	<u>3,132,343</u>	<u>142,558</u>	<u>(23,532,937)</u>	<u>-</u>	<u>(23,532,937)</u>	<u>-</u>
Business-type activities:								
Water	4,468,752	7,020,949	-	-	-	2,552,197	2,552,197	-
Wastewater	3,555,364	3,721,186	-	-	-	165,822	165,822	-
Sanitation	1,564,494	2,286,832	-	-	-	722,338	722,338	-
Administration	665,967	-	-	-	-	(665,967)	(665,967)	-
Airport	1,261,117	571,367	-	550,701	-	(139,049)	(139,049)	-
Lake	136,066	27,280	-	-	-	(108,786)	(108,786)	-
Total business-type activities	<u>11,651,760</u>	<u>13,627,614</u>	<u>-</u>	<u>550,701</u>	<u>-</u>	<u>2,526,555</u>	<u>2,526,555</u>	<u>-</u>
Total primary government	<u>\$ 39,801,218</u>	<u>\$ 14,969,234</u>	<u>\$ 3,132,343</u>	<u>\$ 693,259</u>	<u>(23,532,937)</u>	<u>2,526,555</u>	<u>(21,006,382)</u>	<u>-</u>
Component Unit								
Civic & Cultural Development	<u>\$ 1,986,581</u>	<u>\$ 1,266,587</u>	<u>\$ 479,219</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,775)</u>
General revenues:								
Taxes:								
Sales and use taxes					22,541,481	-	22,541,481	-
Franchise taxes and public service taxes					1,482,916	-	1,482,916	-
Hotel/motel taxes					478,427	-	478,427	-
Property tax					59,335	-	59,335	-
Payment in lieu of taxes					973	-	973	-
Other					377,273	-	377,273	-
Intergovernmental revenue not restricted to specific programs					335,964	-	335,964	-
Unrestricted investment earnings					73,603	74,354	147,957	872
Miscellaneous					298,421	970,489	1,268,910	-
Transfers					3,029,916	(3,029,916)	-	-
Total general revenues and transfers					<u>28,678,309</u>	<u>(1,985,073)</u>	<u>26,693,236</u>	<u>872</u>
Change in net position					5,145,372	541,482	5,686,854	(239,903)
Net position - beginning					33,136,589	41,706,793	74,843,382	4,661,750
Net position - ending					<u>\$ 38,281,961</u>	<u>\$ 42,248,275</u>	<u>\$ 80,530,236</u>	<u>\$ 4,421,847</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>2018 Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,212,338	\$ 875,508	\$ 1,253,369	\$ 9,043,702	\$ 886,312	\$ 13,271,229
Investments	470	412,841	83,084	-	-	496,395
Interest receivable	2,054	398	449	-	179	3,080
Receivable from other governments	91,800	-	10,000	-	28,691	130,491
Due from other funds	1,446,807	65,000	5,628,343	-	319,773	7,459,923
Taxes receivable, net	2,151,466	321,555	363,045	-	195,800	3,031,866
Court fines receivable, net	136,680	-	-	-	-	136,680
Other receivables	258,482	-	-	245,315	433,871	937,668
Prepaid items	154,869	-	-	-	-	154,869
Total assets	<u>\$ 5,454,966</u>	<u>\$ 1,675,302</u>	<u>\$ 7,338,290</u>	<u>\$ 9,289,017</u>	<u>\$ 1,864,626</u>	<u>\$ 25,622,201</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 922,194	\$ 102,142	\$ 19,604	\$ 43,500	\$ 234,213	\$ 1,321,653
Accrued payroll payable	301,666	-	-	-	-	301,666
Due to other funds	4,268,162	1,934,878	-	-	239,790	6,442,830
Due to bondholders	7,685	-	-	-	-	7,685
Unearned revenue	-	-	-	-	381,470	381,470
Total liabilities	<u>5,499,707</u>	<u>2,037,020</u>	<u>19,604</u>	<u>43,500</u>	<u>855,473</u>	<u>8,455,304</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	43,444	-	-	-	-	43,444
Fund balances:						
Nonspendable	154,869	-	-	-	-	154,869
Restricted	-	-	7,318,686	9,245,517	1,040,658	17,604,861
Unassigned (deficit)	(243,054)	(361,718)	-	-	(31,505)	(636,277)
Total fund balances	<u>(88,185)</u>	<u>(361,718)</u>	<u>7,318,686</u>	<u>9,245,517</u>	<u>1,009,153</u>	<u>17,123,453</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,454,966</u>	<u>\$ 1,675,302</u>	<u>\$ 7,338,290</u>	<u>\$ 9,289,017</u>	<u>\$ 1,864,626</u>	<u>\$ 25,622,201</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total fund balance, governmental funds	\$ 17,123,453
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	53,473,768
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.	43,444
Deferred outflows and the net pension asset are not available to pay current period expenditures and therefore are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	
Net pension asset	566,064
Pension related deferred outflows	5,617,530
OPEB related deferred outflows	76,102
Some liabilities are not due and payable in the current period, and along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:	
Interest payable	(46,289)
Net pension liability	(14,965,953)
Pension related deferred inflows	(2,124,088)
Total OPEB liability	(3,952,156)
OPEB related deferred inflows	(307,412)
Accrued compensated absences	(2,292,641)
Note payable	(11,710,000)
Capital lease payable	(614,963)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are reported in governmental activities:	
Internal service fund net position	(2,604,898)
Net Position of Governmental Activities in the Statement of Net Position	\$ 38,281,961

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2019

	General Fund	Capital Improvement Fund	Street Improvement Fund	2018 Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 15,846,600	\$ 2,393,677	\$ 2,702,532	\$ 2,069,550	\$ 2,204,785	\$ 25,217,144
Intergovernmental	2,524,421	-	1,500	-	280,408	2,806,329
Licenses and permits	281,987	-	-	-	1,040	283,027
Charges for services	703,802	-	-	-	725	704,527
Fees and fines	494,445	-	-	-	42,952	537,397
Investment earnings	(30,777)	14,377	(1,184)	93,511	(2,324)	73,603
Miscellaneous	398,294	39,574	16,706	20	67,471	522,065
Total revenues	<u>20,218,772</u>	<u>2,447,628</u>	<u>2,719,554</u>	<u>2,163,081</u>	<u>2,595,057</u>	<u>30,144,092</u>
EXPENDITURES						
Current:						
General government	4,070,052	-	-	161,020	-	4,231,072
Engineering	394,315	-	-	-	-	394,315
Equipment and building maintenance	428,006	-	-	-	-	428,006
Police	7,237,971	-	-	-	45,171	7,283,142
Fire	6,567,034	-	-	-	-	6,567,034
Municipal court	400,392	-	-	-	-	400,392
Emergency management	468,604	-	-	-	-	468,604
Streets	1,097,859	-	-	-	440,573	1,538,432
Parks and recreation	1,143,288	-	-	-	13,746	1,157,034
Culture and recreation	161,105	-	-	-	-	161,105
Animal control/E911	789,620	-	-	-	196,147	985,767
Cemetery	201,044	-	-	-	-	201,044
Library	91,294	-	-	-	-	91,294
Economic development	525,166	-	-	-	1,121,941	1,647,107
Capital Outlay	9,091	2,833,530	296,033	1,279,257	41,572	4,459,483
Debt Service:						
Principal	-	1,234,631	-	1,340,000	-	2,574,631
Interest and other charges	-	109,548	-	136,139	-	245,687
Total expenditures	<u>23,584,841</u>	<u>4,177,709</u>	<u>296,033</u>	<u>2,916,416</u>	<u>1,859,150</u>	<u>32,834,149</u>
Excess (deficiency) of revenues over expenditures	<u>(3,366,069)</u>	<u>(1,730,081)</u>	<u>2,423,521</u>	<u>(753,335)</u>	<u>735,907</u>	<u>(2,690,057)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	-	-	-	10,000,000	-	10,000,000
Transfers in	5,017,246	-	-	-	286,333	5,303,579
Transfers out	(578,747)	(86,362)	(514,098)	(1,148)	(1,035,185)	(2,215,540)
Total other financing sources and uses	<u>4,438,499</u>	<u>(86,362)</u>	<u>(514,098)</u>	<u>9,998,852</u>	<u>(748,852)</u>	<u>13,088,039</u>
Net change in fund balances	1,072,430	(1,816,443)	1,909,423	9,245,517	(12,945)	10,397,982
Fund balances - beginning	(1,160,615)	1,454,725	5,409,263	-	1,022,098	6,725,471
Fund balances - ending	<u>\$ (88,185)</u>	<u>\$ (361,718)</u>	<u>\$ 7,318,686</u>	<u>\$ 9,245,517</u>	<u>\$ 1,009,153</u>	<u>\$ 17,123,453</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances - total governmental funds: \$ 10,397,982

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	4,192,786
Depreciation expense	(4,473,143)
Capital assets donated	10,000

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

2,349,085

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

Change in unavailable revenue	13,873
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Increase in accrued compensated absences	159,263
Increase in total OPEB liability	(136,046)
Principal paid on long-term debt	2,574,631
Note proceeds	(10,000,000)

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

Change in accrued interest payable	(9,087)
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Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:

Total change in net position of governmental activities - proprietary funds	66,028
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Change in net position of governmental activities	\$ 5,145,372
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The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Net Position – Proprietary Funds
June 30, 2019

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Shawnee Municipal Authority</u>	<u>Shawnee Airport Authority</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 511,324	\$ 276,828	\$ 788,152	\$ -
Investments	1,308,570	-	1,308,570	-
Restricted:				
Cash and cash equivalents	1,098,631	-	1,098,631	-
Due from other funds	953,897	-	953,897	453,144
Accounts receivable, net	1,832,152	36,723	1,868,875	-
Receivables from other governments	-	49,824	49,824	-
Assessments receivable	2,114	-	2,114	-
Inventories	-	43,662	43,662	-
Prepaid expenses	27,194	-	27,194	-
Total current assets	<u>5,733,882</u>	<u>407,037</u>	<u>6,140,919</u>	<u>453,144</u>
Non-current assets:				
Restricted:				
Cash and cash equivalents	192,606	-	192,606	-
Investments	1,161,738	-	1,161,738	-
Capital assets:				
Land, construction in progress, and water rights	15,299,419	1,585,265	16,884,684	-
Other capital assets, net of accumulated depreciation	29,706,370	4,933,996	34,640,366	-
Total non-current assets	<u>46,360,133</u>	<u>6,519,261</u>	<u>52,879,394</u>	<u>-</u>
Total assets	<u>52,094,015</u>	<u>6,926,298</u>	<u>59,020,313</u>	<u>453,144</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts on refunding	232,232	-	232,232	-
Deferred amounts related to pensions	239,021	-	239,021	-
Deferred amounts related to OPEB	17,967	-	17,967	-
Total deferred outflows of resources	<u>489,220</u>	<u>-</u>	<u>489,220</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	298,497	123,221	421,718	-
Salaries payable	107,314	2,647	109,961	-
Accrued interest payable	109,908	-	109,908	-
Due to other funds	1,536,560	841,013	2,377,573	46,561
Deposits subject to refund	1,341,750	-	1,341,750	-
Compensated absences	47,510	1,311	48,821	-
Claims and judgments	-	-	-	545,554
Notes payable	1,551,918	-	1,551,918	-
Total current liabilities	<u>4,993,457</u>	<u>968,192</u>	<u>5,961,649</u>	<u>592,115</u>
Non-current liabilities:				
Compensated absences, net of current portion	190,040	5,242	195,282	-
Claims and judgments, net of current portion	-	-	-	2,465,927
Net pension liability	604,424	-	604,424	-
Total OPEB liability	933,080	-	933,080	-
Notes payable, net of current portion	9,300,665	-	9,300,665	-
Total non-current liabilities	<u>11,028,209</u>	<u>5,242</u>	<u>11,033,451</u>	<u>2,465,927</u>
Total liabilities	<u>16,021,666</u>	<u>973,434</u>	<u>16,995,100</u>	<u>3,058,042</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	193,580	-	193,580	-
Deferred amounts related to OPEB	72,578	-	72,578	-
Total deferred inflows of resources	<u>266,158</u>	<u>-</u>	<u>266,158</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	34,385,438	6,519,261	40,904,699	-
Restricted for debt service	2,343,067	-	2,343,067	-
Unrestricted (deficit)	(433,094)	(566,397)	(999,491)	(2,604,898)
Total net position	<u>\$ 36,295,411</u>	<u>\$ 5,952,864</u>	<u>\$ 42,248,275</u>	<u>\$ (2,604,898)</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2019

	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Fund
REVENUES				
Water	\$ 6,324,522	\$ -	\$ 6,324,522	\$ -
Sewer	3,617,569	-	3,617,569	-
Sanitation	2,241,092	-	2,241,092	-
Rents and royalties	27,080	269,250	296,330	-
Fuel sales	-	285,492	285,492	-
Miscellaneous	891,194	16,375	907,569	-
Total operating revenues	<u>13,101,457</u>	<u>571,117</u>	<u>13,672,574</u>	<u>-</u>
OPERATING EXPENSES				
General government	681,074	-	681,074	-
Lake	89,599	-	89,599	-
Water	2,813,418	-	2,813,418	-
Wastewater	1,826,279	-	1,826,279	-
Sanitation	1,203,784	-	1,203,784	-
Line maintenance	243,083	-	243,083	-
Airport	-	533,889	533,889	-
Claims expense	-	-	-	531,722
Depreciation	3,104,625	727,227	3,831,852	-
Total operating expenses	<u>9,961,862</u>	<u>1,261,116</u>	<u>11,222,978</u>	<u>531,722</u>
Operating income (loss)	<u>3,139,595</u>	<u>(689,999)</u>	<u>2,449,596</u>	<u>(531,722)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	74,296	58	74,354	-
Miscellaneous revenue	925,279	250	925,529	68,527
Interest expense	(428,782)	-	(428,782)	-
Total non-operating revenue (expenses)	<u>570,793</u>	<u>308</u>	<u>571,101</u>	<u>68,527</u>
Income (loss) before contributions and transfers	<u>3,710,388</u>	<u>(689,691)</u>	<u>3,020,697</u>	<u>(463,195)</u>
Capital grants and contributions	58,123	550,701	608,824	-
Transfers in	600,460	292,414	892,874	529,223
Transfers out	(3,980,913)	-	(3,980,913)	-
Change in net position	<u>388,058</u>	<u>153,424</u>	<u>541,482</u>	<u>66,028</u>
Total net position - beginning	35,907,353	5,799,440	41,706,793	(2,670,926)
Total net position - ending	<u>\$ 36,295,411</u>	<u>\$ 5,952,864</u>	<u>\$ 42,248,275</u>	<u>\$ (2,604,898)</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2019

	Enterprise Funds			Internal Service Funds
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 14,109,839	\$ 544,139	\$ 14,653,978	\$ 68,527
Payments to employees	(3,249,806)	(157,965)	(3,407,771)	-
Payments to suppliers	(3,985,972)	(314,132)	(4,300,104)	-
Claims and judgments paid	-	-	-	(533,433)
Receipts of customer meter deposits	299,640	-	299,640	-
Refunds of customer meter deposits	(261,942)	-	(261,942)	-
Interfund receipts	110,878	88,996	199,874	(64,317)
Net cash provided by (used in) operating activities	7,022,637	161,038	7,183,675	(529,223)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	600,460	292,414	892,874	529,223
Transfers to other funds	(3,980,913)	-	(3,980,913)	-
Net cash provided by (used in) noncapital financing activities	(3,380,453)	292,414	(3,088,039)	529,223
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale (Purchase) of capital assets	(637,560)	(971,870)	(1,609,430)	-
Proceeds of capital grants	-	518,360	518,360	-
Proceeds from debt	140,473	-	140,473	-
Principal paid on debt	(1,500,416)	-	(1,500,416)	-
Interest and fiscal agent fees paid on debt	(474,853)	-	(474,853)	-
Net cash provided by (used in) capital and related financing activities	(2,472,356)	(453,510)	(2,925,866)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	(1,016,578)	-	(1,016,578)	-
Interest and dividends	74,296	58	74,354	-
Net cash provided by (used in) investing activities	(942,282)	58	(942,224)	-
Net increase (decrease) in cash and cash equivalents	227,546	-	227,546	-
Balances - beginning of year	1,575,015	276,828	1,851,843	-
Balances - end of year	\$ 1,802,561	\$ 276,828	\$ 2,079,389	\$ -
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 511,324	\$ 276,828	\$ 788,152	\$ -
Restricted cash and cash equivalents - current	1,098,631	-	1,098,631	-
Restricted cash and cash equivalents - noncurrent	192,606	-	192,606	-
Total cash and cash equivalents, end of year	\$ 1,802,561	\$ 276,828	\$ 2,079,389	\$ -
Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:				
Operating income (loss)	\$ 3,139,595	\$ (689,999)	\$ 2,449,596	\$ (531,722)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	3,104,625	727,227	3,831,852	-
Miscellaneous revenue	925,279	250	925,529	68,527
Change in assets and liabilities:				
Due from other funds	110,878	-	110,878	-
Due to other funds	-	88,996	88,996	(64,317)
Accounts receivable	83,103	(27,228)	55,875	-
Inventory	-	(16,194)	(16,194)	-
Prepaid items	(1,606)	-	(1,606)	-
Deferred outflows related to pension	112,744	-	112,744	-
Deferred outflows related to OPEB	(17,967)	-	(17,967)	-
Accounts payable	(242,555)	86,306	(156,249)	(1,711)
Accrued payroll payable	(5,711)	(394)	(6,105)	-
Deposits subject to refund	37,698	-	37,698	-
Claims and judgments liability	-	-	-	-
Net Pension liability	(258,188)	-	(258,188)	-
Total OPEB liability	60,606	-	60,606	-
Accrued compensated absences	(55,325)	(7,926)	(63,251)	-
Deferred inflows related to OPEB	(10,519)	-	(10,519)	-
Deferred inflows related to pension	39,980	-	39,980	-
Net cash provided by (used in) operating activities	\$ 7,022,637	\$ 161,038	\$ 7,183,675	\$ (529,223)
Noncash activities:				
Assets contributed by others	\$ 58,123	-	\$ 58,123	-
	\$ 58,123	\$ -	\$ 58,123	\$ -

The accompanying notes are an integral part of these financial statements.

I. Organization

The City of Shawnee, Oklahoma, (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative services.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying financial statements present the City 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 operation. The City's financial statements include one discretely presented component unit, which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City's primary government.

Blended component units. The Shawnee Municipal Authority (SMA) was created November 11, 1968, to finance, develop, and operate the water, sewer, and solid waste activities. The current City Commission serves as its entire governing body (trustees) of the SMA and management of the city has operational responsibility of the SMA. Any issuance of debt would require a two-thirds approval of the City Commission. SMA is reported as an enterprise fund.

The Shawnee Airport Authority (SAA) was created March 18, 1974, to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control, and regulate air transportation facilities. The current City Commission serves as its entire governing body (trustees) of the SAA and management of the city has operational responsibility of the SAA. Any issuance of debt would require a two-thirds approval of the City Commission. SAA is reported as an enterprise fund.

The Shawnee Urban Renewal Authority is included within the financial statements as a part of Other Governmental Funds within a grouping of Special Revenue Funds titled CDBG & Home Grant Funds. All of the activity of the Shawnee Urban Renewal Authority is in the CDBG & Home Grant Funds and the Shawnee Urban Renewal Authority does not have any of its own assets or liabilities.

Separate financial statements have not been prepared for the blended component units.

Discretely presented component unit. Shawnee Civic & Cultural Development Authority (SCCDA) was created January 5, 1976, to acquire by lease and to operate, regulate and administer all physical properties, real or personal which shall be of public use or of civic and/or cultural benefit or incident to carry out an authority or proper function of the City of Shawnee, the beneficiary of the SCCDA. The governing body consists of seven members; the City Manager of the City of Shawnee, four (4) citizens representing the general public to be selected by the Governing Board of the Beneficiary, and two (2) residents of Pottawatomie County appointed by the Commissioners of Pottawatomie County and approved by the SCCDA Trustees. The SCCDA does not have the same Board nor does it provide services exclusively to the City of Shawnee. However, any issuance of debt requires a two-thirds approval of the City Commission. If the SCCDA was not included in the financial statements of the City of Shawnee, the accompanying financial statements would be misleading and incomplete.

The SCCDA issued separate audited financial statements, which are available by contacting that entity at (405) 275-7020.

The SCCDA has adopted a December 31 year-end to better represent its business cycle. Accordingly, the financial information contained in these financial statements for the SCCDA is as of December 31, 2018 and for the year then ended.

Related organizations. These organizations have a close association with the City of Shawnee; however, the relationship does not meet the requirements for inclusion in the City of Shawnee's Annual Financial Report. Separate financial statements for these entities can be obtained by contacting the entities as indicated:

Shawnee Industrial Authority	(405) 273-7490
Shawnee Economic Development	(405) 273-7490

B. Government-wide and fund financial statements

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

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

Combined and/or individual 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.

C. 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. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal 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 fund types:

General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

Capital Project Funds are used to account for resources restricted or the acquisition or construction of specific capital projects for items.

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

Fiduciary funds are used to report net position and changes therein of assets held by the City in a fiduciary capacity. These net position are not available for operations of the city. The City currently has no fiduciary funds. Fiduciary fund activity is not included in the government-wide financial statements.

The funds of the financial reporting entity are described below:

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The most significant operating revenue is sales tax. For reporting purposes the General Fund includes the activities of the following accounts: Revolving Oil and Gas account, Spay and Neuter account, Aquatic Center account, Library Account, Senior Citizens account, and Sister Cities account.
- The Street Improvement Fund accounts for the construction or major reconstruction of street projects, economic development or debt service. The funds major funding source is sales tax.
- The Capital Improvement Fund accounts for the purchase of capital equipment and construction of facilities, economic development, or debt service. The funds major funding source is sales tax.
- The 2018 Capital Improvement Fund accounts for the proceeds of the issuance of a \$10 million Sales Tax Revenue Note for capital improvements benefitting public safety, streets and roads, public parks and public facilities.

The City reports the following major proprietary funds:

- The Shawnee Municipal Authority accounts for the City's water, sewer, and sanitation operations. The funds major funding source is user charges.
- The Shawnee Airport Authority accounts for the City's airport operations. The funds major funding source is user charges.

The City also reports the following proprietary fund:

- Internal service fund accounts for workers' compensation insurance services provided to other departments or agencies of the City on a cost reimbursement basis.

Included in the aggregated other governmental fund totals are the following funds:

- The Street and Alley Fund accounts for the operation and maintenance of local streets and thoroughfares through dedicated taxes.
- The E-911 Fund accounts for the operations and maintenance of the City's 911 emergency services through dedicated taxes.
- The Economic Development Fund accounts for the promotion of economic development through dedicated taxes.
- The Hotel/Motel Surcharge Fund accounts for the collection of the City's hotel/motel surcharge, used to encourage, promote and foster tourism.

- The Police Sales Tax Fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for police officers.
- The Fire Sales Tax Fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for firefighters.
- The CDBG & HOME Grant Funds account for federal funds received by the City and expenditures related to the operation of these grants.
- The Cemetery Care Fund accounts for the continuing care and maintenance as well as future capital investments of the City owned cemetery funded with fees restricted by external sources.
- The Gifts & Contributions Fund accounts for monies donated for various park projects, economic development, civic events, police, and fire donations.
- The Tax Increment Finance Fund accounts for ad valorem taxes paid to the City on properties located in the Shawnee Downtown Revitalization Area and Increment District to be used for economic development projects within that District.
- The Drug Forfeiture Fund accounts for funds received from Pottawatomie County drug enforcement activities to help fund City drug-related law enforcement efforts.
- The Debt Service Fund accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related expenses and fiscal agent fees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's utility functions and various other functions of the City. 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 Shawnee Municipal Authority and Shawnee Airport Authority enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury; time deposits with financial institutions, if such deposits are fully insured by federal depository insurance or pledged collateral; and debt securities issued by the State of Oklahoma, an Oklahoma County, school district, or municipality. A copy of the City of Shawnee's investment policy may be obtained by contacting the City of Shawnee, Post Office Box 1448, Shawnee, Oklahoma 74802-1448.

Investments for the City, as well as for its component units, are reported at fair value.

2. Receivable and payable

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. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grant, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

3. Restricted assets

Certain proceeds of the Shawnee Municipal Authority's enterprise fund promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The projects fund account is used to report those proceeds that are restricted for use in construction. The debt service fund account is used to segregate resources accumulated for debt service payments over the next 12 months. The debt service reserve account is used to report resources set aside to make up potential future deficiencies in the debt services account.

4. Inventories and Prepays

The Airport Authority (SAA) maintains a fuel inventory for aircraft. Inventory is valued at cost.

Prepays are payments to vendors that benefit future reporting periods and are reported on the consumption basis.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost 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 of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	20-50
Infrastructure	20-100
Furniture, equipment, and vehicles	3-10

6. Compensated absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Full-time employees with at least one year of service earn vacation of ten to twenty days per year depending on years of service completed. A maximum of ten to thirty days may be carried over from one benefit year into another, depending on years of service completed. Sick leave may be accumulated up to a maximum of 120 days. Accumulated sick leave is paid to employees only upon retirement at a rate of one day’s pay for every three day’s accumulated sick leave, up to a maximum of 40 days. A liability for these amounts is reported in governmental funds when they have matured as a result of employee resignations and retirements. The General Fund and the CDBG Grant Fund are used to liquidate compensated absences in the governmental activities.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount.

8. *Deferred Outflow/Inflows of Resources:*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government reports the following deferred outflows. Deferred amounts on refunding reported in the government-wide statement of net position and the proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the new debt or the remaining life of the refunded debt. The city also reports deferred outflows related to pension and OPEB contributions subsequent to the measurement date, the change in proportion, and the difference between expected and actual plan experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as in inflow of resources (revenues) until that time. The government reports deferred inflows related to pension accounting and OPEB accounting for the net difference between projected and actual earnings on pension plan investments, the change in proportion, changes in assumptions, and deferred differences between expected and actual plan experience.

9. *Fund equity*

Government-Wide and Proprietary Fund Financial Statements:

Net Position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

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

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of fund balance amounts require that restricted amounts would be reduced first, followed by committed amounts, assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City levies a three and a half cent sales tax on taxable sales within the city. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. One-cent is legally restricted by the voters. Sales tax is recorded as follows:

- Two-cents recorded to the General Fund for operations
- .3875 recorded in the Capital Improvement Fund restricted by ordinance for capital improvements, economic development or debt service
- .4375 recorded in the Street Improvement Fund and restricted by ordinance for capital improvements, economic development or debt service
- .0500 recorded in the Economic Development Fund and restricted by ordinance for capital improvements, economic development or debt service
- .0625 recorded in the Police Sales Tax Fund and restricted for police operations
- .0625 recorded in the Fire Sales Tax Fund and restricted for fire operations
- .5000 recorded in the 2018 Capital Improvement Fund and restricted for capital improvements or debt service (tax began in October 2018)

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

Property Tax

Under State statutes, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. For the year ended June 30, 2019, the City did not levy a tax.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and permits and state operating and capital grants
Public safety	Fines and forfeitures, court cost and fees, fire protection fees, animal control fees, and operating and capital grants
Streets	Permits, motor fuel and commercial vehicle revenue, capital and operating grants
Culture and recreation	Lake permits, park and recreation fees, state operating and capital grants
Community development	Zoning charges and Community Development Block Grants
Economic development	Rental fees and grants

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged seven-eighths of one penny (or .875%) of future sales tax revenues to repay \$3,040,000 and \$3,565,000 of Series 2013 and 2016 Sales Tax Revenue Notes. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues. The notes are payable through fiscal year 2020 and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$3,322,569. Pledged sales taxes received in the current year were \$5,405,072. Debt service payments of \$1,023,351 for the current fiscal year were 19% of pledged sales taxes.

Sales Tax Pledge - The City levied a new sales tax beginning October 1, 2018 of one-half percent (.50%). The City has pledged the future sales tax revenues to repay the \$10,000,000 Series 2018 Sales Tax Revenue Notes. Proceeds from the notes provided financing for capital improvements. The note is payable from pledged sales tax revenues through fiscal year 2029. The total principal and interest payable for the remainder of the life of the note is \$9,834,358. Pledged sales taxes received in the current year were \$2,069,550. Debt service payments of \$1,476,139 for the current fiscal year were 71% of pledged sales taxes.

Utility Revenues Pledge – The City has also pledged future gross water and wastewater revenues to repay \$1,485,000 of 2010A OWRB Notes Payable, \$12,070,000 of 2013 OWRB Notes Payable, \$5,380,000 of 2019 OWRB Notes Payable and \$5,410,000 of 2016 Municipal Authority Revenue Note. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2031, 2022, 2031 and 2031 respectively. The total principal and interest payable for the

remainder of the life of these notes is \$18,332,775. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$1,888,569 which was 19% of pledged utility revenues of \$9,942,091.

Expenditures and Expenses

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

F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as

Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.

3. *Primary government and component unit activity and balances* - resource flows between the primary government and the discretely presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

H. ACCOUNTING PRONOUNCEMENTS IMPLEMENTED

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, was effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. The adoption of this standard did not a material impact on the financial statements.

GASB Statement 88, *Certain Disclosures Related to Debt* - GASB No. 88 was issued April 2018, was effective for the city as of June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this standard did not a material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

III. Detailed notes on all funds

A. Deposits and investments – The City held the following deposits/investments at June 30, 2019:

PRIMARY GOVERNMENT:

Schedule of Deposits and Investments by Type

Type	Fair Value	Credit Rating	Maturities in Years		
			On Demand	Less Than One	1 - 5
Demand accounts	\$ 1,177,980	n/a	\$ 1,177,980	\$ -	\$ -
Time deposits	1,804,965	n/a	-	-	1,804,965
Money market mutual fund	14,169,103	AAAm	-	14,169,103	-
USTreasury bills	1,161,738	AA	-	1,161,738	-
Sub-total	18,313,786		\$ 1,177,980	\$ 15,330,841	\$ 1,804,965
Cash on hand	3,535				
Total Investments and Deposits	\$ 18,317,321				
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	\$ 15,350,618				
Investments	2,966,703				
	\$ 18,317,321				

GASB Statement No. 72, *Fair Value Measurement and Application*, established a fair value hierarchy for investments. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2019: Money Market Mutual Funds of \$14,169,103 and US Treasury Bills of \$1,161,738 are valued using quoted market prices (Level 1 inputs).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City requires that all deposits be collateralized by either FDIC insurance or pledged collateral. At June 30, 2019 the City’s deposits were fully insured and /or collateralized.

Interest Rate Risk. The City of Shawnee’s formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment maturities limit policy is as follows:

- The portfolio, as a whole, shall have an average maturity of not more than two (2) years, unless specifically otherwise designated by the Treasurer.
- Banker’s acceptances shall not exceed one hundred (180) days to maturity.

The City complied with this policy in all material respects.

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

Credit Risk. The City of Shawnee’s policy limits investments to the following: a) obligations of the U.S. Government, its agencies or instrumentalities; b) 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; c) 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; d) prime bankers’ acceptances which are eligible for purchase by the Federal Reserve System; e) prime commercial paper; f) investment grade obligations of state and local governments, including certain highly rated obligations of state- beneficiary public trusts; g) repurchase agreements; and h) money market funds regulated by the Securities and Exchange Commission which investments consist of those items and those restrictions specified in the investment policy of the City of Shawnee, Oklahoma. The City complied with this policy in all material respects.

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

The City places the following limit on the amount it may invest in any one issuer:

- With the exception of U.S. Treasury securities and authorized money market mutual funds, no more than 50% of the of City’s total investment portfolio will be invested in a single security type or with a single financial institution. Individual securities shall be limited as follows:

<u>Type of Investment</u>	<u>Percentage of Cash Available for Investment Not to Exceed</u>
Negotiable certificates of deposit	50%
Bankers’ acceptances	50%
Commercial paper	50%
Obligations of state and local government	50%

The City complied with this policy in all material respects.

COMPONENT UNIT:

The SCCDA was not exposed to custodial credit risk at December 31, 2018. The \$127,782 of cash and cash equivalents was invested in cash deposits and interest-bearing certificate of deposit fully insured by Federal Depository Insurance (FDIC) or direct obligations of the U.S. government. The SCCDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no limit placed on the amount it may invest in any one issuer and is exposed to concentration of credit risk by being 100% invested in money market funds.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

B. Receivables

Receivables as of June 30, 2019, including the applicable allowances for uncollectible accounts are as follows:

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 3,226,598	\$ -	\$ 3,226,598
Due from other governments	130,491	-	130,491
Court fines	1,366,807	(1,230,127)	136,680
Other	742,936	-	742,936
Total Governmental Activities	\$ 5,466,832	\$ (1,230,127)	\$ 4,236,705
 Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 614,547
Due from other governmental agencies			3,240,688
Notes receivable, net			381,470
Total			\$ 4,236,705
 Business-Type Activities:			
Utilities	\$ 3,338,386	\$ (1,467,397)	\$ 1,870,989

C. Restricted assets

The amounts reported as restricted assets of the business-type activities are comprised of assets held by the trustee bank on behalf of the Shawnee Municipal Authority related to their required revenue note and bond accounts, as well as deposits held for refund.

<u>Type of Restricted Assets</u>	Current	<u>Noncurrent</u>		Total
	Cash and Cash Equivalents	Cash and Cash Equivalents	Investments	
Trustee Accounts:				
OWRB 2013 Debt Service Account	\$ 968,152	\$ -	\$ -	\$ 968,152
OWRB 2010 Debt Service Account	20,294	-	-	20,294
SMA 2016 Debt Service Account	110,185	-	-	110,185
OWRB 2013 Debt Service Reserve	-	192,606	1,161,738	1,354,344
Total Restricted Assets	\$ 1,098,631	\$ 192,606	\$ 1,161,738	\$ 2,452,975

D. Capital Assets

The following is a summary of changes in capital assets during fiscal year 2019 for the primary government:

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

PRIMARY GOVERNMENT:

	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,261,793	\$ 10,000	\$ 325,811	\$ 1,945,982
Construction in progress	6,424,284	792,038	5,641,903	1,574,419
Total capital assets not being depreciated	<u>8,686,077</u>	<u>802,038</u>	<u>5,967,714</u>	<u>3,520,401</u>
Other capital assets:				
Buildings	15,736,070	1,886,756	615,379	17,007,447
Machinery, furniture and equipment	24,789,636	2,501,897	1,755,793	25,535,740
Infrastructure	59,287,254	5,118,244	-	64,405,498
Total other capital assets at historical cost	<u>99,812,960</u>	<u>9,506,897</u>	<u>2,371,172</u>	<u>106,948,685</u>
Less accumulated depreciation for:				
Buildings	9,788,407	645,256	564,780	9,868,883
Machinery, furniture and equipment	14,626,363	1,443,437	1,667,957	14,401,843
Infrastructure	30,340,142	2,384,450	-	32,724,592
Total accumulated depreciation	<u>54,754,912</u>	<u>4,473,143</u>	<u>2,232,737</u>	<u>56,995,318</u>
Other capital assets, net	45,058,048	5,033,754	138,435	49,953,367
Governmental activities capital assets, net	<u>\$ 53,744,125</u>	<u>\$ 5,835,792</u>	<u>\$ 6,106,149</u>	<u>\$ 53,473,768</u>

	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,481,715	\$ -	\$ -	\$ 1,481,715
Water rights	12,967,959	-	-	12,967,959
Construction in progress	1,208,217	1,228,493	1,700	2,435,010
Total capital assets not being depreciated	<u>15,657,891</u>	<u>1,228,493</u>	<u>1,700</u>	<u>16,884,684</u>
Other capital assets:				
Buildings	19,480,619	-	4,307,260	15,173,359
Machinery, furniture and equipment	8,313,627	428,827	30,965	8,711,489
Utility property	64,915,394	-	4,095	64,911,299
Total other capital assets at historical cost	<u>92,709,640</u>	<u>428,827</u>	<u>4,342,320</u>	<u>88,796,147</u>
Less accumulated depreciation for:				
Buildings	14,054,804	744,078	4,307,260	10,491,622
Machinery, furniture and equipment	5,695,146	527,399	42,898	6,179,647
Utility property	34,928,232	2,560,375	4,095	37,484,512
Total accumulated depreciation	<u>54,678,182</u>	<u>3,831,852</u>	<u>4,354,253</u>	<u>54,155,781</u>
Other capital assets, net	38,031,458	(3,403,025)	(11,933)	34,640,366
Business-type activities capital assets, net	<u>\$ 53,689,349</u>	<u>\$ (2,174,532)</u>	<u>\$ (10,233)</u>	<u>\$ 51,525,050</u>

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

Governmental Activities:

General government	\$ 126,672
Culture and recreation	712,672
Community development	21,633
Public safety	1,564,423
Public works	2,047,743
	<u>\$ 4,473,143</u>

Business-Type Activities:

Water	\$ 973,224
Wastewater	1,714,284
Sanitation	360,710
Administration	9,940
Lake	46,467
Airport	727,227
	<u>\$ 3,831,852</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

COMPONENT UNIT:

	<u>Balance, January 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2018</u>
Shawnee Civic and Cultural Development Authority:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,107,818	\$ 45,060	\$ -	\$ 11,152,878
Equipment	939,716	49,688	-	989,404
Total capital assets, being depreciated	<u>12,047,534</u>	<u>94,748</u>	<u>-</u>	<u>12,142,282</u>
Less accumulated depreciation	<u>(7,509,862)</u>	<u>(289,441)</u>	<u>-</u>	<u>(7,799,303)</u>
Governmental activities capital assets, net	<u>\$ 4,537,672</u>	<u>\$ (194,693)</u>	<u>\$ -</u>	<u>\$ 4,342,979</u>

E. Long-term debt

Long-term liabilities of the City of Shawnee as of June 30, 2019, are summarized as follows:

Governmental activities

Sales Tax Revenue Notes (private placements):

\$3,565,000 2016 Sales Tax Revenue Note, to a financial institution, dated December 21, 2016, payable semi-annually each June and December, interest at 2.140%, through December 1, 2023. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. \$ 2,355,000

\$3,040,000 2013 Sales Tax Revenue Note, to a financial institution, dated August 15, 2013, payable semi-annually each September and March, interest at 2.43%, through September 1, 2020. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. 695,000

\$10,000,000 2018 Sales Tax Revenue Note, to a financial institution, dated December 12, 2018, payable semi-annually each June and December, interest at 2.90%, through December 12, 2028. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. \$ 8,660,000

Total sales tax revenue notes payable \$ 11,710,000

Current portion \$ 2,685,000

Noncurrent portion 9,025,000

\$ 11,710,000

Capital Lease Payable:

\$2,065,746 capital lease with Motorola for communication equipment due in annual installments of \$320,828, final payment due August 1, 2020 with interest at 2.88% after the first year \$ 614,963

Current portion \$ 303,117

Noncurrent portion 311,846

\$ 614,963

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

Accrued compensated absences. The general fund typically has been used to liquidate this liability.	<u>\$ 2,292,641</u>
Current portion	\$ 545,554
Noncurrent portion	<u>1,747,087</u>
	<u>\$ 2,292,641</u>

Claims and judgments payable. The general fund typically has been used to liquidate this liability.	<u>\$ 3,011,481</u>
Current portion	\$ 1,834,113
Noncurrent portion	<u>1,177,368</u>
	<u>\$ 3,011,481</u>

Business-type Activities

Notes payable (private placement/direct borrowing) :

\$12,070,000 Series 2013A OWRB FAP Loan dated April 24, 2013, payable in semiannual installments ranging from \$330,000 to \$1,470,000, interest from 2.4% to 5.4% through September 15, 2022, to refund the 2003 note. The Shawnee Municipal Authority typically has been used to liquidate this liability. (direct borrowing)	\$ 4,960,000
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\$5,410,000 2016 Municipal Authority Revenue Note, dated June 8, 2016, payable in semiannual installments of \$150,000 to \$215,000, interest at 2.35%, final maturity April 2031. The Shawnee Municipal Authority typically has been used to liquidate this liability. (private placement)	4,515,000
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\$1,485,000 2010A Promissory Note to Oklahoma Water Resources Board, dated October 14, 2010, payable in semiannual installments of approximately \$39,489, including principal and interest at 2.76%. The Shawnee Municipal Authority typically pays this liability. (direct borrowing)	800,165
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\$5,380,000 2019 Promissory Note to Oklahoma Water Resources Board, dated May 28, 2019, payable in semiannual installments of approximately \$179,000, Interest from 3.895% to 2.35% through April 2031. The note is secured with pledged revenues from the Shawnee Municipal Authority. The SMA has drawn \$140,472 of the note as of June 30. (direct borrowing)	140,472
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Total notes payable before bond premium	<u>\$ 10,415,637</u>
Bond premium	436,947
Total notes payable	<u>\$ 10,852,584</u>
Current portion	\$ 1,551,918
Noncurrent portion	<u>9,300,666</u>
	<u>\$ 10,852,584</u>

Accrued compensated absences. The Shawnee Municipal and Airport Authorities typically have been used to liquidate this liability.	<u>\$ 244,103</u>
Current portion	\$ 48,821
Noncurrent portion	<u>195,282</u>
	<u>\$ 244,103</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

The 2013, 2016 and 2018 Sales Tax Revenue Notes are secured by pledged sales tax and contain the following remedies in the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures, the sales tax agreements or the notes; 2) deposit the sales tax revenue directly with the bank; 3) acceleration of the payment of principal and interest; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement.

Notes of the Shawnee Municipal Authority Enterprise Fund and secured with pledged revenues and contain the following remedies in the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures or the notes; 2) acceleration of the payment of principal and interest; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement.

Long-term liability transactions for the year ended June 30, 2019 and changes therein were as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital lease payable	\$ 909,594	\$ -	\$ 294,631	\$ 614,963	\$ 303,117
Notes payable (private placements)	3,990,000	10,000,000	2,280,000	11,710,000	2,685,000
Claims and judgments	3,011,481	531,722	531,722	3,011,481	1,834,113
Accrued compensated absences	2,451,904	1,645,847	1,805,110	2,292,641	545,554
Total Governmental Activities	<u>\$ 10,362,979</u>	<u>\$ 12,177,569</u>	<u>\$ 4,911,463</u>	<u>\$ 17,629,085</u>	<u>\$ 5,367,784</u>
			Add: Total OPEB liability	3,952,156	
			Add: Net Pension liability	14,965,953	
				<u>\$ 36,547,194</u>	
Business-Type Activities:					
Notes payable (private placement/direct borrowings)	\$ 11,775,580	\$ 140,473	\$ 1,500,416	\$ 10,415,637	\$ 1,551,918
Accrued compensated absences	307,354	64,033	127,284	244,103	48,821
Total Business-Type Activities	<u>\$ 12,082,934</u>	<u>\$ 204,506</u>	<u>\$ 1,627,700</u>	<u>\$ 10,659,740</u>	<u>\$ 1,600,739</u>
			Add: Total OPEB liability	933,080	
			Add: Net Pension liability	604,424	
			Add: Unamortized premium	436,946	
				<u>\$ 12,634,190</u>	
Total Long-Term Debt	<u>\$ 22,445,913</u>	<u>\$ 12,382,075</u>	<u>\$ 6,539,163</u>	<u>\$ 49,181,384</u>	<u>\$ 6,968,523</u>

Annual debt service requirements to maturity for long-term debt are as follows:

Fiscal Year Ending June 30	Governmental Activities			
	Notes Payable (private)		Capital Lease	
	Principal	Interest	Principal	Interest
2020	\$ 2,685,000	\$ 293,164	\$ 303,117	\$ 17,711
2021	1,475,000	235,756	311,846	8,981
2022	1,270,000	200,657	-	-
2023	1,310,000	167,546	-	-
2024	1,070,000	133,370	-	-
2025-2029	3,900,000	416,434	-	-
	<u>\$ 11,710,000</u>	<u>\$ 1,446,927</u>	<u>\$ 614,963</u>	<u>\$ 26,692</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

Fiscal Year Ending June 30	Business-Type Activities	
	Notes Payable (private placement/direct borrowing)	
	Principal	Interest
2020	\$ 1,551,918	\$ 490,030
2021	1,962,249	429,250
2022	2,028,899	348,360
2023	2,100,597	260,717
2034	782,301	204,887
2025-2029	4,084,628	715,112
2030-2034	2,785,905	221,564
2035	358,667	7,693
Amount to be drawn	(5,239,527)	-
	\$ 10,415,637	\$ 2,677,613

Water Agreement

The Shawnee Municipal Authority (SMA) entered into an agreement with the Pottawatomie County Development Authority (PCDA) for the development of the North Deer Creek Reservoir Project (Reservoir) in which the PCDA issued bonds totaling \$18,180,000 for the construction of the Reservoir. SMA issued its Utility Revenue Note, Series 1990B in the amount of \$18,180,000 to the PCDA. (These notes were defeased during the 1993 fiscal year with the issuance of the SMA Utility Revenue Note, Series 1993A in the amount of \$21,165,000.) During the 2003 fiscal year, the 1993 notes were defeased in the amount of \$18,850,000. During fiscal 2013 the SMA issued the 2013A OWRB Note payable to refund the outstanding notes.

SMA acquired a contractual interest in the water of the reservoir by issuing their Series 1990B Note. They issued the note totaling \$18,180,000 and received restricted funds back from PCDA to establish a reserve fund totaling \$1,263,881. The net amount of the note face value less the reserve fund, which totals \$16,916,119, represented SMA's investment in the water contract with PCDA and a trustee Bank. During a prior fiscal year, the SMA received \$3,948,160 in surplus bond proceeds remaining in the PCDA trust funds to be used for SMA utility system improvements. These proceeds have been accounted for as a reduction in the investment in the water contract with PCDA to \$12,967,959.

The term of the water agreement shall be for a period of one hundred (100) years from its effective date and may be extended by written agreement of the parties. Upon the expiration of the term of this agreement and any extension thereof, PCDA shall by quit claim deed and bill of sale, convey to each party, an undivided fractional interest in the facilities and all personal property titled in PCDA that is used in the operation of the facilities except PCDA's files and records.

Due to the long-term nature of this agreement, and the infinite economic life of the water rights, the SMA's investment in the water rights contract is not being amortized.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

F. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2019 is as follows:

Due To	Due From						Total Due To
	General Fund	Major -CIF Fund	Major -Street Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 2,828,165	\$ 315,750	\$ 953,897	\$ 170,350	\$ 4,268,162
Capital Improvement Fund	-	-	1,930,855	4,023	-	-	1,934,878
Nonmajor Governmental Funds	57,358	-	182,432	-	-	-	239,790
Enterprise Funds	1,342,888	65,000	686,891	-	-	282,794	2,377,573
Internal Service Funds	46,561	-	-	-	-	-	46,561
Total Due From	\$ 1,446,807	\$ 65,000	\$ 5,628,343	\$ 319,773	\$ 953,897	\$ 453,144	\$ 8,866,964

Interfund transactions are used for varying reasons including, but not limited to, offset negative pooled cash and posting corrections. Interfund transactions between funds and the reason for those transactions are as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
CDBG/HOME Grant Fund	General Fund	\$ 315,750	Negative pooled cash
Worker's Comp Fund	General Fund	170,350	Self insurance funding
Worker's Comp Fund	SMA	282,794	Self insurance funding
General Fund	CDBG & Home Grants Fund	11,392	Negative pooled cash
General Fund	SMA	1,253,766	Negative pooled cash
General Fund	Shawnee Airport Authority	89,122	Negative pooled cash
General Fund	Street and Alley Fund	16,895	Negative pooled cash
General Fund	Economic Development Fund	29,071	Negative pooled cash
General Fund	Worker's Comp Fund	46,561	Negative pooled cash
SMA	General	953,897	Posting correction
Gifts and Contributions	Capital Improvement	4,023	Posting correction
Street Improvement Fund	CDBG & Home Grants Fund	182,432	Negative pooled cash
Street Improvement Fund	Capital Improvement	1,930,855	Negative pooled cash
Street Improvement Fund	Shawnee Airport Authority	686,891	Negative pooled cash
Street Improvement Fund	General	2,828,165	Negative pooled cash
Capital Improvement Fund	Shawnee Airport Authority	65,000	Federal grant match on future projects
		<u>\$ 8,866,964</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due to	Net Interfund Balances
Governmental Funds	\$ 7,459,923	\$ 6,442,830	\$ 1,017,093
Proprietary Funds	953,897	2,377,573	(1,423,676)
Internal Service Funds	453,144	46,561	406,583
	<u>\$ 8,866,964</u>	<u>\$ 8,866,964</u>	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

Transfers for the year ended June 30, 2019, consisted of the following:

Transfers Out	Transfers In					Total Transfer Out
	General Fund	Major -CIF Fund	Major -Street Fund	Nonmajor Governmental Funds	Enterprise Funds	
General Fund	\$ -	\$ -	\$ -	\$ 286,333	\$ 292,414	\$ 578,747
Street Improvement Fund	-	-	-	-	514,098	514,098
Capital Improvement Fund	-	-	-	-	86,362	86,362
2018 Capital Improvement Fund	1,148	-	-	-	-	1,148
Nonmajor Governmental Funds	1,035,185	-	-	-	-	1,035,185
Enterprise Funds	3,980,913	-	-	-	-	3,980,913
Total Transfer In	\$ 5,017,246	\$ -	\$ -	\$ 286,333	\$ 892,874	\$ 6,196,453

Transfers are used for varying reasons including but not limited to operational subsidies, capital funding, and debt service. Transfers between funds and the reason for those transfers are as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
SMA	General	\$ 3,980,913	Operating subsidy
Police Tax Fund	General	384,820	Restricted sales tax transfer
Fire Tax Fund	General	384,820	Restricted sales tax transfer
2018 Capital Improvement Fund	General	1,148	Operating subsidy
Debt Service	General	245,762	Closing of fund
General	Street and Alley	135,000	Operating subsidy
General	Hotel/Motel Fund	151,333	Operating subsidy
Hotel/Motel Fund	General	4,783	Operating subsidy
Capital Improvement	SMA	86,362	Debt service
Street Improvement Fund	SMA	514,098	Capital funding
General	SAA	292,414	Capital Funding
Economic Development Fund	General Fund - Sister Cities	15,000	Sister Cities program support
Total		<u>\$ 6,196,453</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,303,579	\$ (2,215,540)	\$ 3,088,039
Proprietary Funds	892,874	(3,980,913)	(3,088,039)
	<u>\$ 6,196,453</u>	<u>\$ (6,196,453)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net transfers	\$ (3,088,039)
Transfer of capital assets from governmental activities	58,123
Transfers - internal activity	<u>\$ (3,029,916)</u>

G. Net Position/Fund Equity

Government-Wide and Proprietary Fund Financial Statements

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

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

Fund	Restricted By	Amount
Governmental Activities:		
Tax Increment Financing Fund	Enabling legislation	\$ 214,206
		214,206
Cemetery Fund	Statutory requirements	167,010
E911 Fund	Statutory requirements	106,653
Drug Forfeiture Fund	Statutory requirements	16,820
		290,483
CDBG Fund	External sources	231,151
Gifts and Contributions	External sources	100,059
Police Sales Tax Fund	External sources	51,927
Fire Sales Tax Fund	External sources	51,927
Economic Development Fund	External sources	100,905
Street Improvement Fund	External sources	7,318,686
2018 Capital Improvement Fund	External sources	722,361
		8,577,016
Total Governmental Restricted		\$ 9,081,705
<i>Reconciliation to Statement of Net Position:</i>		
Restricted for:		
Debt service		\$ 415,847
Public Safety		227,327
Capital projects		7,625,200
Economic development		546,262
Other		267,069
Total Governmental Restricted		\$ 9,081,705
Business Type Activities:		
Debt Service Reserves	Enabling legislation	\$ 2,343,067

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of fund balance amounts require that restricted amounts would be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet.

	General Fund	Street Improvement Fund	Capital Improvement Fund	2018 Capital Improvement Fund	Other Governmental Funds	Total
Fund Balance:						
Nonspendable:						
Prepaid items	\$ 154,869	\$ -	\$ -	\$ -	\$ -	\$ 154,869
	<u>154,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,869</u>
Restricted for:						
Street improvements	-	7,318,686	-	-	-	7,318,686
Fire operations	-	-	-	-	51,927	51,927
Police operations	-	-	-	-	158,580	158,580
Debt service	-	-	-	-	214,206	214,206
Capital improvements	-	-	-	9,245,517	-	9,245,517
Culture and rec programs	-	-	-	-	100,059	100,059
Cemetery improvements	-	-	-	-	167,010	167,010
Police - drug programs	-	-	-	-	16,820	16,820
Economic development	-	-	-	-	332,056	332,056
Sub-total restricted	<u>-</u>	<u>7,318,686</u>	<u>-</u>	<u>9,245,517</u>	<u>1,040,658</u>	<u>17,604,861</u>
Unassigned (deficit)	(243,054)	-	(361,718)	-	(31,505)	(636,277)
TOTAL FUND BALANCE	<u>\$ (88,185)</u>	<u>\$ 7,318,686</u>	<u>\$ (361,718)</u>	<u>\$ 9,245,517</u>	<u>\$ 1,009,153</u>	<u>\$ 17,123,453</u>

The City lapses most encumbrances at year-end and re-appropriates them in the next year with the exception of construction contracts. Encumbrances for construction contracts were as follows:

Capital Improvement Fund	\$362,433
Street Improvement Fund	\$19,552

H. Postemployment Healthcare Plan

Plan Description. The City sponsors Medical, Rx, Dental, Vision and Life insurance to qualifying retirees and their dependents under the age of 65 (for health benefits) and for life insurance that elect to make required premium benefit payments on a monthly basis. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communications between the employer and plan member and the

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

historical pattern of practice with regard to the sharing of benefit costs. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter’s Pension and Retirement System, or the Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma. Retirees may continue coverage with the City by paying the carrier premium rate. Authority to establish and amend benefit provisions rests with the City Council. Benefits are paid from general operating assets of the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided - The plan covers all current retirees of the City who elected postretirement medical, RX, dental, vision or life insurance coverage through the City’s plan, and future retirees of the City’s fully insured plans. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The retiree retains coverage with the City, by making an election upon retirement.

The amount of benefit payments during fiscal year June 30, 2019 were \$190,000.

Employees Covered by Benefit Terms

Active Employees	298
Inactive or beneficiaries receiving benefits	<u>97</u>
Total	<u>395</u>

Total OPEB Liability – The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2018 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2019, with roll forward procedures performed for June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Discount Rate – 3.30% based on the 20 year municipal bond yield
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Medical Trend Rates

<u>Year</u>	<u>Rate</u>
2019	4.5%
2020	2.8%
2021	6.5%
2022	6.0%
2023	5.5%
2024+	5.0%

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

Changes in Total OPEB Liability –

Balances at Beginning of Year	<u>\$ 4,567,929</u>
Changes for the Year:	
Service cost	256,280
Interest expense	145,051
Change in assumptions	105,976
Benefit Payments	<u>(190,000)</u>
Net Changes	<u>317,307</u>
 Balances End of Year	 <u><u>\$ 4,885,236</u></u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2019, the City recognized OPEB expense of \$379,515. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	94,069	232,687
Net difference between projected and actual earnings on OPEB plan investments	-	-
City benefit payments during the measurement date	-	147,303
Total	<u>\$ 94,069</u>	<u>\$ 379,990</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year Ended June 30:

	2020	\$	(43,165)
	2021		(43,165)
	2022		(43,165)
	2023		(43,165)
	2024		(43,165)
	Thereafter		<u>(70,096)</u>
		\$	<u>(285,921)</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.30 percent) or 1-percentage-point higher (4.30 percent) than the current discount rate:

	1% Decrease (2.30%)	Current Discount Rate (3.30%)	1% Increase (4.30%)
Employers' total OPEB liability	\$ 5,885,181	\$ 4,885,236	\$ 4,115,094

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.09 percent decreasing to 3.87 percent) or 1-percentage-point higher (7.09 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease (5.09% decreasing to 3.87%)	Current Discount Rate (6.09% decreasing to 4.87%)	1% Increase (7.09% decreasing to 5.87%)
Employers' total OPEB liability	\$ 4,142,308	\$ 4,885,236	\$ 5,824,223

IV. Other Information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property and general liability, and is self-insured for workers' compensation and unemployment, with applicable excess loss coverage for workers' compensation. A third party worker's compensation administrator is used to evaluate claims and estimate the City's liability for outstanding claims not assumed by the issuer. The City is self-insured up to \$750,000 per occurrence and \$1,000,000 in the aggregate, and has obtained overlying insurance coverage for claims in excess of these amounts. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgments against the City may be paid by a property tax assessment over a three-year period. Claims have not exceeded coverage in the past three years.

Claims Liability Analysis

The claims liabilities related to the above noted risk of loss that is retained is determined in accordance with Generally Accepted Accounting Principles, 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. For the internal service self-insurance workers' compensation fund, changes in the claims liability for the City from July 1, 2017 to June 30, 2019, are as follows:

CLAIMS LIABILITY ANALYSIS

Claims liability, June 30, 2017	3,971,338
Claims and changes in estimates	536,192
Claims payments	<u>(1,496,049)</u>
Claims liability, June 30, 2018	\$ 3,011,481
Claims and changes in estimates	531,722
Claims payments	<u>(531,722)</u>
Claims liability, June 30, 2019	<u><u>\$ 3,011,481</u></u>

B. Commitments and contingent liabilities

Grant Program Involvement

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Asset Retirement Obligations

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2019, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

C. Tax Abatements

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a developer to receive rebated sales tax in varying amounts. To be eligible for this program, the project area should be occupied by occupants operating a retail store of a requisite quality which are new businesses. The sales tax rebate period varies with each agreement.

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2019:

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019**

A developer received rebated sales taxes during 2019. The rebate is related to the Shawnee Market Place project. Businesses located within the project area whose sales taxes were included in the rebate were: Hobby Lobby, PetsMart, TJ Maxx, Ulta Beauty, Famous Footwear, Aldi, T-Mobile, Freddy’s Frozen Custard and Harbor Freight. The sales tax rebate will be two percent (2%) of taxable sales for six years, then 1.5% for an additional three years for a total period not to exceed nine years. The sales tax rebated cannot exceed \$3,750,000.

A fuel station entered into a sales tax rebate agreement on November 22, 2016, for a convenience store project. The sales tax rebate is for 1.5% of taxable sales on the second building constructed in the project up to a maximum of \$785,000 in sales tax. This sales tax rebate period is for seven years. The developer is also eligible for a sales tax rebate on construction materials purchased within city limits in conjunction with the construction of the Service Station (building 1). No sales tax was rebated in fiscal year 2019.

D. Employee retirement systems and pensions plans

The City of Shawnee participates in the Oklahoma State Police Pension and Retirement System and the Oklahoma State Firefighters’ Pension and Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Additionally, for other City employees not covered by the other plans, the City of Shawnee maintains the Oklahoma Municipal Retirement Fund, an agent multiple employer defined benefit pension plan. For the year ended June 30, 2019 the following amounts were reported for each pension plan:

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Deferred Outflows:			
Police Pension	\$ 1,070,071	\$ -	\$ 1,070,071
Fire Pension	4,059,857	-	4,059,857
OMRF	487,602	239,021	726,623
Total	\$ 5,617,530	\$ 239,021	\$ 5,856,551
Deferred Inflows:			
Police Pension	\$ 542,133	\$ -	\$ 542,133
Fire Pension	1,232,293	-	1,232,293
OMRF	349,662	193,580	543,242
Total	\$ 2,124,088	\$ 193,580	\$ 2,317,668
Net Pension Asset:			
Police Pension	\$ 566,064	\$ -	\$ 566,064
Net Pension Liability:			
Fire Pension	\$ 13,759,987	\$ -	\$ 13,759,987
OMRF	1,205,966	604,424	1,810,390
Total	\$ 14,965,953	\$ 604,424	\$ 15,570,377
Pension Expense:			
Police Pension	\$ 412,865	\$ -	\$ 412,865
Fire Pension	192,145	-	192,145
OMRF	77,472	38,829	116,301
Total	\$ 682,482	\$ 38,829	\$ 721,311

The General Fund, Police Sales Tax Fund, and Fire Sales Tax Fund are used to liquidate pension liabilities of the Governmental Activities.

Oklahoma State Police Pension and Retirement System (OPPRS)

Plan description - The City of Shawnee, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$487,579. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$470,094 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$463,778. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported an asset of \$566,064 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 1.1880%.

For the year ended June 30, 2019, the City recognized pension expense of \$412,865. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,343	\$ 530,402
Changes of assumptions	247,221	-
Net difference between projected and actual earnings on pension plan investments	294,771	-
Changes in proportion and differences between City contributions and proportionate share of contributions	21,711	4,576
City contributions during measurement date	15,446	7,155
City contributions subsequent to the measurement date	487,579	-
Total	\$ 1,070,071	\$ 542,133

The \$487,579 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2020	\$ 308,845
	2021	126,797
	2022	(310,231)
	2023	(100,316)
	2024	15,264
		\$ 40,359

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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Inflation:	2.75%
Salary increases:	3.5% to 10% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.</p>

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private Equity	9.21%
Commodities	5.06%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds,

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convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 2,625,795	\$ (566,064)	\$ (3,264,418)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS .

Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

Plan description - The City of Shawnee, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

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

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is

defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$499,737. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,243,189 which is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,226,482. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$13,759,987 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 1.222407%.

For the year ended June 30, 2019, the City recognized pension expense of \$192,145. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,874,074	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,143,344
Changes in proportion and differences between City contributions and proportionate share of contributions	676,310	68,107
City Contributions during the measurement period	9,736	20,842
City contributions subsequent to the measurement date	499,737	-
Total	<u>\$ 4,059,857</u>	<u>\$ 1,232,293</u>

The \$499,737 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 796,092
2021	645,964
2022	209,859
2023	454,577
2024	221,335
	<u>\$ 2,327,827</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 18,022,854	\$ 13,759,987	\$ 10,179,833

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs .

Oklahoma Municipal Retirement Fund (OkMRF) Employee Retirement System of Shawnee, Oklahoma

Plan Description – The City contributes to an agent multiple employer defined benefit retirement plan, the Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma (the Plan), which covers employees not covered by other plans, hired prior to July 1, 2013. The Plan operates as a trust maintained by the Oklahoma Municipal Retirement Fund (OkMRF). The OkMRF board of trustees retains BankOne as custodian to hold the Plan’s assets which are invested by various professional managers. OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N., Broadway, Oklahoma City, OK 73102 or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s plan and additions to/deduction from the City’s fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans’ fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions - All regular, full-time City employees not covered by other plans are required to participate in the Plan. Benefits vest after seven years of service. Employees, who retire at age 65 with completion of seven years of service, are entitled to an annual retirement benefit, payable monthly in an amount equal to 2.625% of final average compensation multiplied by the number of years of credited service. Final average compensation is defined as the average of the five highest consecutive annual salaries out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed seven years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the amount of benefit will be actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

A participant who becomes totally and permanently disabled after completion of seven years of service will be entitled to a disability benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age.

Employee contributions are returned with accrued interest if their employment is terminated prior to completion of seven years of service. A death benefit is payable after seven years of service based on 50% of the employee’s accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

The plan was frozen on September 1, 2013. All participants who elected to cease participation in the Plan by making a one-time election to participate in the City of Shawnee Defined Contribution Plan ceased accrual of Service for purposes of calculating pension benefits under the Plan. Any such Plan participant who was an active participant prior to July 1, 2013, may continue to earn years of service for vesting purposes and satisfying modified Rule of 80 after August 31, 2013, under this Plan but will not

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continue to earn years of service for calculating pension benefits under the Plan. Plan participants who elected to cease participation in the plan by making a one-time election to participate in the City of Shawnee Defined Contribution Plan will have their benefit calculation for average monthly compensation by using compensation through August 31, 2013. New hires beginning on July 1, 2013, participate in a Defined Contribution Plan.

Contribution Requirements – The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. For the year ended June 30, 2019, employees were required to contribute 4.25% of annual compensation while the City contributed 15.27%, the actuarially required contribution rate. Contributions to the Plan for the year ended June 30, 2019, for employees and employer were \$70,821 and \$256,446, respectively. For the year ended June 30, 2019, the City’s covered payroll was \$1,886,400. Covered payroll refers to all compensation paid by the City of Shawnee to active employees covered by the Plan on which contributions are based.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2018
Actuarial Cost Method	Entry age normal
Rate of return on investments and Discount Rate	7.50% compounded annually
Projected salary increases	Varies between 7.472% and 4% based upon age
Post Retirement Cost-of-Living Increase	None
Inflation rate	3% per annum
Percentage of married employees	100%
Mortality rates – before and after retirement	UP 1994, with projected mortality improvement
Spouse age difference	3 years (female spouses younger)
Turnover	Select and ultimate rates. Ultimate rates are age-related as shown: Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
Date of last experience study	September 2012 for fiscal years 2007 through 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2018 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2018 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2018 and the City's report ending date of June 30, 2019, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning of Year	\$ 39,172,156	\$ 36,704,496	\$ 2,467,660
Changes for the Year:			
Service cost	380,092	-	380,092
Interest expense	2,845,818	-	2,845,818
Benefit changes	-	-	-
Experience losses (gains) -	(708,559)	-	(708,559)
Changes of assumptions	-	-	-
Contributions--City	-	462,235	(462,235)
Contributions--members	-	130,099	(130,099)
Net investment income	-	2,656,445	(2,656,445)
Benefits paid	(2,501,051)	(2,501,051)	-
Plan administrative expenses	-	(74,158)	74,158
Benefit changes due to plan amendments	-	-	-
Change in deferred contributions made subsequent to the measurement date	-	-	-
Net Changes	16,300	673,570	(657,270)
Balances End of Year	\$ 39,188,456	\$ 37,378,066	\$ 1,810,390

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	\$ 6,346,745	\$ 1,810,390	\$ (1,992,749)

The City reported \$116,301 in pension expense of the year ended June 30, 2019. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,141	\$ 514,799
Changes of assumptions	82,226	-
Net difference between projected and actual earnings on pension plan investments	286,844	-
Changes in proportion and differences between City contributions and proportionate share of contributions	24,455	24,455
City contributions during the measurement date	24,230	3,988
City contributions subsequent to the measurement date	289,727	-
Total	\$ 726,623	\$ 543,242

NOTES TO FINANCIAL STATEMENTS
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The \$289,727 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Any amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	105,380
2021		86,910
2022		(303,312)
2023		4,676
2024		-
thereafter		-
		\$ (106,346)

Oklahoma Municipal Retirement Fund Defined Contribution Plan (the Plan, original plan prior to July 1, 2013 as amended)

Plan Description – The City has also provided a defined contribution plan and trust known as the City of Shawnee Plan and Trust (the Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The Plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to all full-time employees except those participating in the state of Oklahoma fire or police program. Separately audited financial statements are not available.

OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the Plan plus investment earnings.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 4.25%. Employees are allowed to contribute in excess of the 4.25%; however, these contributions are not pre-tax. Beginning July 1, 2013, by City ordinance, the City, as the employer, is required to make variable contributions to the Plan, based on employee’s years of service. Employer contributions for employees hired prior to July 1, 2013 were as follows: zero to five years of service 5%, five to ten years of service 10%, and ten or more years of service 15%. Employer contributions for employees hired after July 1, 2013 were as follows: zero to five years of service 3%, five to ten years of service 6%, and ten or more years of service 9%. The employee is fully vested after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the Plan rests with the City Commission. Contributions to the Plan for the year ended June 30, 2019, for employees who were hired prior to July 1, 2013 employee and employer were \$79,128 and \$221,966, respectively on covered wages of \$1,861,832. Contributions for employees hired after July 1, 2013 employee and employer were \$134,217 and \$101,903, respectively on covered wages of \$3,158,053.

Oklahoma Municipal Retirement Fund Defined Contribution Department Head and City Manager Plan (the DH Plan)

CMO and DH Plan Description – Effective May 1, 2008, the City has also provided a defined contribution plan and trust known as the City of Shawnee Department Head and City Manager Retirement Plan and Trust (the DH Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The DH Plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The DH Plan is available to all full-time employees defined as Department Head or City Manager except those participating in the state of Oklahoma fire or police program. Separate audited GAAP – basis financial statements are not available.

OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the DH Plan plus investment earnings.

Funding Policy – Benefits depend solely on amounts contributed to the DH Plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 3.75% with the police and fire chief contributing 8%. Employees are allowed to contribute in excess of the 8%; however, these contributions are not pre-tax. By City ordinance, the City, as the employer, is required to make at least 5% contributions to the DH Plan and could be higher, based on availability of funds. The employee is fully vested upon employment. The authority to establish and amend the provisions of the DH Plan rests with the City Commission. Contributions to the DH Plan for the year ended June 30, 2019, for employees and employer were \$48,788 and \$55,464, on covered wages of \$1,109,285.

Oklahoma Municipal Retirement Fund Defined Contribution Special Incentive Plan

Effective July 1, 2013, the City has also provided a defined contribution plan and trust known as the City of Shawnee Special Incentive Plan (the Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The Plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The Plan is available to any employee in the position of Department Head or City Manager on July 1, 2013 except those participating in the state of Oklahoma fire or police program, or any person in the position of Fire Chief or Police Chief and who is covered under another retirement program. Separate audited GAAP – basis financial statements are not available.

OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the Plan plus investment earnings.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees do not contribute to the plan. By City ordinance, the City, as the employer, is required to make a \$5,000 contribution for each of the five plan years during the period beginning July 1, 2013 and ending June 30, 2018, provided that the employee will be entitled to the employer contribution only if he or she was employed on the last day of the applicable plan year in the same or higher position as he/she had on the effective date of the plan. The employee is fully vested upon five years of service beginning on July 1, 2013, service prior to July 1, 2013 will not be counted. The authority to establish and amend the provisions of the Plan rests with the City Commission. Contributions to the Plan for the year ended June 30, 2019, totaling \$40,000.

City of Shawnee 457 Deferred Compensation Plan (DC Plan)

Plan Description – The City of Shawnee makes available to all full-time employees two Section 457 deferred compensation plans. The DC Plan was created in accordance with Section 457 of the *Internal Revenue Code*, and permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to the employee until retirement, termination, death, or unforeseeable emergency. Employees may choose investments offered by International City/County Management Association (ICMA) or Nationwide Retirement Solutions, Inc. Separate audited GAAP – basis financial statements are not available.

Funding Policy – DC Plan participants may contribute up to \$15,000 of eligible compensation per year. During the year ended June 30, 2019, employees contributed \$4,825 to the DC Plan.

ICMA Retirement Deferred Compensation Plan (the ICMA Plan)

In addition to the above plans, the City of Shawnee offers a retirement \$700 for the year ended June 30, 2019. Separately audited financial statements are not available.

1. Non-compliance

Oklahoma state statutes prohibits the creation of deficit fund balance. At June 30, 2019, the following funds had a deficit fund balance:

General Fund	\$410,380
Capital Improvement Fund	\$361,718
Street and Alley Fund	\$31,505

Though not a violation of state statutes the net position of the Worker’s Compensation Fund was a deficit \$2,604,898.

2. New Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the more pervasive new accounting pronouncements, the fiscal year in which they are effective, and the City’s consideration of the impact of these pronouncements are described below:

GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2019

accounting based on the foundational principle that leases are financings the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

GASB Statement 90, *Majority Equity Interests (An amendment of GASB Statement 14 and 61)* –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 will have on its net position.

GASB Statement 91, *Conduit Debt Obligations* – issue May 2019, will be effective for the City beginning with its fiscal year ending June 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not yet determined the impact that implementation of GASB 91 will have on its net position.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SHAWNEE, OKLAHOMA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
(BUDGETARY BASIS) BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 17,701,141	\$ 15,644,333	\$ 15,846,600	\$ 202,267
Licenses and permits	278,000	270,886	268,237	(2,649)
Intergovernmental	2,856,472	1,027,609	811,138	(216,471)
Charges for services	86,000	53,107	493,848	440,741
Fees and fines	720,500	545,736	491,920	(53,816)
Investment earnings	25,000	32,303	(30,778)	(63,081)
Miscellaneous	178,200	292,309	384,451	92,142
Total revenues	<u>21,845,313</u>	<u>17,866,283</u>	<u>18,265,416</u>	<u>399,133</u>
EXPENDITURES				
Departmental:				
<i>General Government:</i>				
City manager	532,736	1,256,700	1,375,255	(118,555)
City attorney	201,900	160,000	155,060	4,940
Human resources	449,058	377,386	373,381	4,005
City clerk	310,030	259,500	251,353	8,147
Accounting	533,222	604,529	575,955	28,574
Municipal court	547,547	422,744	400,392	22,352
Information services	644,656	550,761	527,312	23,449
Engineering	493,271	410,857	394,315	16,542
Equipment services	422,870	365,898	361,678	4,220
Building maintenance	99,285	63,913	66,328	(2,415)
Total General Government	<u>4,234,575</u>	<u>4,472,288</u>	<u>4,481,029</u>	<u>(8,741)</u>
<i>Public Safety:</i>				
Police administration	755,301	645,762	631,055	14,707
Police operations	6,184,500	5,436,845	5,402,823	34,022
Disptach	787,005	675,500	662,989	12,511
Criminal investigations	743,261	723,699	696,218	27,481
Animal Control	225,137	179,924	158,708	21,216
Code Compliance	819,193	855,165	811,736	43,429
Fire suppression	5,501,713	4,691,705	4,592,065	99,640
Fire prevention	728,653	602,135	578,059	24,076
Emergency Management	496,890	476,958	468,604	8,354
Fire Training	221,281	167,040	153,721	13,319
L.E.P.C	5,500	3,571	1,376	2,195
Total Public Safety	<u>16,468,434</u>	<u>14,458,304</u>	<u>14,157,354</u>	<u>300,950</u>
<i>Street:</i>				
Street	1,102,676	839,151	798,606	40,545
Traffic control	336,685	306,524	299,253	7,271
Total Street	<u>1,439,361</u>	<u>1,145,675</u>	<u>1,097,859</u>	<u>47,816</u>
<i>Culture and Recreation:</i>				
Expo Operations	525,000	500,998	498,910	2,088
Municipal auditorium	22,000	17,825	15,691	2,134
Senior citizens	124,000	135,107	141,763	(6,656)
Community center	9,650	12,850	10,022	2,828
Cemetery	228,184	209,594	201,044	8,550
Parks	955,799	820,876	810,216	10,660
Total Culture and Recreation	<u>1,864,633</u>	<u>1,697,250</u>	<u>1,677,646</u>	<u>19,604</u>
Total Expenditures	<u>24,007,003</u>	<u>21,773,517</u>	<u>21,413,888</u>	<u>359,629</u>
Excess (deficiency) of revenues over expenditures	<u>(2,161,690)</u>	<u>(3,907,234)</u>	<u>(3,148,472)</u>	<u>758,762</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,716,050	5,026,586	5,023,615	(2,971)
Transfers out	(550,000)	(808,335)	(808,034)	301
Total other financing sources and uses	<u>2,166,050</u>	<u>4,218,251</u>	<u>4,215,581</u>	<u>(2,670)</u>
Net change in fund balances	4,360	311,017	1,067,109	756,092
Fund balances - beginning	4,391,873	4,391,873	(1,477,489)	(5,869,362)
Fund balances - ending	<u>\$ 4,396,233</u>	<u>\$ 4,702,890</u>	<u>\$ (410,380)</u>	<u>\$ (5,113,270)</u>

**CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. The following departments exceeded appropriations:

General Fund –	
City manager	\$118,555
Building maintenance	2,415
Senior citizens	6,656

CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between departments also require the approval of the City Council. The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Shawnee Municipal Authority, Shawnee Airport Authority, and the SCCDA are required to prepare an annual budget and submit a copy to the city as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal spending limit.

Budgetary Accounting

The annual operating budgets of the General Fund are prepared and presented on a modified accrual basis of accounting.

The following is a reconciliation of the difference in budget and actual:

	<u>General Fund</u>
Total revenue - budgetary basis	\$ 23,289,031
Total expenses - budgetary basis	<u>(22,221,922)</u>
Change in fund balance - budgetary basis	1,067,109
Add change in fund balance of accounts combined for reporting purposes:	
Revolving Oil and Gas account	13,750
Spay and Neuter account	(1,803)
Aquatic center	17,036
Library account	(2,293)
Senior Citizens	(21,147)
Sister Cities	<u>(222)</u>
Change in fund balance - GAAP basis	<u>\$ 1,072,430</u>

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers most all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the next year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2019**

Schedules of Required Supplementary Information

Schedule of the City of Shawnee Proportionate Share of the Net Pension Liability (Asset) – Oklahoma Police Pension & Retirement System
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	1.0829%	1.1417%	1.1244%	1.1495%	1.1880%
City's proportionate share of the net pension liability (asset)	\$ (364,603)	\$ 46,554	\$1,721,954	\$ 88,416	\$ (566,064)
City's covered payroll	\$2,709,764	\$ 2,709,764	\$3,407,053	\$ 3,546,599	\$ 3,632,653
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.46%	1.72%	50.54%	2.49%	15.58%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF SHAWNEE, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 ON PENSION PLAN FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2019**

Schedule of City Contributions
 Oklahoma Police Pension & Retirement System
 Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 414,687	\$ 442,917	\$ 461,058	\$ 472,245	\$ 486,142
Contributions in relation to the statutorially required contribution	<u>414,687</u>	<u>446,667</u>	<u>461,015</u>	<u>472,245</u>	<u>487,579</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (3,750)</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ (1,437)</u>
City's covered payroll	\$ 2,709,764	\$ 3,407,053	\$ 3,546,599	\$ 3,632,653	\$ 3,739,551
Contributions as a percentage of covered payroll	15.30%	13.11%	13.00%	13.00%	13.04%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2019**

Schedule of the City of Shawnee Proportionate Share of the Net Pension Liability – Oklahoma Fire Pension & Retirement System
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	1.121621%	1.148883%	1.178677%	1.229817%	1.222407%
City's proportionate share of the net pension liability	\$ 11,534,169	\$ 12,194,345	\$ 14,400,062	\$ 15,467,706	\$ 13,759,987
City's covered payroll	\$ 3,080,579	\$ 3,080,579	\$ 3,431,628	\$ 3,371,624	\$ 3,602,848
City's proportionate share of the net pension liability as a percentage of its covered payroll	374%	396%	420%	459%	382%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available.
The amounts present for each fiscal year were determined as of 6/30

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2019**

Schedule of City Contributions
Oklahoma Fire Pension & Retirement System
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 439,463	\$ 480,428	\$ 472,027	\$ 504,398	\$ 499,737
Contributions in relation to the statutorially required contribution	<u>439,463</u>	<u>480,428</u>	<u>472,027</u>	<u>505,981</u>	<u>499,737</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,583)</u>	<u>\$ -</u>
City's covered payroll	\$ 3,080,579	\$ 3,431,628	\$ 3,371,624	\$ 3,602,848	\$3,569,554
Contributions as a percentage of covered payroll	14.27%	14.00%	14.00%	14.04%	14.00%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2019**

Schedule of Changes in Net Pension Liability and Related Ratios
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios	Last Five Fiscal Year				
	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 527,985	\$ 477,546	\$ 479,520	\$ 423,579	\$ 380,092
Interest	2,818,812	2,733,100	2,781,930	2,820,530	2,845,818
Changes of benefit terms	(1,902,290)	39,435	-	-	-
Differences between expected and actual experience	-	(543,326)	(704,232)	98,897	(708,559)
Changes of assumptions	-	-	-	424,835	-
Benefit payments, including refunds of member contributions	(2,057,807)	(1,985,814)	(2,171,033)	(1,942,998)	(2,501,051)
Net change in total pension liability	(613,300)	720,941	386,185	1,824,843	16,300
Total pension liability - beginning	36,853,488	36,240,187	36,961,128	37,347,313	39,172,156
Total pension liability - ending (a)	<u>\$ 36,240,188</u>	<u>\$ 36,961,128</u>	<u>\$ 37,347,313</u>	<u>\$ 39,172,156</u>	<u>\$ 39,188,456</u>
Plan fiduciary net position					
Contributions - employer	\$ 842,919	\$ 714,030	\$ 591,793	\$ 510,788	\$ 462,235
Contributions - member	139,787	167,474	150,337	141,609	130,099
Net investment income	5,094,596	974,198	280,077	4,119,111	2,656,445
Benefit payments, including refunds of member contributions	(2,057,807)	(1,985,814)	(2,171,033)	(1,942,998)	(2,501,051)
Administrative expense	(131,982)	(72,769)	(68,578)	(72,412)	(74,158)
Other	-	-	-	-	-
Net change in plan fiduciary net position	3,887,513	(202,881)	(1,217,404)	2,756,098	673,570
Plan fiduciary net position - beginning	31,481,172	35,368,684	35,165,803	33,948,399	36,704,496
Plan fiduciary net position - ending (b)	<u>\$ 35,368,685</u>	<u>\$ 35,165,803</u>	<u>\$ 33,948,399</u>	<u>\$ 36,704,497</u>	<u>\$ 37,378,066</u>
Net pension liability - ending (a) - (b)	<u>\$ 871,503</u>	<u>\$ 1,795,325</u>	<u>\$ 3,398,914</u>	<u>\$ 2,467,659</u>	<u>\$ 1,810,390</u>
Plan fiduciary net position as a percentage of the total pension liability	97.60%	95.14%	90.90%	93.70%	95.38%
Covered payroll	\$ 3,765,863	\$ 3,723,501	\$ 3,323,837	\$ 3,144,344	\$ 2,898,608
Net pension liability as a percentage of covered payroll	23.14%	48.22%	102.26%	78.48%	62.46%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2019**

Schedule of City Contributions
Oklahoma Municipal Retirement Fund
Last Ten Fiscal Years*

Schedule of Employer Contributions	Last Five Fiscal Years				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 688,665	\$ 617,158	\$ 532,419	\$ 462,235	\$ 278,433
Contributions in relation to the actuarially determined contribution	688,665	617,158	532,419	462,235	289,727
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,294)</u>
Covered payroll	\$ 3,800,578	\$ 3,677,301	\$ 3,461,242	\$ 3,061,160	\$ 1,886,400
Contributions as a percentage of covered payroll	18.12%	16.78%	15.38%	15.10%	15.36%

Notes to Schedule:

1. Only five fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2018
3. Actuarially determined contribution rate is calculated as of July 1, 2018
July 2018 through June 2019 contributions were at a rate of 14.76%.
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 27 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2019**

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 256,280	\$ 256,280
Interest	163,195	145,051
Changes in assumptions	(300,133)	105,976
Benefit Payments	<u>(190,000)</u>	<u>(190,000)</u>
Net change in total OPEB liability	(70,658)	317,307
Balances at Beginning of Year	<u>4,638,587</u>	<u>4,567,929</u>
Balances End of Year	<u>\$ 4,567,929</u>	<u>\$ 4,885,236</u>
Covered employee payroll	\$ 13,471,000	\$ 14,215,390
Total OPEB liability as a percentage of covered payroll	33.90%	34.37%

SUPPLEMENTARY INFORMATION

City of Shawnee, Oklahoma
Combining Balance Sheet – General Fund Accounts
June 30, 2019

	General Fund	Revolving Oil & Gas	Spray and Neuter	Aquatic Center	Library	Senior Citizens	Sister Cities	Total General Fund
ASSETS								
Cash and cash equivalents	\$ 872,228	\$ 296,979	\$ 19,359	\$ 23,772	\$ -	\$ -	\$ -	\$ 1,212,338
Investments	470	-	-	-	-	-	-	470
Interest receivable	2,054	-	-	-	-	-	-	2,054
Receivable from other governments	91,800	-	-	-	-	-	-	91,800
Due from other funds	1,446,807	-	-	-	-	-	-	1,446,807
Due from other funds - interaccount	2,868	-	-	-	-	-	-	2,868
Taxes receivable, net	2,151,466	-	-	-	-	-	-	2,151,466
Court fines receivable, net	136,680	-	-	-	-	-	-	136,680
Other receivables	230,982	27,500	-	-	-	-	-	258,482
Prepaid items	154,869	-	-	-	-	-	-	154,869
Total assets	<u>5,090,224</u>	<u>324,479</u>	<u>19,359</u>	<u>23,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,457,834</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	879,647	-	515	38,128	3,904	-	-	922,194
Accrued payroll payable	301,666	-	-	-	-	-	-	301,666
Due to other funds	4,268,162	-	-	-	-	-	-	4,268,162
Due to other funds - interaccount	-	-	-	-	2,868	-	-	2,868
Due to bondholders	7,685	-	-	-	-	-	-	7,685
Total liabilities	<u>5,457,160</u>	<u>-</u>	<u>515</u>	<u>38,128</u>	<u>6,772</u>	<u>-</u>	<u>-</u>	<u>5,502,575</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	43,444	-	-	-	-	-	-	43,444
Fund balances:								
Nonspendable	154,869	-	-	-	-	-	-	154,869
Assigned	-	324,479	18,844	-	-	-	-	343,323
Unassigned (deficit)	(565,249)	-	-	(14,356)	(6,772)	-	-	(586,377)
Total fund balances	<u>(410,380)</u>	<u>324,479</u>	<u>18,844</u>	<u>(14,356)</u>	<u>(6,772)</u>	<u>-</u>	<u>-</u>	<u>(88,185)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,090,224</u>	<u>\$ 324,479</u>	<u>\$ 19,359</u>	<u>\$ 23,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,457,834</u>

City of Shawnee, Oklahoma
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts
Year Ended June 30, 2019

	General Fund	Revolving Oil & Gas	Spay and Neuter	Aquatic Center	Library	Senior Citizens	Sister Cities	Total General Fund
REVENUES								
Taxes	\$ 15,846,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,846,600
Intergovernmental	2,524,421	-	-	-	-	-	-	2,524,421
Licenses and permits	268,237	13,750	-	-	-	-	-	281,987
Charges for services	493,848	-	-	209,954	-	-	-	703,802
Fees and fines	491,920	-	2,525	-	-	-	-	494,445
Investment earnings	(30,778)	-	-	-	1	-	-	(30,777)
Miscellaneous	384,451	-	-	567	-	-	13,276	398,294
Total revenues	<u>19,978,699</u>	<u>13,750</u>	<u>2,525</u>	<u>210,521</u>	<u>1</u>	<u>-</u>	<u>13,276</u>	<u>20,218,772</u>
EXPENDITURES								
Current:								
General government	4,070,052	-	-	-	-	-	-	4,070,052
Engineering	394,315	-	-	-	-	-	-	394,315
Equipment and building maintenance	428,006	-	-	-	-	-	-	428,006
Police	7,237,971	-	-	-	-	-	-	7,237,971
Fire	6,567,034	-	-	-	-	-	-	6,567,034
Municipal court	400,392	-	-	-	-	-	-	400,392
Emergency management	468,604	-	-	-	-	-	-	468,604
Streets	1,097,859	-	-	-	-	-	-	1,097,859
Parks and recreation	810,216	-	-	333,072	-	-	-	1,143,288
Culture and recreation	161,105	-	-	-	-	-	-	161,105
Animal control/E911	785,292	-	4,328	-	-	-	-	789,620
Cemetery	201,044	-	-	-	-	-	-	201,044
Library	-	-	-	-	91,294	-	-	91,294
Economic development	496,190	-	-	-	-	-	28,976	525,166
Capital Outlay	9,091	-	-	-	-	-	-	9,091
Total expenditures	<u>23,127,171</u>	<u>-</u>	<u>4,328</u>	<u>333,072</u>	<u>91,294</u>	<u>-</u>	<u>28,976</u>	<u>23,584,841</u>
Excess (deficiency) of revenues over expenditures	<u>(3,148,472)</u>	<u>13,750</u>	<u>(1,803)</u>	<u>(122,551)</u>	<u>(91,293)</u>	<u>-</u>	<u>(15,700)</u>	<u>(3,366,069)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in - interaccount	21,369	-	-	139,587	89,000	-	700	250,656
Transfers out - interaccount	(229,287)	-	-	-	-	(21,147)	(222)	(250,656)
Transfers in	5,002,246	-	-	-	-	-	15,000	5,017,246
Transfers out	(578,747)	-	-	-	-	-	-	(578,747)
Total other financing sources and uses	<u>4,215,581</u>	<u>-</u>	<u>-</u>	<u>139,587</u>	<u>89,000</u>	<u>(21,147)</u>	<u>15,478</u>	<u>4,438,499</u>
Net change in fund balances	1,067,109	13,750	(1,803)	17,036	(2,293)	(21,147)	(222)	1,072,430
Fund balances - beginning	(1,477,489)	310,729	20,647	(31,392)	(4,479)	21,147	222	(1,160,615)
Fund balances - ending	<u>\$ (410,380)</u>	<u>\$ 324,479</u>	<u>\$ 18,844</u>	<u>\$ (14,356)</u>	<u>\$ (6,772)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (88,185)</u>

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2019

	<u>Revolving Oil & Gas Account</u>				<u>Spay and Neuter Account</u>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u>	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u>	
			<u>Positive</u>				<u>Positive</u>		
REVENUES									
Licenses and permits	\$ 9,250	\$ 9,250	\$ 13,750	\$ 4,500	\$ -	\$ -	\$ -	\$ -	
Charges for services	-	-	-	-	-	-	-	-	
Fees and fines	-	-	-	-	3,000	2,500	2,525	25	
Investment earnings	-	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	-	
Total revenues	<u>9,250</u>	<u>9,250</u>	<u>13,750</u>	<u>4,500</u>	<u>3,000</u>	<u>2,500</u>	<u>2,525</u>	<u>25</u>	
EXPENDITURES									
Departmental:									
Animal Control	-	-	-	-	3,000	4,500	4,328	172	
Economic Development	-	-	-	-	-	-	-	-	
Library	-	-	-	-	-	-	-	-	
Parks and Recreation	285,250	285,250	-	285,250	-	-	-	-	
Senior Citizens	-	-	-	-	-	-	-	-	
Total Expenditures	<u>285,250</u>	<u>285,250</u>	<u>-</u>	<u>285,250</u>	<u>3,000</u>	<u>4,500</u>	<u>4,328</u>	<u>172</u>	
Excess (deficiency) of revenues over expenditures	<u>(276,000)</u>	<u>(276,000)</u>	<u>13,750</u>	<u>289,750</u>	<u>-</u>	<u>(2,000)</u>	<u>(1,803)</u>	<u>197</u>	
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	(276,000)	(276,000)	13,750	289,750	-	(2,000)	(1,803)	197	
Fund balances - beginning	296,979	296,979	310,729	13,750	19,659	19,659	20,647	988	
Fund balances - ending	<u>\$ 20,979</u>	<u>\$ 20,979</u>	<u>\$ 324,479</u>	<u>\$ 303,500</u>	<u>\$ 19,659</u>	<u>\$ 17,659</u>	<u>\$ 18,844</u>	<u>\$ 1,185</u>	

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2019

	Library Account				Aquatic Center Account			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	301,500	245,400	209,954	(35,446)
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	1	1	-	-	-	-
Miscellaneous	-	-	-	-	-	518	567	49
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>301,500</u>	<u>245,918</u>	<u>210,521</u>	<u>(35,397)</u>
EXPENDITURES								
Departmental:								
Animal Control	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Library	74,000	89,000	91,294	(2,294)	-	-	-	-
Parks and Recreation	-	-	-	-	267,500	359,461	333,072	26,389
Senior Citizens	-	-	-	-	-	-	-	-
Total Expenditures	<u>74,000</u>	<u>89,000</u>	<u>91,294</u>	<u>(2,294)</u>	<u>267,500</u>	<u>359,461</u>	<u>333,072</u>	<u>26,389</u>
Excess (deficiency) of revenues over expenditures	<u>(74,000)</u>	<u>(89,000)</u>	<u>(91,293)</u>	<u>(2,293)</u>	<u>34,000</u>	<u>(113,543)</u>	<u>(122,551)</u>	<u>(9,008)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	89,000	89,000	89,000	-	-	139,587	139,587	-
Total other financing sources and uses	<u>89,000</u>	<u>89,000</u>	<u>89,000</u>	<u>-</u>	<u>-</u>	<u>139,587</u>	<u>139,587</u>	<u>-</u>
Net change in fund balances	15,000	-	(2,293)	(2,293)	34,000	26,044	17,036	(9,008)
Fund balances - beginning	82	82	(4,479)	(4,561)	(8,866)	(8,866)	(31,392)	(22,526)
Fund balances - ending	<u>\$ 15,082</u>	<u>\$ 82</u>	<u>\$ (6,772)</u>	<u>\$ (6,854)</u>	<u>\$ 25,134</u>	<u>\$ 17,178</u>	<u>\$ (14,356)</u>	<u>\$ (31,534)</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2019

	<u>Sister Cities Account</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	13,300	13,276	(24)
Total revenues	<u>-</u>	<u>13,300</u>	<u>13,276</u>	<u>(24)</u>
EXPENDITURES				
Departmental:				
Animal Control	-	-	-	-
Economic Development	15,000	29,000	28,976	24
Library	-	-	-	-
Parks and Recreation	-	-	-	-
Senior Citizens	-	-	-	-
Total Expenditures	<u>15,000</u>	<u>29,000</u>	<u>28,976</u>	<u>24</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>(15,700)</u>	<u>(15,700)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	16,000	15,700	(300)
Transfers out	-	(222)	(222)	-
Total other financing sources and uses	<u>15,000</u>	<u>15,778</u>	<u>15,478</u>	<u>(300)</u>
Net change in fund balances	-	78	(222)	(300)
Fund balances - beginning	-	-	222	222
Fund balances - ending	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ (78)</u>

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2019

	Street and Alley Fund	E-911 Fund	Economic Development Fund	Hotel/Motel Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG/Home Grants Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 92,773	\$ -	\$ 175,898	\$ -	\$ -	\$ 127,033
Interest receivable	-	-	51	-	64	64	-
Receivable from other governments	-	-	-	-	-	-	28,691
Due from other funds	-	-	-	-	-	-	315,750
Taxes receivable, net	-	-	41,491	50,583	51,863	51,863	-
Other receivables	22,060	26,141	-	-	-	-	381,470
Total assets	<u>22,060</u>	<u>118,914</u>	<u>41,542</u>	<u>226,481</u>	<u>51,927</u>	<u>51,927</u>	<u>852,944</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	36,670	12,261	-	138,047	-	-	46,499
Due to other funds	16,895	-	29,071	-	-	-	193,824
Unearned revenue	-	-	-	-	-	-	381,470
Total liabilities	<u>53,565</u>	<u>12,261</u>	<u>29,071</u>	<u>138,047</u>	<u>-</u>	<u>-</u>	<u>621,793</u>
Fund balances:							
Restricted	-	106,653	12,471	88,434	51,927	51,927	231,151
Unassigned (deficit)	(31,505)	-	-	-	-	-	-
Total fund balances	<u>(31,505)</u>	<u>106,653</u>	<u>12,471</u>	<u>88,434</u>	<u>51,927</u>	<u>51,927</u>	<u>231,151</u>
Total liabilities and fund balances	<u>\$ 22,060</u>	<u>\$ 118,914</u>	<u>\$ 41,542</u>	<u>\$ 226,481</u>	<u>\$ 51,927</u>	<u>\$ 51,927</u>	<u>\$ 852,944</u>

(continued)

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2019

	<u>Cemetery Care Fund</u>	<u>Gifts and Contribution Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 167,010	\$ 96,036	\$ 210,006	\$ 17,556	\$ -	\$ 886,312
Interest receivable	-	-	-	-	-	179
Receivable from other governments	-	-	-	-	-	28,691
Due from other funds	-	4,023	-	-	-	319,773
Taxes receivable, net	-	-	-	-	-	195,800
Other receivables	-	-	4,200	-	-	433,871
Total assets	<u>167,010</u>	<u>100,059</u>	<u>214,206</u>	<u>17,556</u>	<u>-</u>	<u>1,864,626</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	-	-	-	736	-	234,213
Due to other funds	-	-	-	-	-	239,790
Unearned revenue	-	-	-	-	-	381,470
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>736</u>	<u>-</u>	<u>855,473</u>
Fund balances:						
Restricted	167,010	100,059	214,206	16,820	-	1,040,658
Unassigned (deficit)	-	-	-	-	-	(31,505)
Total fund balances	<u>167,010</u>	<u>100,059</u>	<u>214,206</u>	<u>16,820</u>	<u>-</u>	<u>1,009,153</u>
Total liabilities and fund balances	<u>\$ 167,010</u>	<u>\$ 100,059</u>	<u>\$ 214,206</u>	<u>\$ 17,556</u>	<u>\$ -</u>	<u>\$ 1,864,626</u>

City of Shawnee, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds
Year Ended June 30, 2019

	Street and Alley Fund	E-911 Fund	Economic Development Fund	Hotel/Motel Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG/Home Grants Funds
REVENUES							
Taxes	\$ 277,712	\$ 308,301	\$ 308,864	\$ 478,427	\$ 386,073	\$ 386,073	\$ -
Fees and fines	-	-	-	-	-	-	-
Licenses and permits	1,040	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	280,408
Charges for services	-	-	-	-	-	-	-
Investment earnings	-	-	(665)	-	(831)	(831)	2
Miscellaneous	6,360	-	-	-	-	-	49,967
Total revenues	<u>285,112</u>	<u>308,301</u>	<u>308,199</u>	<u>478,427</u>	<u>385,242</u>	<u>385,242</u>	<u>330,377</u>
EXPENDITURES							
Current:							
Police	-	-	-	-	-	-	-
Streets	440,573	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Animal Control/E911	-	196,147	-	-	-	-	-
Economic development	-	-	345,996	452,850	-	-	323,095
Capital Outlay	-	41,572	-	-	-	-	-
Total Expenditures	<u>440,573</u>	<u>237,719</u>	<u>345,996</u>	<u>452,850</u>	<u>-</u>	<u>-</u>	<u>323,095</u>
Excess (deficiency) of revenues over expenditures	<u>(155,461)</u>	<u>70,582</u>	<u>(37,797)</u>	<u>25,577</u>	<u>385,242</u>	<u>385,242</u>	<u>7,282</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	135,000	-	-	151,333	-	-	-
Transfers out	-	-	(15,000)	(4,783)	(384,820)	(384,820)	-
Total other financing sources and uses	<u>135,000</u>	<u>-</u>	<u>(15,000)</u>	<u>146,550</u>	<u>(384,820)</u>	<u>(384,820)</u>	<u>-</u>
Net change in fund balances	(20,461)	70,582	(52,797)	172,127	422	422	7,282
Fund balances - beginning	(11,044)	36,071	65,268	(83,693)	51,505	51,505	223,869
Fund balances - ending	<u>\$ (31,505)</u>	<u>\$ 106,653</u>	<u>\$ 12,471</u>	<u>\$ 88,434</u>	<u>\$ 51,927</u>	<u>\$ 51,927</u>	<u>\$ 231,151</u>

(continued)

City of Shawnee, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds
Year Ended June 30, 2019

	Cemetery Care Fund	Gifts and Contribution Fund	Tax Increment Financing Fund	Drug Forfeiture Fund	Debt Service Fund	Total Other Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ 59,335	\$ -	\$ -	\$ 2,204,785
Fees and fines	-	-	-	42,952	-	42,952
Licenses and permits	-	-	-	-	-	1,040
Intergovernmental	-	-	-	-	-	280,408
Charges for services	725	-	-	-	-	725
Investment earnings	-	-	-	1	-	(2,324)
Miscellaneous	3,792	6,353	-	26	973	67,471
Total revenues	<u>4,517</u>	<u>6,353</u>	<u>59,335</u>	<u>42,979</u>	<u>973</u>	<u>2,595,057</u>
EXPENDITURES						
Current:						
Police	-	-	-	45,171	-	45,171
Streets	-	-	-	-	-	440,573
Parks and recreation	-	13,746	-	-	-	13,746
Animal Control/E911	-	-	-	-	-	196,147
Economic development	-	-	-	-	-	1,121,941
Capital Outlay	-	-	-	-	-	41,572
Total Expenditures	<u>-</u>	<u>13,746</u>	<u>-</u>	<u>45,171</u>	<u>-</u>	<u>1,859,150</u>
Excess (deficiency) of revenues over expenditures	<u>4,517</u>	<u>(7,393)</u>	<u>59,335</u>	<u>(2,192)</u>	<u>973</u>	<u>735,907</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	286,333
Transfers out	-	-	-	-	(245,762)	(1,035,185)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,762)</u>	<u>(748,852)</u>
Net change in fund balances	4,517	(7,393)	59,335	(2,192)	(244,789)	(12,945)
Fund balances - beginning	162,493	107,452	154,871	19,012	244,789	1,022,098
Fund balances - ending	<u>\$ 167,010</u>	<u>\$ 100,059</u>	<u>\$ 214,206</u>	<u>\$ 16,820</u>	<u>\$ -</u>	<u>\$ 1,009,153</u>

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2019

	Street And Alley Fund				E-911 Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final	Budgetary Basis	Budget - Positive (Negative)	Original	Final	Budgetary Basis	Budget - Positive (Negative)
REVENUES								
Taxes	\$ 295,000	\$ 278,000	\$ 277,712	\$ (288)	\$ 282,950	\$ 277,000	\$ 308,301	\$ 31,301
Licenses and permits	2,000	2,500	1,040	(1,460)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	173,475	6,360	6,360	-	-	-	-	-
Total revenues	<u>470,475</u>	<u>286,860</u>	<u>285,112</u>	<u>(1,748)</u>	<u>282,950</u>	<u>277,000</u>	<u>308,301</u>	<u>31,301</u>
EXPENDITURES								
Departmental:								
Streets	475,000	510,000	440,573	69,427	-	-	-	-
Animal Control/911	-	-	-	-	269,946	277,000	237,719	39,281
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>475,000</u>	<u>510,000</u>	<u>440,573</u>	<u>69,427</u>	<u>269,946</u>	<u>277,000</u>	<u>237,719</u>	<u>39,281</u>
Excess (deficiency) of revenues over expenditures	<u>(4,525)</u>	<u>(223,140)</u>	<u>(155,461)</u>	<u>67,679</u>	<u>13,004</u>	<u>-</u>	<u>70,582</u>	<u>70,582</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	6,500	223,140	135,000	(88,140)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>6,500</u>	<u>223,140</u>	<u>135,000</u>	<u>(88,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,975	-	(20,461)	(20,461)	13,004	-	70,582	70,582
Fund balances - beginning	5,671	5,671	(11,044)	(16,715)	57,818	57,818	36,071	(21,747)
Fund balances - ending	<u>\$ 7,646</u>	<u>\$ 5,671</u>	<u>\$ (31,505)</u>	<u>\$ (37,176)</u>	<u>\$ 70,822</u>	<u>\$ 57,818</u>	<u>\$ 106,653</u>	<u>\$ 48,835</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2019

	Economic Development Fund				Hotel/Motel Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final	Budgetary Basis	Budget - Positive (Negative)	Original	Final	Budgetary Basis	Budget - Positive (Negative)
REVENUES								
Taxes	\$ 313,197	\$ 301,468	\$ 308,864	\$ 7,396	\$ 494,360	\$ 465,000	\$ 478,427	\$ 13,427
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	250	225	(665)	(890)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>313,447</u>	<u>301,693</u>	<u>308,199</u>	<u>6,506</u>	<u>494,360</u>	<u>465,000</u>	<u>478,427</u>	<u>13,427</u>
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	346,000	345,996	345,996	-	497,125	465,000	452,850	12,150
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>346,000</u>	<u>345,996</u>	<u>345,996</u>	<u>-</u>	<u>497,125</u>	<u>465,000</u>	<u>452,850</u>	<u>12,150</u>
Excess (deficiency) of revenues over expenditures	<u>(32,553)</u>	<u>(44,303)</u>	<u>(37,797)</u>	<u>6,506</u>	<u>(2,765)</u>	<u>-</u>	<u>25,577</u>	<u>25,577</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	47,553	59,303	-	(59,303)	-	151,333	151,333	-
Transfers out	(15,000)	(15,000)	(15,000)	-	-	(4,783)	(4,783)	-
Total other financing sources and uses	<u>32,553</u>	<u>44,303</u>	<u>(15,000)</u>	<u>(59,303)</u>	<u>-</u>	<u>146,550</u>	<u>146,550</u>	<u>-</u>
Net change in fund balances	-	-	(52,797)	(52,797)	(2,765)	146,550	172,127	25,577
Fund balances - beginning	157,002	157,002	65,268	(91,734)	133,635	133,635	(83,693)	(217,328)
Fund balances - ending	<u>\$ 157,002</u>	<u>\$ 157,002</u>	<u>\$ 12,471</u>	<u>\$ (144,531)</u>	<u>\$ 130,870</u>	<u>\$ 280,185</u>	<u>\$ 88,434</u>	<u>\$ (191,751)</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2019

	Police Sales Tax Fund				Fire Sales Tax Fund			
	Budgeted Amounts		Actual Amounts.	Variance with Final	Budgeted Amounts		Actual Amounts.	Variance with Final
	Original	Final	Budgetary Basis	Budget - Positive (Negative)	Original	Final	Budgetary Basis	Budget - Positive (Negative)
REVENUES								
Taxes	\$ 410,525	\$ 385,671	\$ 386,073	\$ 402	\$ 410,525	\$ 385,671	\$ 386,073	\$ 402
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	250	635	(831)	(1,466)	250	635	(831)	(1,466)
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>410,775</u>	<u>386,306</u>	<u>385,242</u>	<u>(1,064)</u>	<u>410,775</u>	<u>386,306</u>	<u>385,242</u>	<u>(1,064)</u>
EXPENDITURES								
Departmental:								
Police	30,000	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>380,775</u>	<u>386,306</u>	<u>385,242</u>	<u>(1,064)</u>	<u>410,775</u>	<u>386,306</u>	<u>385,242</u>	<u>(1,064)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(410,525)	(386,306)	(384,820)	1,486	(410,525)	(386,306)	(384,820)	1,486
Total other financing sources and uses	<u>(410,525)</u>	<u>(386,306)</u>	<u>(384,820)</u>	<u>1,486</u>	<u>(410,525)</u>	<u>(386,306)</u>	<u>(384,820)</u>	<u>1,486</u>
Net change in fund balances	(29,750)	-	422	422	250	-	422	422
Fund balances - beginning	53,012	53,012	52,642	(370)	53,012	53,012	52,757	(255)
Fund balances - ending	<u>\$ 23,262</u>	<u>\$ 53,012</u>	<u>\$ 53,064</u>	<u>\$ 52</u>	<u>\$ 53,262</u>	<u>\$ 53,012</u>	<u>\$ 53,179</u>	<u>\$ 167</u>

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2019

	CDBG/Home Grants Fund				Cemetery Care Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final	Budgetary Basis	Budget - Positive (Negative)	Original	Final	Budgetary Basis	Budget - Positive (Negative)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	456,997	280,408	(176,589)	-	-	-	-
Charges for services	-	-	-	-	-	-	725	725
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	2	2	500	500	-	(500)
Miscellaneous	-	30,000	49,967	19,967	4,500	69,278	3,792	(65,486)
Total revenues	-	486,997	330,377	(156,620)	5,000	69,778	4,517	(65,261)
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	486,997	323,095	163,902	-	-	-	-
Cemetery	-	-	-	-	69,778	69,778	-	69,778
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	486,997	323,095	163,902	69,778	69,778	-	69,778
Excess (deficiency) of revenues over expenditures	-	-	7,282	7,282	(64,778)	-	4,517	4,517
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	7,282	7,282	(64,778)	-	4,517	4,517
Fund balances - beginning	-	-	223,869	223,869	162,039	162,039	162,493	454
Fund balances - ending	\$ -	\$ -	\$ 231,151	\$ 231,151	\$ 97,261	\$ 162,039	\$ 167,010	\$ 4,971

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2019

	Gifts and Contribution Fund				Tax Increment Financing Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 52,000	\$ 59,335	\$ 7,335
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	6,353	6,353	-	-	-	-	-
Total revenues	-	6,353	6,353	-	50,000	52,000	59,335	7,335
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	52,000	-	52,000
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	13,746	13,746	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	13,746	13,746	-	-	52,000	-	52,000
Excess (deficiency) of revenues over expenditures	-	(7,393)	(7,393)	-	50,000	-	59,335	59,335
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	(7,393)	(7,393)	-	50,000	-	59,335	59,335
Fund balances - beginning	79,458	79,458	107,452	27,994	105,335	105,335	154,871	49,536
Fund balances - ending	\$ 79,458	\$ 72,065	\$ 100,059	\$ 27,994	\$ 155,335	\$ 105,335	\$ 214,206	\$ 108,871

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2019

	Drug Forfeiture Fund				Debt Service Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	43,000	42,952	(48)	-	-	-	-
Investment earnings	-	-	1	1	-	-	-	-
Miscellaneous	15,000	-	26	26	29,500	973	973	-
Total revenues	15,000	43,000	42,979	(21)	29,500	973	973	-
EXPENDITURES								
Departmental:								
Police	10,000	45,000	45,171	(171)	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	10,000	45,000	45,171	(171)	-	-	-	-
Excess (deficiency) of revenues over expenditures	5,000	(2,000)	(2,192)	(192)	29,500	973	973	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(245,762)	(245,762)	-
Total other financing sources and uses	-	-	-	-	-	(245,762)	(245,762)	-
Net change in fund balances	5,000	(2,000)	(2,192)	(192)	29,500	(244,789)	(244,789)	-
Fund balances - beginning	20,228	20,228	19,012	(1,216)	123,666	123,666	244,789	121,123
Fund balances - ending	\$ 25,228	\$ 18,228	\$ 16,820	\$ (1,408)	\$ 153,166	\$ (121,123)	\$ -	\$ 121,123

City of Shawnee, Oklahoma
Budget versus Actual – Major Capital Project Fund – Street Improvement
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Budget - Positive</u> <u>(Negative)</u>
REVENUES				
Taxes	\$ 2,941,750	\$ 2,941,750	\$ 2,702,532	\$ (239,218)
Intergovernmental	-	-	1,500	1,500
Investment earnings	20,000	20,000	(1,184)	(21,184)
Miscellaneous	-	-	16,706	16,706
Total revenues	<u>2,961,750</u>	<u>2,961,750</u>	<u>2,719,554</u>	<u>(242,196)</u>
EXPENDITURES				
Departmental:				
Streets	<u>8,800,000</u>	<u>8,285,902</u>	<u>296,033</u>	<u>7,989,869</u>
Total Streets	<u>8,800,000</u>	<u>8,285,902</u>	<u>296,033</u>	<u>7,989,869</u>
Total Expenditures	<u>8,800,000</u>	<u>8,285,902</u>	<u>296,033</u>	<u>7,989,869</u>
Excess (deficiency) of revenues over expenditures	<u>(5,838,250)</u>	<u>(5,324,152)</u>	<u>2,423,521</u>	<u>7,747,673</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	550,000	5,838,250	-	(5,838,250)
Transfers out	-	(514,098)	(514,098)	-
Total other financing sources and uses	<u>550,000</u>	<u>5,324,152</u>	<u>(514,098)</u>	<u>(5,838,250)</u>
Net change in fund balances	(5,288,250)	-	1,909,423	1,909,423
Fund balances - beginning	<u>6,389,730</u>	<u>6,389,730</u>	<u>5,409,263</u>	<u>(980,467)</u>
Fund balances - ending	<u>\$ 1,101,480</u>	<u>\$ 6,389,730</u>	<u>\$ 7,318,686</u>	<u>\$ 928,956</u>

City of Shawnee, Oklahoma
Budget versus Actual – Major Capital Project Fund – Capital Improvement Fund
Year Ended June 30, 2019

	<u>Capital Improvement Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,678,702	\$ 2,338,104	\$ 2,393,677	\$ 55,573
Intergovernmental	-	-	-	-
Investment earnings	2,500	12,000	14,377	2,377
Miscellaneous	180,000	21,500	39,574	18,074
Total revenues	<u>2,861,202</u>	<u>2,371,604</u>	<u>2,447,628</u>	<u>76,024</u>
EXPENDITURES				
Departmental:				
Capital outlay	1,359,712	3,595,756	2,833,530	762,226
Debt service	1,422,070	1,344,180	1,344,179	1
Total Expenditures	<u>2,781,782</u>	<u>4,939,936</u>	<u>4,177,709</u>	<u>762,227</u>
Total Expenditures	<u>2,781,782</u>	<u>4,939,936</u>	<u>4,177,709</u>	<u>762,227</u>
Excess (deficiency) of revenues over expenditures	<u>79,420</u>	<u>(2,568,332)</u>	<u>(1,730,081)</u>	<u>838,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	-	-	-
Transfers out	-	(86,362)	(86,362)	-
Total other financing sources and uses	<u>100,000</u>	<u>(86,362)</u>	<u>(86,362)</u>	<u>-</u>
Net change in fund balances	179,420	(2,654,694)	(1,816,443)	838,251
Fund balances - beginning	71,172	71,172	1,454,725	1,383,553
Fund balances - ending	<u>\$ 250,592</u>	<u>\$ (2,583,522)</u>	<u>\$ (361,718)</u>	<u>\$ 2,221,804</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Shawnee's *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health

Such statistical information includes:

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time

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

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place

OPERATING INFORMATION – These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

FINANCIAL TRENDS

**CITY OF SHAWNEE, OKLAHOMA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

Description	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Net investment in capital assets	\$ 50,230,949	\$ 46,204,941	\$ 50,130,815	\$ 42,924,896	\$ 41,393,436	\$ 38,706,710	\$ 37,074,018	\$ 33,531,495	\$ 30,219,139	\$ 30,006,703
Restricted for (by):										
Statutory requirements	-	-	-	-	-	-	-	594,505	480,406	-
Enabling legislation	-	-	-	-	-	-	-	360,270	286,025	-
External Contracts	-	-	-	-	-	-	-	9,461,282	9,130,185	-
Capital Projects	7,625,200	5,489,701	8,289,801	8,813,042	8,036,373	7,580,368	5,962,728	-	-	7,248,866
Debt Service	415,847	207,587	379,861	112,213	74,769	140,460	136,426	-	-	86,965
Economic Development	546,262	444,008	852,575	644,796	969,384	946,696	890,628	-	-	-
Public Safety	227,327	158,093	192,686	137,251	156,884	656,521	548,047	-	-	-
Other purposes	267,069	269,945	257,040	275,019	271,109	267,367	280,788	-	-	957,074
Unrestricted	(21,030,693)	(19,637,686)	(20,566,194)	(17,360,205)	(15,740,961)	(16,816,708)	90,410	197,163	(1,390,170)	(1,672,770)
Total Governmental Activities Net Position	38,281,961	33,136,589	39,536,584	35,547,012	35,160,994	31,481,414	44,983,045	44,144,715	38,725,585	36,626,838
Business-type Activities:										
Net investment in capital assets	40,904,699	41,647,640	42,194,834	40,438,633	40,268,422	38,355,889	37,685,878	32,822,876	32,163,853	27,294,813
Restricted for:										
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	2,343,067	2,563,339	2,470,269	2,578,084	2,611,396	2,533,205	1,380,561	1,814,511	2,586,909	2,874,901
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	(999,491)	(2,504,186)	(2,709,448)	(1,172,742)	(597,374)	1,209,339	4,365,448	6,039,429	2,390,406	1,851,460
Total Business-type Activities Net Position	42,248,275	41,706,793	41,955,655	41,843,975	42,282,444	42,098,433	43,431,887	40,676,816	37,141,168	32,021,174
Primary Government:										
Net investment in capital assets	91,135,648	87,852,581	92,325,649	83,363,529	81,661,858	77,062,599	74,759,896	66,354,371	62,382,992	57,301,516
Restricted for:										
Statutory requirements	-	-	-	-	-	-	-	594,505	480,406	-
Enabling legislation	-	-	-	-	-	-	-	360,270	286,025	-
External Contracts	-	-	-	-	-	-	-	9,461,282	9,130,185	-
Capital Projects	7,625,200	5,489,701	8,289,801	8,813,042	8,036,373	7,580,368	5,962,728	-	-	7,248,866
Debt Service	2,758,914	2,770,926	2,850,130	2,690,297	2,686,165	2,673,665	1,516,987	1,814,511	2,586,909	2,961,866
Economic Development	546,262	444,008	852,575	644,796	969,384	946,696	890,628	-	-	-
Public Safety	227,327	158,093	192,686	137,251	156,884	656,521	548,047	-	-	-
Other purposes	267,069	269,945	257,040	275,019	271,109	267,367	280,788	-	-	957,074
Unrestricted	(22,030,184)	(22,141,872)	(23,275,642)	(18,532,947)	(16,338,335)	(15,607,369)	4,455,858	6,236,592	1,000,236	178,690
Total Primary Government Net Position	\$ 80,530,236	\$ 74,843,382	\$ 81,492,239	\$ 77,390,987	\$ 77,443,438	\$ 73,579,847	\$ 88,414,932	\$ 84,821,531	\$ 75,866,753	\$ 68,648,012

**CITY OF SHAWNEE, OKLAHOMA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
<i>Governmental Activities:</i>										
General Government	\$4,330,793	\$3,911,602	\$4,463,197	\$4,508,182	\$3,456,722	\$2,988,475	\$3,524,112	\$2,379,373	\$4,101,214	\$3,944,670
Public Safety	15,758,461	18,346,950	17,191,910	15,415,142	14,474,658	13,751,434	14,449,249	13,248,594	12,671,815	12,634,067
Streets	3,814,430	4,596,100	4,271,930	4,407,895	3,233,282	3,469,889	3,386,963	3,164,310	2,902,751	3,124,990
Culture and Recreations	1,965,351	2,346,402	2,229,120	2,482,246	1,658,533	1,348,343	1,083,872	1,053,726	847,807	902,767
Culture and Recreations - payment to component unit	-	-	-	-	-	-	-	-	5,752	-
Community Development	560,022	849,031	552,420	601,559	613,123	702,356	667,112	639,533	1,027,018	1,021,716
Economic Development	1,304,607	1,545,652	1,285,974	1,348,482	1,235,834	1,287,972	1,401,717	1,165,368	1,072,505	997,909
Interest on long-term debt	415,794	127,734	120,009	-	-	-	-	-	-	218
Total governmental activities expenses	\$28,149,458	\$31,723,471	\$30,114,560	\$28,763,506	\$24,672,152	\$23,548,469	\$24,513,025	\$21,650,904	\$22,628,862	\$22,626,337
<i>Business-type activities:</i>										
Water operations	4,468,752	5,591,766	5,792,312	5,903,556	5,307,131	5,829,372	6,034,550	4,992,323	4,196,550	4,015,398
Wastewater operations	3,555,364	4,014,009	3,732,123	3,486,831	3,003,781	2,724,937	2,877,353	2,458,992	2,274,826	2,329,742
Sanitation operations	1,564,494	1,716,769	1,651,800	1,618,679	1,520,472	2,018,186	1,649,687	1,535,752	1,382,686	1,301,567
Administration	665,967	834,889	672,199	634,203	561,772	529,636	585,602	557,451	499,820	436,992
Airport	1,261,117	1,416,774	1,357,326	1,670,545	1,462,400	1,521,292	1,417,058	1,024,896	692,458	626,785
Lake	136,066	191,970	152,926	145,205	111,992	473,574	250,495	105,398	60,293	51,677
Total business-type activities expenses	11,651,760	13,766,177	13,358,686	13,459,019	11,967,548	13,096,997	12,814,745	10,674,812	9,106,633	8,762,161
Total primary government expenses	39,801,218	45,489,648	43,473,246	42,222,525	36,639,700	36,645,466	37,327,770	32,325,716	31,735,495	31,388,498
Program Revenues										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
General Government	308,368	272,116	278,887	250,162	177,550	163,616	346,213	189,754	171,081	158,563
Public Safety	602,059	486,743	635,624	820,025	810,266	743,581	887,155	767,900	631,702	583,013
Streets	26,848	39,240	42,223	24,076	36,360	37,373	1,470	1,175	1,400	1,050
Culture and Recreations	351,033	301,536	310,277	236,330	42,010	43,338	-	-	67,115	61,411
Community Development	16,245	38,501	103,249	91,740	99,121	96,825	89,084	57,516	233,204	189,168
Economic Development	37,067	34,266	35,273	25,321	26,167	27,367	29,446	35,362	26,438	26,438
Operating Grants and Contributions	3,132,343	2,802,355	2,914,491	3,000,696	2,884,772	3,801,276	2,380,524	2,272,136	2,181,109	2,199,222
Capital Grants and Contributions	142,558	1,109,955	5,326,598	743,035	1,039,321	860,593	50,417	278,920	121,431	202,322
Total governmental activities program revenues	4,616,521	5,084,712	9,646,622	5,191,385	5,115,567	5,773,969	3,784,309	3,602,763	3,433,480	3,421,187
<i>Business-type Activities:</i>										
Water operations	7,020,949	6,783,572	6,770,307	6,790,882	6,726,479	7,047,846	7,916,456	7,432,629	5,835,562	4,644,827
Wastewater operations	3,721,186	3,773,089	3,762,947	3,821,499	3,889,446	3,952,233	3,957,896	3,810,280	3,676,708	3,078,392
Sanitation operations	2,286,832	2,264,895	2,251,610	2,230,252	2,187,365	1,926,114	1,795,760	1,795,949	1,762,621	1,716,919
Airport	571,367	504,412	559,345	560,835	498,744	583,745	476,369	432,636	400,047	410,536
Lake	27,280	96,997	85,443	166,069	138,350	92,583	99,756	405,545	-	-
Operating Grants and Contributions	-	4,300	-	5,300	6,600	7,124	10,180	-	-	-
Capital Grants and Contributions	550,701	74,277	1,618,038	794,229	71,041	396,650	1,955,289	2,991,512	2,616,146	80,939
Total business-type activities program revenues	14,178,315	13,501,542	15,047,690	14,369,066	13,518,025	14,006,295	16,211,706	16,868,551	14,291,084	9,931,613
Total primary government program revenues	18,794,836	18,586,254	24,694,312	19,560,451	18,633,592	19,780,264	19,996,015	20,471,314	17,724,564	13,352,800

CITY OF SHAWNEE, OKLAHOMA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(continued)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expenses) Revenues										
<i>Governmental Activities</i>	(\$23,532,937)	(\$26,638,759)	(\$20,467,938)	(\$23,572,121)	(\$19,556,585)	(\$17,774,500)	(\$20,728,716)	(\$18,048,141)	(\$19,195,382)	(\$19,205,150)
<i>Business-type Activities</i>	2,526,555	(264,635)	1,689,004	910,047	1,550,477	909,298	3,396,961	6,193,739	5,184,451	1,169,452
Total Primary Government Net (Expenses)	(21,006,382)	(26,903,394)	(18,778,934)	(22,662,074)	(18,006,108)	(16,865,202)	(17,331,755)	(11,854,402)	(14,010,931)	(18,035,698)
General Revenues and Other Changes in Net Position										
<i>Governmental Activities:</i>										
Taxes:										
Sales and Use taxes	22,541,481	19,549,624	19,660,405	19,530,708	18,622,852	18,346,711	18,013,946	17,414,169	17,069,349	16,089,350
Franchise and public service taxes	1,482,916	1,703,963	1,553,935	1,543,454	1,698,127	1,626,635	1,601,416	1,676,956	1,600,612	1,597,577
Hotel/motel taxes	478,427	423,584	490,032	496,772	505,637	578,275	561,558	472,590	404,690	362,134
Property taxes	59,335	51,133	49,131	74,882	56,623	54,312	104,734	74,309	10,884	59,523
Payment in lieu of taxes	973	25,055	54,317	27,323	26,830	23,687	24,062	1,054	24,494	26,892
Intergovernmental revenue	713,237	648,963	704,601	587,146	600,384	580,595	630,035	599,819	580,115	430,593
Investment Income	73,603	63,854	52,960	65,921	52,749	55,541	41,157	107,032	98,567	136,762
Miscellaneous	298,421	15,435	160,315	244,153	179,409	351,461	341,444	238,110	1,063,067	255,067
Transfers - Internal Activity	3,029,916	(273,186)	1,731,814	1,387,780	1,493,554	1,023,788	248,694	2,883,232	442,351	106,351
Total Governmental Activities	28,678,309	22,208,425	24,457,510	23,958,139	23,236,165	22,641,005	21,567,046	23,467,271	21,294,129	19,064,249
<i>Business-type Activities:</i>										
Investment Income	74,354	73,172	55,508	36,055	56,418	57,785	45,302	59,279	72,965	84,007
Miscellaneous	970,489	43,972	98,982	3,209	70,670	591,569	14,361	165,862	304,929	234,839
Transfers - Internal Activity	(3,029,916)	273,186	(1,731,814)	(1,387,780)	(1,493,554)	(1,023,788)	(248,694)	(2,883,232)	(442,351)	(106,351)
Total Business-type Activities	(1,985,073)	390,330	(1,577,324)	(1,348,516)	(1,366,466)	(374,434)	(189,031)	(2,658,091)	(64,457)	212,495
Total Primary Government	26,693,236	22,598,755	22,880,186	22,609,623	21,869,699	22,266,571	21,378,015	20,809,180	21,229,672	19,276,744
Change in Net Position										
<i>Governmental Activities</i>	5,145,372	(4,430,334)	3,989,572	386,018	3,679,580	4,866,505	838,330	5,419,130	2,098,747	(140,901)
<i>Business-type Activities</i>	541,482	125,695	111,680	(438,469)	184,011	534,864	3,207,930	3,535,648	5,119,994	1,381,947
Total Primary Government	\$5,686,854	(\$4,304,639)	\$4,101,252	(\$52,451)	\$3,863,591	\$5,401,369	\$4,046,260	\$8,954,778	\$7,218,741	\$1,241,046

**CITY OF SHAWNEE, OKLAHOMA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Nonspendable	\$ 154,869	\$ 143,073	\$ 118,542	\$ 106,313	\$ 182,557	\$ 1,500	\$ 5,947	\$ 347,288	\$ 291,531	\$ -
Assigned	-	-	338,351	326,388	337,128	305,382	293,121	296,021	301,250	-
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	-	-	-
Unreserved/Unassigned	(243,054)	(1,303,688)	2,321,252	4,767,436	5,758,830	6,472,218	6,177,557	5,616,811	4,853,199	4,011,671
Total General Fund	(88,185)	(1,160,615)	2,778,145	5,200,137	6,278,515	6,779,100	6,476,625	6,260,120	5,445,980	4,011,671
Other Governmental Funds:										
Nonspendable	-	10,586	20,479	48,976	38,367	-	-	-	-	-
Restricted	17,604,861	7,970,237	11,008,113	9,982,211	9,555,742	12,604,440	7,790,716	10,416,057	9,896,589	-
Assigned	-	-	-	-	-	-	147,571	132,414	73,859	-
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	-	-	117,309
Specific Programs	-	-	-	-	-	-	-	-	-	-
Unreserved/Unassigned	(393,223)	(94,737)	(153,388)	(1,723,280)	(140,605)	(3,004)	-	(81,736)	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	1,513,546
Debt Service Fund	-	-	-	-	-	-	-	-	-	86,965
Capital project funds	-	-	-	-	-	-	-	-	-	7,318,789
Total Other Governmental Funds	17,211,638	7,886,086	10,875,204	8,307,907	9,453,504	12,601,436	7,938,287	10,466,735	9,970,448	9,036,609
Total Governmental Funds	\$ 17,123,453	\$ 6,725,471	\$ 13,653,349	\$ 13,508,044	\$ 15,732,019	\$ 19,380,536	\$ 14,414,912	\$ 16,726,855	\$ 15,416,428	\$ 13,048,280

In fiscal year 2011 the city implemented GASB Statement 54. Statement 54 changed the categories of fund balance.

CITY OF SHAWNEE, OKLAHOMA
CHANGES FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$25,217,144	\$22,315,774	\$22,384,463	\$22,190,229	\$21,453,412	\$21,160,794	\$20,852,810	\$20,155,296	\$19,590,377	\$18,484,761
Intergovernmental	2,806,329	3,576,360	3,512,796	3,190,305	3,799,115	2,699,312	2,356,804	2,409,100	2,442,911	2,422,824
Charges for services	283,027	233,014	551,788	456,508	189,682	169,761	208,273	159,006	168,284	224,092
Fines and forfeitures	704,527	563,851	653,067	783,726	268,603	225,719	845,413	748,028	633,498	574,426
Licenses and permits	537,397	509,854	255,978	214,645	685,403	655,468	184,211	198,708	249,873	235,284
Investment income	73,603	63,854	52,960	65,921	52,749	55,541	41,157	107,032	98,567	136,762
Miscellaneous	522,065	341,420	1,095,304	1,049,941	495,235	5,449,644	647,267	358,070	1,115,857	308,954
Total Revenues	30,144,092	27,604,127	28,506,356	27,951,275	26,944,199	30,416,239	25,135,935	24,135,240	24,299,367	22,387,103
Expenditures:										
Current:										
General Government	4,231,072	3,927,125	3,701,806	3,647,130	2,981,912	3,080,038	2,988,152	2,883,922	2,643,601	2,491,400
Community development	-	-	-	-	-	-	-	-	-	-
Engineering	394,315	488,407	472,231	443,180	384,817	415,147	418,707	404,537	366,063	390,833
Equipment and building maint.	428,006	484,007	489,256	505,625	459,714	438,176	449,277	397,130	1,226,244	410,296
Public Safety	-	-	-	-	-	-	-	-	-	-
Police	7,283,142	7,280,113	6,963,276	6,558,413	6,412,075	5,952,358	5,915,408	5,394,473	5,034,358	5,140,053
Fire	6,567,034	7,122,466	6,942,221	6,439,770	5,787,238	5,337,455	5,251,981	4,975,816	4,955,006	4,857,050
Municipal court	400,392	586,920	586,583	576,918	538,902	536,695	517,389	526,446	317,158	297,203
Emergency management	468,604	426,293	354,018	345,722	317,177	329,579	285,349	294,832	354,718	275,706
Streets	1,538,432	1,733,962	1,681,767	1,643,213	1,604,637	1,492,117	1,443,660	1,313,338	1,154,277	1,251,742
Parks and recreation	1,157,034	1,321,448	1,211,469	1,066,234	940,805	713,761	535,527	604,401	473,253	562,637
Culture and recreation	161,105	153,209	147,024	185,034	161,930	157,673	162,490	122,993	146,872	139,185
Animal control/E911	985,767	1,175,956	1,144,745	1,161,238	1,046,961	923,145	1,104,086	872,447	876,626	826,245
Cemetery	201,044	233,876	217,845	209,430	194,928	190,676	191,523	183,744	182,756	198,790
Library	91,294	101,563	88,960	86,566	95,372	88,424	88,224	44,907	4,292	76,011
Economic development	1,647,107	1,915,243	1,644,197	1,593,967	1,740,676	1,779,650	1,870,353	1,652,548	1,924,825	1,801,203
Capital outlay	4,459,483	5,962,579	6,839,201	6,049,430	8,457,080	6,662,187	6,270,385	6,910,780	2,713,521	4,572,715
Debt service:										
Principal retirement	2,574,631	1,206,383	1,048,789	620,844	925,193	389,365	191,126	77,746	-	21,448
Interest and fiscal charges	245,687	139,269	124,477	430,316	21,212	53,703	12,935	6,853	-	218
Total Expenditures	32,834,149	34,258,819	33,657,865	31,563,030	32,070,629	28,540,149	27,696,572	26,666,913	22,373,570	23,312,735
Excess of revenues over(under) expenditures	(2,690,057)	(6,654,692)	(5,151,509)	(3,611,755)	(5,126,430)	1,876,090	(2,560,637)	(2,531,673)	1,925,797	(925,632)
Other Financing Sources (Uses):										
Transfers in	5,303,579	4,435,888	3,037,868	3,701,191	3,170,107	2,928,664	2,370,474	4,377,829	1,958,740	1,541,768
Transfers out	(2,215,540)	(4,709,074)	(1,306,054)	(2,313,411)	(1,692,194)	(1,904,876)	(2,121,780)	(1,494,597)	(1,516,389)	(1,435,417)
Capital Lease/bond proceeds	10,000,000	-	3,565,000	-	-	2,065,746	-	958,868	-	-
Total Other Financing Sources (Uses)	13,088,039	(273,186)	5,296,814	1,387,780	1,477,913	3,089,534	248,694	3,842,100	442,351	106,351
Net change in fund balances	\$10,397,982	(\$6,927,878)	\$145,305	(\$2,223,975)	(\$3,648,517)	\$4,965,624	(\$2,311,943)	\$1,310,427	\$2,368,148	(\$819,281)
Debt Service as a Percentage of Non-Capital Expenditures										
	9.85%	4.64%	4.33%	3.97%	3.97%	2.01%	0.95%	0.42%	0.00%	0.11%

(1) This schedule reports using the modified accrual basis of accounting.

REVENUE CAPACITY

**CITY OF SHAWNEE, OKLAHOMA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Property Tax (2)	Sales Tax	Use Tax	Hotel/Motel Tax	Alcoholic Beverage Tax	Franchise Taxes	Cigarette Tax	Other Taxes	Totals
2019	\$ 60,424	\$ 20,356,811	\$ 1,772,979	\$ 481,194	\$ 161,993	\$ 1,483,257	\$ 173,971	\$ 602,704	\$ 25,093,333
2018	51,133	18,156,475	1,456,101	468,365	125,082	1,703,962	213,534	529,072	22,703,724
2017	49,131	18,131,600	1,528,805	490,032	123,110	1,553,935	220,827	360,664	22,458,104
2016	74,882	17,950,304	1,580,404	496,772	116,715	1,543,454	213,753	27,323	22,003,607
2015	46,623	17,312,309	1,310,543	506,637	118,209	1,698,127	203,841	26,830	21,223,119
2014	-	17,203,546	1,143,165	578,275	115,514	1,626,635	102,356	45,133	20,814,624
2013	-	17,016,609	997,336	663,905	111,929	1,601,415	215,397	74,628	20,681,219
2012	64	16,576,844	909,570	472,590	103,692	1,676,956	238,452	45,758	20,023,926
2011	521	16,125,315	954,397	404,690	104,401	1,600,612	233,509	41,108	19,464,553
2010	477	15,359,265	730,085	362,134	100,632	1,597,577	217,124	35,006	18,402,300

CITY OF SHAWNEE, OKLAHOMA
SALES & USE TAX RATES
OF DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
SALES TAX RATES										
General Fund	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%
Capital Improvement Fund	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%
Street Improvement Fund	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%
Parks/Public Safety/Street Improvement Fund	0.5000%	0.5000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Economic Development Fund	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%
Police Sales Tax Fund	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Fire Sales Tax Fund	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Debt Service										
City of Shawnee Total (1)	3.5000%	3.5000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
Pottawatomie County (3)	1.4995%	1.4995%	1.4995%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
State of Oklahoma (3)	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%
Total	9.4995%	9.4995%	8.9995%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%
Use Tax Rates (3)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%

- (1) The source for City sales tax rate is the City of Shawnee Annual budget.
- (2) City sales tax increases must be approved by voters.
- (3) The source for other sales tax rates is the State of Oklahoma Tax Commission. The Pottawatomie County 1.4495% sales tax rate became effective July 2016.

CITY OF SHAWNEE, OKLAHOMA
Sales Taxes Collected by SIC Code
Last Ten Fiscal Years

Group	2019	2018	2017	2016	2015
Retail Trades	\$ 12,761,944	\$ 11,010,658	\$ 11,074,640	\$ 11,091,922	\$ 10,477,678
Accommodation and food service	3,734,655	3,256,976	3,159,022	3,097,518	3,021,167
Wholesale trades	1,410,140	1,172,141	1,164,915	1,057,215	1,095,325
Utilities	998,673	990,298	905,722	880,010	1,007,967
Information	659,093	623,525	659,099	719,841	700,499
Manufacturing	241,579	313,305	397,362	268,594	342,461
Real Estate Rental and Leasing	236,620	272,369	270,509	221,888	222,174
Other Services	175,369	158,579	163,531	158,162	161,421
Unclassified	76,090	65,493	176,403	343,101	162,624
Arts and Entertainment	200,191	87,114	76,510	67,929	64,420
Finance and Insurance	86,828	64,977	47,983	45,282	45,516
Professional and Scientific and Technical ser	35,789	30,473	41,226	42,697	33,472
Health Care and Social Assistance	30,203	26,392	30,647	28,965	28,003
Construction	5,323	4,505	12,252	7,416	16,440
Transportation and Warehousing	22,182	19,858	20,326	13,013	16,389
Educational Services	25,224	14,337	8,461	7,270	7,460
Unclassified	7,160	5,478	6,652	8,497	9,511
	\$ 20,707,063	\$ 18,116,478	\$ 18,215,260	\$ 18,059,320	\$ 17,412,527
Total Sales Taxes	20,707,063	18,116,478	18,215,260	18,059,320	17,412,527
Percent Change	14.30%	-0.54%	0.86%	3.71%	-1.33%

Group	2014	2013	2012	2011	2010
Retail Traders	\$ 10,683,826	\$ 5,102,432	\$ 4,904,233	\$ 4,692,833	\$ 4,661,988
Accommodation and food service	2,950,196	2,691,304	2,472,367	2,372,790	2,169,972
Building Materials	-	1,174,061	1,412,234	1,441,974	1,338,022
Misc Retail	-	1,049,947	1,130,506	1,082,998	1,067,314
Utilities	1,044,037	1,122,586	986,561	933,716	958,781
Food Store	-	814,705	806,210	769,742	738,221
Wholesale Trade-Durable Goods	1,110,617	1,004,434	851,604	769,824	692,741
Furniture, Home Furnishing & Equipment	-	1,126,615	870,710	1,033,279	734,171
Information	641,849	581,966	567,703	542,744	561,816
Manufacturing	210,527	-	-	-	-
Real Estate Rental and Leasing	196,723	-	-	-	-
Other Services	161,892	-	-	-	-
Unclassified	111,105	-	-	-	-
Arts and Entertainment	71,776	-	-	-	-
Finance and Insurance	56,526	-	-	-	-
Professional and Scientific Technical	53,242	-	-	-	-
Health Care and Social Assistance	31,223	-	-	-	-
Construction	22,958	-	-	-	-
Transportation and Warehousing	19,849	-	-	-	-
Educational Services	7,515	-	-	-	-
Unclassified	272,997	-	-	-	-
Automotive Dealers & Gas Station	-	597,053	585,220	571,325	554,735
Apparel & Accessory Store	-	739,650	731,970	729,222	693,555
Business Services	-	267,271	224,021	212,389	199,479
Hotel	-	354,754	280,227	237,085	218,811
Motion Picture	-	132,781	127,510	118,767	126,970
Automotive Repair Services	-	145,861	126,435	114,100	109,150
Wholesale Trade-Nondurable Goods	-	111,189	105,608	95,120	93,551
	\$ 17,646,858	\$ 17,016,609	\$ 16,183,119	\$ 15,717,908	\$ 14,919,277
Total Sales Taxes	\$ 17,646,858	\$ 17,016,609	\$ 16,183,119	\$ 15,717,908	\$ 14,919,277
Percent Change	3.70%	5.15%	2.96%	5.35%	35.46%

The Oklahoma Tax Commission changed the way they are reporting it is now by NAICS CODES beginning in FY 2014

CITY OF SHAWNEE, OKLAHOMA
Water and Sewer Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Rate Per Gallons In City Limits					Sewer Rate in City Limits	
	0 - 1,000	1,001 - 4,000	4,001 - 1,000,000	1,000,001 - 2,000,000	More than 2,000,000	Monthly	
						Base Rate	More than 1,000
2019	\$ 22.25	\$ 4.18	\$ 4.29	\$ 4.40	\$ 4.50	\$ 14.51	\$ 3.21
2018	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2017	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2016	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2015	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2014	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2013	\$ 20.70	\$ 0.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 11.60	\$ 2.85
2012	\$ 18.15	\$ 3.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 11.60	\$ 2.85
2011	\$ 11.05	\$ 3.69	\$ 3.79	\$ 3.89	\$ 3.99	\$ 11.25	\$ 2.80
2010	\$ 7.30	\$ 3.69	\$ 3.79	\$ 3.89	\$ 3.88	\$ 9.95	\$ 2.75

Fiscal Year Ended June 30	Water Rate Per Gallons Outside City Limits					Sewer Rate Outside City Limits	
	0 - 1,000	1,001 - 4,000	4,001 - 1,000,000	1,000,001 - 2,000,000	More than 2,000,000	Monthly	
						Base Rate	More than 1,000
2019	\$ 25.86	\$ 6.28	\$ 6.44	\$ 6.60	\$ 6.76	\$ 21.77	\$ 4.68
2018	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2017	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2016	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2015	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2014	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2013	\$ 24.06	\$ 5.69	\$ 58.84	\$ 5.99	\$ 6.14	\$ 20.25	\$ 4.35
2012	\$ 22.69	\$ 3.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 17.40	\$ 4.28
2011	\$ 14.41	\$ 5.54	\$ 5.69	\$ 5.84	\$ 5.99	\$ 16.88	\$ 4.20
2010	\$ 10.66	\$ 5.53	\$ 5.63	\$ 5.73	\$ 5.83	\$ 14.93	\$ 4.13

2018 Rates per adopted fee schedule as of March 1, 2019.
2013 Rates per City Ordinance #2484 dated August 12, 2012
All utility rates from City Ordinance.

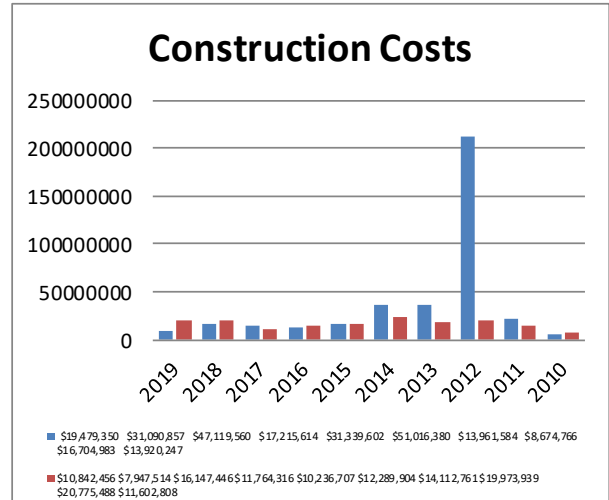
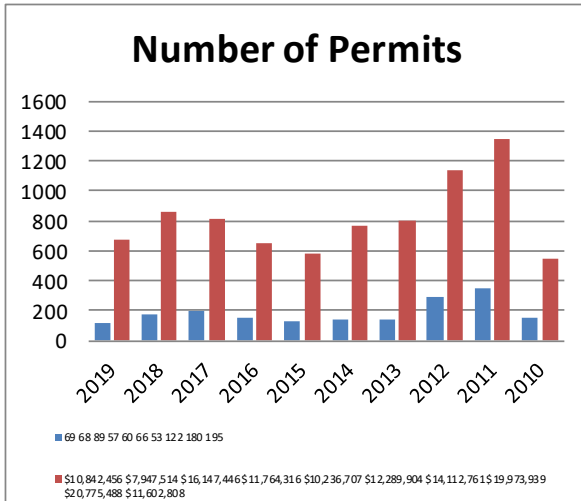
CITY OF SHAWNEE, OKLAHOMA
Water Utility User Categories
Last Ten Fiscal Years

Type of Customer	2019		2018		2017		2016		2015	
	Consumption		Consumption		Consumption		Consumption		Consumption	
	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales
Residential										
Builder	621,700	13,953	1,682,700	17,896	1,372,500	14,974	1,265,000	11,382	1,080,200	13,263
Residential	496,634,600	4,085,514	527,524,200	4,114,993	502,400,600	3,951,276	525,824,300	4,103,796	525,751,600	4,097,304
Residential Sprinkler	4,441,900	32,016	7,273,000	42,982	7,059,100	39,040	7,065,170	42,559	5,790,000	37,778
Commercial										
Commercial	450,698,281	2,182,531	420,378,713	2,010,921	415,199,350	1,972,588	461,629,130	2,162,858	444,395,900	2,097,682
Commercial Sprinkler	16,578,800	99,208	21,337,600	114,036	19,621,900	104,362	19,388,100	105,416	17,564,800	96,270
Schools	8,677,200	43,479	6,958,100	35,208	7,980,000	39,040	7,840,100	38,950	8,401,400	41,197
Schools Sprinkler	4,012,600	18,796	7,076,800	30,730	5,639,000	24,892	7,801,200	33,708	6,667,300	29,199
G Rate	3,380,300	16,797	3,227,600	15,643	1,619,500	8,616	2,305,500	11,550		
Government	59,946,400	-	29,644,400	-	1,024,415,200	-	23,315,500	-	2,048,100	10,528
Total	<u>1,044,991,781</u>	<u>\$ 6,492,294</u>	<u>1,025,103,113</u>	<u>\$ 6,382,408</u>	<u>1,985,307,150</u>	<u>\$ 6,154,788</u>	<u>1,056,434,000</u>	<u>\$ 6,510,219</u>	<u>1,011,699,300</u>	<u>\$ 6,423,221</u>
Average Rate per Thousand		6.213%		6.226%		3.100%		6.162%		6.349%

Type of Customer	2014		2013		2012		2011		2010	
	Consumption		Consumption		Consumption		Consumption		Consumption	
	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales
Residential										
Builder	2,590,300	\$ 10,045	9,752,700	\$ 10,045	1,722,100	\$ 13,978	2,067,500	\$ 12,840	2,673,200	\$ 12,506
Residential	1,151,352,700	4,195,903	574,050,400	4,195,903	642,064,200	4,179,606	599,961,400	3,136,708	584,991,300	2,576,449
Residential Sprinkler	16,547,400	53,118	8,937,800	53,118	12,400,500	60,416	9,287,000	41,788	7,645,800	31,194
Commercial										
Commercial	1,169,695,000	1,502,194	258,006,500	1,502,194	303,160,700	1,439,649	290,369,000	1,246,418	268,495,700	1,044,821
Commercial Sprinkler	39,439,200	102,223	17,465,200	102,223	26,836,000	123,299	22,568,300	95,866	18,908,400	72,007
Schools	18,495,400	44,364	9,417,900	44,364	10,306,100	45,813	9,258,500	39,229	9,796,700	36,921
Schools Sprinkler	16,947,600	40,610	9,725,500	40,610	14,235,900	57,426	11,352,100	44,046	2,980,800	10,669
G Rate		1,875,814	499,738,000	1,875,814	261,300,300	1,046,259	206,752,700	802,388	220,076,200	762,770
Government	7,414,000	11,303	5,898,000	11,303	5,744,300	10,018	4,955,900	7,079	4,551,000	7,731
Total	<u>2,422,481,600</u>	<u>\$ 7,835,574</u>	<u>1,392,992,000</u>	<u>\$ 7,835,574</u>	<u>1,277,770,100</u>	<u>\$ 6,976,464</u>	<u>1,156,572,400</u>	<u>\$ 5,426,362</u>	<u>1,120,119,100</u>	<u>\$ 4,555,068</u>
Average Rate per Thousand		3.235%		5.625%		5.460%		4.692%		4.067%

Ten years of data not available due to change in computers systems.
Information from City of Shawnee Utility Billing Department.
2016 was the first year of the city's new aquatic facility causing an increase in government usage.

CITY OF SHAWNEE, OKLAHOMA
Construction Permits
Last Ten Fiscal Years



Year	Commercial Construction (1)		Residential Construction (1)		
	Number of Permits	Construction Cost	Number of Permits	Construction Cost	Average Cost
2019	69	\$ 19,479,350	123	\$10,842,456	\$88,150
2018	68	\$ 31,090,857	88	\$7,947,514	\$90,313
2017	89	\$ 47,119,560	143	\$16,147,446	\$112,919
2016	57	\$ 17,215,614	140	\$11,764,316	\$84,031
2015	60	\$ 31,339,602	259	\$10,236,707	\$39,524
2014	66	\$ 51,016,380	111	\$12,289,904	\$110,720
2013	53	\$ 13,961,584	141	\$14,112,761	\$100,091
2012	122	\$ 8,674,766	671	\$19,973,939	\$29,767
2011	180	\$ 16,704,983	855	\$20,775,488	\$24,299
2010	195	\$ 13,920,247	808	\$11,602,808	\$14,360

- (1) The source of this information is the City of Shawnee Planning Department.
(2) The year 2012 includes data through October 16.

DEBT CAPACITY

CITY OF SHAWNEE, OKLAHOMA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			Business-Type Activities		Total Primary Government	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASE	NOTE PAYABLE	NOTE PAYABLE				
2019	\$ -	\$ 614,963	\$ 11,710,000	\$ 10,415,637	\$ 22,740,600	2.96%	\$ 723.44	
2018	-	909,594	3,990,000	11,775,580	16,675,174	3.90%	532.99	
2017	-	1,195,977	4,910,000	13,239,477	19,345,454	3.41%	618.98	
2016	-	1,474,344	2,115,422	15,364,719	18,954,485	3.30%	611.93	
2015	-	1,744,918	2,736,266	17,717,966	22,199,150	2.69%	710.28	
2014	-	2,065,746	3,340,631	20,074,847	25,481,224	2.36%	822.64	
2013	-	-	689,996	21,612,098	22,302,094	3.20%	727.66	
2012	-	-	881,122	24,533,255	25,414,377	2.33%	833.78	
2011	-	-	-	23,558,763	23,558,763	2.52%	779.78	
2010	-	-	-	17,823,972	17,823,972	3.28%	596.98	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See the Demographic Statistic for personal income and population data.

CITY OF SHAWNEE, OKLAHOMA
DEBT COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Bond Indenture Requirement		
				Average Annual Debt Service	Calculated Coverage	Required Coverage
2019	\$ 10,742,135	\$ 4,639,697	\$ 6,102,438	\$ 1,888,569	3.23	1.25
2018	10,135,614	5,975,433	4,160,181	1,891,489	2.20	1.25
2017	10,085,537	5,909,641	4,175,896	2,578,213	1.62	1.25
2016	10,159,914	5,696,784	4,463,130	817,474	5.46	1.25
2015	10,141,490	4,891,570	5,249,920	1,257,658	4.17	1.25
2014	10,760,193	5,958,355	4,801,838	1,312,789	3.66	1.25
2013	11,401,562	5,750,996	5,650,566	1,267,646	4.46	1.25
2012	10,744,073	4,843,247	5,900,826	2,005,087	2.94	1.25
2011	9,317,810	4,365,640	4,952,170	1,769,509	2.80	1.25
2010	7,564,314	4,323,215	3,241,099	1,526,008	2.12	1.25

(1) Direct operating expenses exclude amortization, depreciation and bad debt expenses.

(2) Gross revenues included pledged revenues of water and wastewater.

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF SHAWNEE, OKLAHOMA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population (3)	Personal Income	Per Capita Personal Income (1)	Unemployment Rate (2)
2019	31,434	\$ 673,191	\$ 21,416	3.8
2018	31,232	\$ 650,344	\$ 20,823	4.4
2017	31,465	663,093	21,074	4.4
2016	31,286	659,187	21,063	5.0
2015	31,254	625,173	20,003	4.8
2014	30,975	596,113	19,245	4.8
2013	30,649	601,517	19,626	5.0
2012	30,481	714,261	23,433	4.8
2011	30,212	593,363	19,640	5.5
2010	29,857	593,258	19,870	6.1

(1) Information obtained from the U.S. Census Bureau and the Oklahoma Department of Commerce.

(2) Information obtained from the Oklahoma Employment Security Commission, for the Oklahoma City metropolitan area

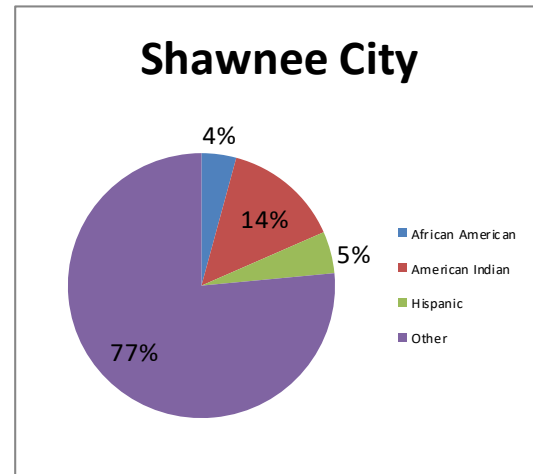
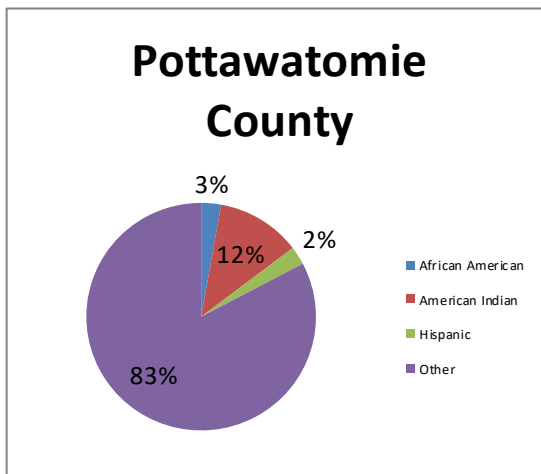
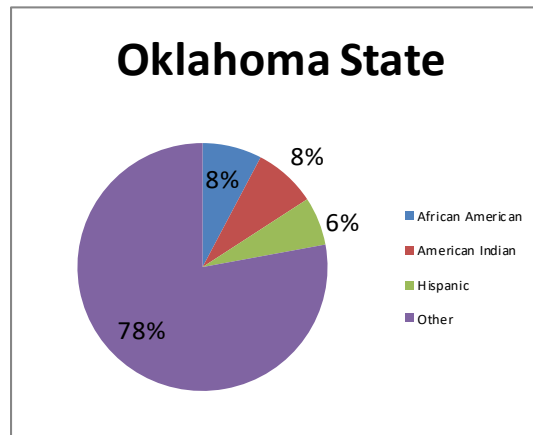
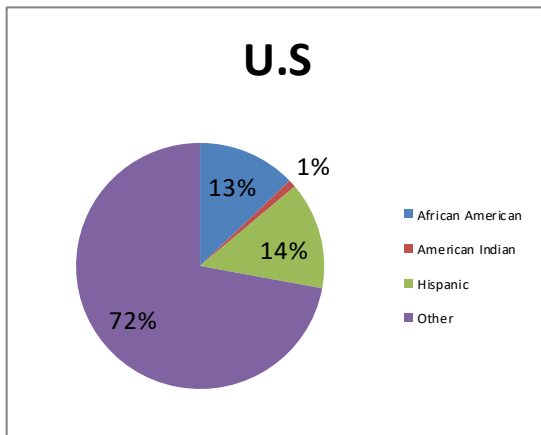
(3) Population for 2010-212 is from the 2010 Census. Information from 2003-2009 is estimates by the Oklahoma Department of Commerce.

CITY OF SHAWNEE, OKLAHOMA

Ethnic Demographic Statistics

Comparative Ethnic Percentage Population

	U.S	Oklahoma State	Pottawatomie County	Shawnee City
African American	13.40%	7.80%	3.10%	4.30%
American Indian	1.30%	9.30%	13.60%	14.50%
Hispanic	18.30%	10.90%	5.20%	6.20%
Other	67.00%	72.00%	78.10%	75.00%
	100.00%	100.00%	100.00%	100.00%



Data provided by the U.S. Census Bureau, July 2017 (V2017 stats)

CITY OF SHAWNEE, OKLAHOMA
PRINCIPAL EMPLOYERS
Current year and Ten years ago

	2019			2010		
	Employees	RANK	% of Total Employment	Employees	RANK	% of Total Employment
Citizens Potawatomi Nation*	2,500	1	36.36%	3,507	1	50.14%
George Fischer	675	2	9.82%	-	-	0.00%
St Anthonys	500	4	7.27%	606	2	8.66%
Shawnee Public Schools***	600	3	8.73%	343	3	4.90%
Walmart	400	5	5.82%	495	4	7.08%
Eaton Corporation	350	6	5.09%	348	7	4.97%
Absentee Shawnee	326	7	4.74%	505	3	7.22%
Oklahoma Baptist**	250	10	3.64%	230	12	3.29%
TDK Ferrites	275	8	4.00%	450	5	6.43%
Exxon Mobil (Jindal Films)	270	9	3.93%	261	9	3.73%
City of Shawnee	230	11	3.34%	-	-	0.00%
Newton Wall	250	10	3.64%	-	-	0.00%
Shawnee Milling	250	10	3.64%	250	10	3.57%
	<u>6,876</u>		<u>100.00%</u>	<u>6,995</u>		<u>100.00%</u>

CITY OF SHAWNEE, OKLAHOMA
Full-Time Equivalent City Government Employees by Function / Program
Last Ten Fiscal Years
Full-Time Equivalent Employees as of June 30,

FUNCTION / PROGRAM	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government:										
Management Services	8.0	10.5	10.0	9.0	11.0	10.0	10.0	10.0	9.0	8.5
Finance	4.5	7.0	6.5	7.0	9.0	7.0	7.0	5.0	5.0	5.0
Planning	8.0	8.0	9.0	9.0	8.0	9.0	8.0	9.5	8.0	7.0
Other	18.5	10.5	10.5	11.0	13.0	13.0	12.0	13.0	12.0	11.5
Police:										
Officers	63.0	66.0	61.0	58.0	61.0	60.0	57.0	57.0	54.0	51.0
Civilians	19.0	22.0	24.0	27.0	25.0	27.0	23.0	21.5	21.5	21.0
Fire:										
Firefighters and Officers	51.0	54.0	53.0	54.0	53.0	54.0	46.0	43.0	46.0	45.0
Civilians	3.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Public Works:										
Engineering	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0
Other	22.0	26.0	24.0	26.0	24.0	26.0	25.0	21.0	22.0	21.0
Redevelopment	3.0	2.0	1.5	2.0	1.5	1.5	2.5	3.0	3.5	3.0
Parks and Recreation	73.0	52.5	59.0	43.0	37.5	21.0	23.0	23.0	20.0	19.0
Water	22.5	35.0	40.5	40.0	40.0	40.5	36.5	33.0	32.0	30.0
Wastewater	17.0	26.0	26.0	27.0	23.0	19.5	19.0	19.0	19.5	19.0
Total	<u>316.5</u>	<u>327.0</u>	<u>332.0</u>	<u>320.0</u>	<u>312.0</u>	<u>294.5</u>	<u>275.0</u>	<u>265.0</u>	<u>259.5</u>	<u>248.0</u>

Source: City of Shawnee Human Resources Department

CITY OF SHAWNEE, OKLAHOMA
Operating Assets by Function / Program
Last Ten Fiscal Years

FUNCTION / PROGRAM	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:									
Stations	1	1	1	1	1	1	1	1	1
Zone Offices	1	1	2	2	2	2	2	2	2
Patrol Units	37	57	71	71	69	69	69	69	69
Gun Range	1	1	1	1	1	1	1	1	1
Fire:									
Stations	3	3	4	4	3	3	3	3	3
Engines/vehicles	18	18	18	18	18	18	18	18	18
Other Public Works:									
Streets (miles)	225	225	191	191	191	191	191	190	189
Highway Interstate (miles)	3	3	2.5	2.5	2.5	2.5	2.5	2.50	2.50
Traffic Signals	43	44	49	49	48	47	47	46	45
Culture and Recreation									
Acerage	137	137	137.36	137.36	137.36	137.36	137.36	137.36	137.36
Playgrounds	33	33	33	33	33	33	33	33	33
Baseball/Softball Diamonds	9	9	9	9	9	9	9	9	9
Community Centers	1	1	1	1	1	1	1	1	1
Municipal Pool	1	1	1	1	1	-	1	1	1
Splash Pads	2	2	2	2	2	-	-	-	-
Park and Recreation Reservations	156	222	380	380	380	392	392	340	348
Municipal Airport									
Terminals	1	1	1	1	1	1	2	1	1
Feet of runway	6000	6000	6000	6000	6000	6000	6000	6000	6000
T-Hangers	28	28	28	28	28	28	28	28	28
Box Hangers	7	6	4	4	4	4	4	4	4
Vehicles	5	5	3	3	3	2	2	2	2
Aircraft Tug	2	2	1	1	0	0	0	0	0
Weatherstation	1	1	1	1	1	1	1	1	1
Water:									
Water Mains (miles)	285	218	218	218	217	217	215	215	215
Fire Hydrants	1,550	1,404	1,374	1,374	1,415	1,413	1,403	1,340	1,340
Storage Capacity (thousands of gallons)	3.5m	2.5m	2.5m	2.5m	2.5m	2.5m	2.5m	2.5m	2.5m
Water Towers	4	4	3	3	3	3	3	3	3
Wastewater:									
Sanitary Sewers (miles)	200	220	220	220	200	200	175	175	175
Treatment Capacity (thousands of gallons)	1.3m	6m	6m	6m	6m	6m	6m	6m	6m
Manholes *	2,810	3,575	3,526	3,526	-	-	-	-	-
Plants	2	2	2	2	2	2	2	2	2

Information from City of Shawnee departments.

* Began inventory in FY 2016

CITY OF SHAWNEE, OKLAHOMA
Operating Indicators
Last Ten Fiscal Years

FUNCTION / PROGRAM	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airport- **										
Takeoffs	9,182	3,120	9,445	8,640	8,456	-	-	-	-	-
Fuel Sales	70,170	56,802	74,923	73,378	51,141	-	-	-	-	-
Police:										
Physical Arrests	1,645	2,188	1,062	2,118	2,255	2,067	2,350	1,944	1,985	1,347
Total Parking and Traffic Citations	4,946	3,819	2,884	4,832	5,302	5,566	6,726	5,355	7,747	6,518
Fire:										
Emergency Responses	5,665	5,494	5,587	5,368	5,265	4,637	4,768	3,212	4,426	4,390
Fires Extinguished	156	271	288	256	214	301	282	227	330	214
Inspections	142	159	133	224	333	297	12	12	61	107
Culture and Recreation										
Attendance-Pool	28,899	32,445	41,242	34,904	28,588	-	-	-	-	-
Park and Recreation Reservations	156	222	268	240	380	392	392	340	348	451
Community Development										
Building Permits	192	199	232	197	319	177	194	793	1,035	1,003
Building Inspections	1,536	2,332	3,675	3,321	2,834	2,460	2,579	2,987	2,961	3,013
Streets:										
Street Resurfacing (Lane Blocks)	-	-	142	195	187	98	134	172	150	162
Potholes Repaired	950	1,000	3,900	3,900	2,925	3,900	775	891	1,162	996
Economic Development: ***										
Home loans	18	19	54	55	-	-	-	-	-	-
New loans	-	-	6	11	-	-	-	-	-	-
First time homebuyers	-	-	1	2	-	-	-	-	-	-
Water:										
New Connections	-	-	164	835	738	60	490	47	28	23
Water Main Breaks	75	84	69	107	70	117	146	97	241	138
Average Daily Consumption (thousands of gallons)	3.00	2.81	3	4,590	3,609	3,914	4,589	4,671	4,341	3,793
Peak Daily Consumption (thousands of gallons)	3.5	5,280	4,400	4,962	5,502	5,881	7,458	7,624	6,990	6,140
Wastewater:										
Average Daily Sewer Treatment (thousands of gallons)*	3.77	3.69	4.04	3.39	2.24	2,819	3,086	3,09	2,91	2,63
Sanitation: ***										
Large polycarts	11,365	11,266	9,518	11,018	-	-	-	-	-	-
Small polycarts	650	607	592	536	-	-	-	-	-	-
Recycle bins	10,413	10,395	10,357	10,194	-	-	-	-	-	-

* MGD Million gallons per day

**Began record keeping in 2015

*** Began tracking information in 2016

Information from City of Shawnee departments. Information has been provided for all functions that track operating data.

CITY OF SHAWNEE, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2019

CITY OF SHAWNEE, OKLAHOMA

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council of the
City of Shawnee, Oklahoma

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2019. Other auditors audited the financial statements of the Shawnee Civic and Cultural Development Authority as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as findings 2019-001 and 2019-002.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Arledge & Associates, P.C." in a cursive script.

December 23, 2019, except for paragraphs 5 and 6,
as to which the date is February 4, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council of the
City of Shawnee, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Shawnee, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct material effect on each major federal program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 23, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



February 4, 2020

CITY OF SHAWNEE, OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant :			
Entitlement	14.218	B17MC40007	\$ 157,882
Entitlement	14.218	B18MC40007	122,526
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>280,408</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through International Association of Chiefs of Police			
Crime Victim Assistance	16.582	2016VFGXK024	221,082
Passed through District Attorney's Council			
Crime Victim Assistance	16.575	2018VOCACI158	48,593
Crime Victim Assistance	16.575	2017VOCACI037	5,506
Passed through Oklahoma Bureau of Narcotics			
Public Safety Partnership and Community Policing Grants	16.710		9,850
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0088	75,862
Edward Byrne Memorial Justice Assistance Grant	16.738	2017DJBX0080	20,979
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>381,872</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	34000880182018	559,483
Passed through Oklahoma Department of Public Safety			
State and Community Highway Safety	20.600	SE19030913	29,574
State and Community Highway Safety	20.600	SE18030512	8,187
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>597,244</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Oklahoma Department of Emergency Management			
Federal Emergency Performance Grant	97.042	EMPG 2019	37,500
Federal Emergency Performance Grant	97.042	EMPG 2018	12,500
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>50,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,309,524</u>

See notes to schedule of expenditures of federal awards.

CITY OF SHAWNEE, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted?

 X yes _____ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

Program

Airport Improvement Program

CFDA Number

20.106

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

Year Ended June 30, 2019

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

See findings 19-001 and 19-002 on the following pages.

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

None to report for the June 30, 2019, period.

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2019

Finding 19-001 - Budgeted Appropriations
(Repeat Finding)

Criteria: Oklahoma State Law prescribes that no encumbrances or expenditures may be authorized or made by an officer or employee that exceeds the available appropriations for each object category within a department or fund.

Condition: Expenditures exceeded appropriations at the legal level of control as follows:

<u>Fund</u>	<u>Category</u>	<u>Amount</u>
General	General Government	\$8,741

Cause: Proper oversight of budgetary limitations were not in place. In addition, adjustments at or near year-end result in budget overruns.

Effect or Potential Effect: Expenditures exceed appropriations at the legal level of control.

Recommendation: We recommend the City adopt formal budget amendments, especially at or near year-end by department.

City's Response: Management will review all funds and departments periodically to ensure any required budget amendments are completed and approved prior to expenditures exceeding budgets at the legal level of control.

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2019

Finding 19-002 Negative Fund Balance

(Repeat Finding with regards to the General Fund and Street and Alley Fund)

Criteria: Oklahoma law prescribes that the City may not have a negative fund balance.

Condition: The General Fund reports a \$88,185 deficit fund balance. The Street and Alley Fund reports an \$31,505 deficit fund balance. The Capital Improvement Fund reports an \$361,718 deficit fund balance.

Cause: Controls were not sufficient to ensure that proceeds were placed in the General Fund, Street and Alley Fund and Capital Improvement Fund prior to the incurrence of liabilities in accordance with State law.

Recommendation: We recommend that the City put procedures in place to ensure that restricted or assigned funds be spent only for their intended purposes and that negative fund balances be monitored and spending constrained or that the City reimburse this fund from other sources.

City's Response: The City will monitor fund balances and make transfers as necessary to maintain a positive fund balance.

CITY OF SHAWNEE, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2019

Finding 18-001 - Budgeted Appropriations
(Repeat Finding)

Criteria: Oklahoma State Law prescribes that no encumbrances or expenditures may be authorized or made by an officer or employee that exceeds the available appropriations for each object category within a department or fund.

Condition: Expenditures exceeded appropriations at the legal level of control as follows:

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
General	General Government	\$444,052
General	Public Safety	\$671,258
General	Culture and Recreation	\$76,308

Cause: Proper oversight of budgetary limitations were not in place. In addition, adjustments at or near year-end result in budget overruns.

Effect or Potential Effect: Expenditures exceed appropriations at the legal level of control.

Recommendation: We recommend the City adopt formal budget amendments, especially at or near year-end by department.

City's Response: Management will review all funds and departments periodically to ensure any required budget amendments are completed and approved prior to expenditures exceeding budgets at the legal level of control.

Current Year Status: See current year finding 19-001.

CITY OF SHAWNEE, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2019

Finding 18-002 Negative Fund Balance

(Repeat Finding with regards to the General Fund and Street and Alley Fund)

Criteria: Oklahoma law prescribes that the City may not have a negative fund balance.

Condition: The General Fund reports a \$1,160,615 deficit fund balance. The Street and Alley Fund reports an \$11,044 deficit fund balance. The Hotel/Motel Fund reports an \$83,693 deficit fund balance.

Cause: Controls were not sufficient to ensure that proceeds were placed in the General Fund, the Street and Alley Fund and the Hotel/Motel Fund prior to the incurrence of liabilities in accordance with State law.

Recommendation: We recommend that the City put procedures in place to ensure that restricted or assigned funds be spent only for their intended purposes and that negative fund balances be monitored and spending constrained or that the City reimburse these funds from other sources.

City's Response: The City will monitor fund balances and make transfers as necessary to maintain a positive fund balance.

Current Year Status: See current year finding 19-002.